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Applies To	AEROJET ROCKETDYNE
Content Expert	Walters, Kelly M
Nature of Change	Administrative: Added [SOX] to Title.

PURPOSE AND SCOPE	<p>1. This document:</p> <ul style="list-style-type: none"> • Defines requirements for reporting and reimbursement of business and travel expenses, and • Ensures that reporting and accounting of such expenses are in compliance with all applicable laws and regulations of the United States and other jurisdictions in which the Company conducts business. <p>2. This directive is not intended to be all-inclusive. In instances where something is not specifically stated in the directive, it should not be assumed to be allowable or reimbursable.</p> <p>The application of this directive shall be consistent throughout the enterprise. Submitting a fraudulent travel reimbursement request or failure to comply with this directive may result in a delayed, partial, or forfeited reimbursement and/or disciplinary action up to and including termination of employment, as well as possible civil or criminal penalties.</p>
REQUIREMENTS ORIGIN	<p>Sets standards for expense reimbursement to ensure consistent practices for all employees who travel or incur expenses while on Company business, ensures compliance with FAR requirements for travel and expense reporting.</p>

BACKGROUND

1. The Company will reimburse employees under this policy’s guidelines for all ordinary and necessary business expenses incurred while traveling on authorized company business. Expenditures for non-essential items (e.g., entertainment) are not reimbursable, even if incurred while on a business trip, unless a valid business purpose is served. Such non-essential items, if reimbursable must be clearly and separately identified on the expense report as entertainment or in some other manner, and these cannot be claimed as allowable expenses on U.S. Government contracts.
2. Employees will be reimbursed a per diem allowance for ordinary meal and incidental (M&I) costs while in travel status and actual expenses incurred for all other expenses incurred for travel, meetings and other activities, provided that expenditures are the direct result of carrying out a business assignment.
3. Employees and their immediate supervisor / manager are responsible for ensuring that expenses incurred while conducting Company business are reasonable, proper, and necessary. The final determination of whether such expenses will be reimbursed (paid) by the Company will be subject to review and adjustment based on criteria outlined in this directive.



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4. Documentary evidence (typically original receipts) is required to substantiate expenses as discussed under 8.0 Receipts. Note: See Allowable Expense, Unallowable Expense, and Non-Reimbursable Expense in Definitions.

DIRECTIVE

1. Travel Authorization

- 1.1. For domestic travel, prior to departure, the traveler must obtain verbal or written ([FIN-F-7.04.16.03](#) Travel Authorization Request [TAR] Form) approval for the trip from their immediate supervisor / manager.
- 1.2. For international travel, prior to making travel arrangements, the traveler must obtain written ([LGL-F-7.07.03](#), Foreign Travel Form) approval for the trip as indicated on the form.
- 1.3. If a spouse or guest will be accompanying the employee on travel at the expense of the Company, prior to making travel arrangements, the employee must obtain written ([FIN-F-7.04.16.05](#) Request for Spouse / Guest Travel Form) approval from his/her Manager and one of the following: the VP/SVP of his/her department, the Controller, the VP of Human Resources, the CFO, or the COO.

2. Travel Credit Cards and Advances

- 2.1. A corporate sponsored Travel Credit Card (T-Card) is provided for employees who travel or incur other expenses in the conduct of Company business and is the preferred payment method for such expenses. Employees who incur \$1,000 or more in annual travel or related expenses are required to obtain a T-Card and use it to pay for travel and related expenses. Refer to the Travel Directive ([FIN-D-7.04.16.01](#)) for additional T-Card guidelines. For employees who do not meet the criteria for obtaining a T-Card or in limited situations where the T-Card is not accepted, expenses charged to personal credit cards are acceptable for expense reimbursement. T-Card charges must be submitted via Expense Report.
- 2.2. Travel Advances will only be issued in extraordinary instances, when all other preferred alternatives are unavailable (i.e., the traveler does not have a personal credit card, or a T-Card.) Cash withdrawals from a T-Card or P-Card account are strictly prohibited.
- 2.3. A Travel Advance, when approved, shall be obtained using the Travel Advance Form ([FIN-F-7.04.16.01](#)). An advance requires approval from your director or from the Controller in accordance with Directive ([FIN-D-1.02.01.02](#)), Approval Authority. All employees are also required to attach a Travel Authorization Request ([FIN-F-7.04.16.03](#)) and reservation information to the advance form.
- 2.4. If you receive a travel advance, you are required to complete your expense report within 15 days of the end of your trip. You will not be allowed to obtain another travel advance until you have submitted your expense report and returned any amount due the Company, if applicable. If after you return from your trip, you have not used the full travel advance, you must return the unused portion of the advance to Accounts Payable with the expense report package from that trip. A personal check made out to the Company is the acceptable method of returning unused travel advances.
- 2.5. Upon an employee's notice to transfer or terminate employment, an immediate supervisor should ensure that the Corporate Travel Card is returned or the account is closed as soon as possible prior to the termination date.

3. Expense Reports



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- 3.1. Each employee is responsible for the timely and accurate preparation and submission of expense reports. Employees should maintain a copy of the expense report (recommended retention period of one year). Original expense reports and receipts should be sent to the Travel Department.
 - Upload images of all required documentation, including original receipts in the Concur system (the system of record) at the time of processing.
 - Mail or hand deliver hard copies of reports for audit requirements to the Travel & Expense representative, to include:
 - Employee's signature page (if required)
 - Report cover sheet (showing required receipts and report key#)
 - All original supporting documents
- 3.2. The expense report must include the Trip route covered and a short, specific business purpose (e.g., quality review at *name of supplier* in Tucson, AZ.) A non-specific business purpose is unacceptable, such as "meeting" or "business travel."
- 3.3. Expense Reports shall be used to report all expenditures made using the T-Card or Business Travel Account (BTA) for airfare, or other Corporate Card, and to request reimbursement of actual business and travel expenses paid by employees in cash.
- 3.4. The on-line expense reimbursement reporting system, Concur, shall be used to report and process business and travel expenses by all locations (Arde and Barinco are exceptions.)
- 3.5. For domestic travel, a hotel bill must be itemized on the expense report by date and expense category (e.g., room charge, room tax, telephone, meals). For hotels outside the U.S., the room tax must be combined with the room charge and reported as one amount, because the lodging per diem allowance for foreign travel includes mandatory service charges and taxes.
- 3.6. Expense Reports should be completed as soon as possible after travel, however, not later than the following: If a travel advance is used to pay for expenses, expense reports shall be completed and submitted within fifteen (15) working days after completion of travel whenever possible. If the BTA card, a T-Card, cash or a personal credit card is used to pay for expenses, the expense report should be completed and submitted within twenty one (21) days after completion of travel. Expense Reports submitted after sixty (60) working days after completion of travel may require the next direct level of approval before reimbursement is processed. The need for additional approval will be determined by the Expense Audit group, based on circumstances such as amount, nature or recurrence.
- 3.7. Personal days taken in conjunction with a business trip must be so noted (e.g., add a comment or attach explanation) and no expenses shall be charged or reimbursed for expenses incurred related to personal time/travel.
- 3.8. Expense Reports must be complete and include all expenses for the entire trip, to the extent possible.
4. Cost Objective (or Project – Task Number)
 - 4.1. Generally, an employee's timecard for the period while on travel status will be consistent with costs allocated for expense reporting purposes. In general, travel



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expenses should only be charged to the cost objective (i.e. project and task) that caused the travel to occur.

4.2. If travel expenses are caused by multiple cost objectives (i.e., projects), the costs, including airfare, should be allocated to multiple projects within the online expense reporting system. However, allocation of travel expenses to multiple projects should only be done when the travel was caused by multiple cost objectives and there is substantial effort on each cost objective.

5. Limitation on Allowable Per Diem

5.1. Federal Acquisition Regulations (FAR) per diem restrictions limit the amount the Company can claim as “allowable” expenses for lodging (not including tax), meals (including tips), and incidental expenses. Incidental expenses include other tips such as for room cleaning or baggage handling, but not tips paid for meals.

5.2. Due to exacting per diem limits, each employee must exercise care to ensure that all travel expenses subject to FAR per diem limitations are properly identified and reflected in the correct expense category on the Expense Report.

5.3. Per FAR 31.205-46, costs incurred for lodging, meals, and incidental expenses shall be considered to be reasonable and allowable only to the extent that they do not exceed on a daily basis the maximum per diem rates.

5.3.1. Federal Travel Regulation, prescribed by the General Services Administration, for travel in the contiguous United States, available at www.gsa.gov.

5.3.2. Joint Travel Regulations (JTR), Volume 2, DoD Civilian Personnel, Appendix A, prescribed by the Department of Defense, for travel in Alaska, Hawaii, and outlying areas of the United States, available at <http://www.defensetravel.dod.mil/>.

These regulations impose a limit on per diem for travel over a certain period (temporary duty or TDY). Under the JTR, long term travel to Alaska, Hawaii, or any other outlying area of the U.S., for a duration of 31-180 days at a single location is authorized at a flat rate of 75% of lodging and meal per diem rate. Long term travel for duration of 181 or more days at a single location is authorized at a flat 55% of lodging and meal per diem rate.

5.3.3. Standardized Regulations (Government Civilians, Foreign Areas), section 925, Maximum Travel Per Diem Allowances of Foreign Areas, prescribed by the Department of State, for travel in areas not covered above in 5.3.1 and 5.3.2.

5.4. If you are claiming a per diem allowance for ordinary meal and incidental costs while in travel status, no further classification is required.

6. Airline Tickets

6.1. U.S. Government regulations require that airfare costs in excess of the lowest priced coach class airfare available to the contractor during normal business hours must be classified as unallowable for government accounting purposes (certain exceptions apply.)

6.2. The cost of airline tickets and any changes to the original ticket shall be charged to the Company’s BTA, and must be reported in and attached to the Expense Report, as Company paid airfare expenses.



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6.3. Required documents include the following: the **E-Ticket Invoice** relating to original and any exchanged airline ticket(s). This document can be found in the e-mail pdf attachment you receive from the Travel Desk which contains your travel reservation. This also functions as your E-Ticket Receipt. **Refer to 8.2 below for additional information.**

Note: An Itinerary which does not show the required details (See 8.4) and which was not provided by the Travel Desk does not meet this requirement.

6.4. The required documentation must show the airline ticket number(s), fare class or fare basis, duration of flight(s) and form of payment used for any original airline reservations as well as for any subsequent charges for changing the ticket, and should include an explanation of the reason(s) for such changes which can be added in the comment section of the expense item.

6.5. Employees are expected to use the Travel Desk or after hours Travel Agency assistance line to make last minute changes to air travel plans. Any exceptions to use of the BTA for purchasing airline tickets must be based on a valid reason such as travel emergency or airline/airport closure due to weather, disaster, or other unplanned emergency. The T-Card is the preferred alternate method of payment when charging to the BTA is not possible. All other exceptions not meeting the above criteria must be approved in advance by the Travel Manager. Refer to the Travel Directive ([FIN-D-7.04.16.01](#)) for additional T-Card guidelines

6.6. If a flight must be cancelled or changed, the ticket must be cancelled prior to the original travel date to capture any residual value. Any unused ticket must be reported to the Travel Desk prior to the original departure date to initiate a refund and retain the remaining ticket value for future use. These unused tickets should not be expensed in an expense report until they are eventually used, at which time they should be charged to the appropriate cost objective. When an unused ticket expires (i.e., if it is not used within a year from the original travel date), it should be charged to an unallowable charge code at that time. Change fees should be expensed to the original cost objective that caused the travel to occur.

7. Personal Auto Miles and Parking Fees

7.1. Mileage shall be reimbursed at the Internal Revenue Service (IRS) standard rate per mile and shall be communicated annually or as the standard rate changes. All operating costs, such as gas and repairs associated with the use of personal vehicles, are included in this rate.

7.2. The preferred method of reporting recurring mileage driven between routine (i.e., around plant) locations is to attach the mileage expense report ([FIN-F-7.04.16.02](#)) which shows distance to/from and the business reason for each mileage segment. For reporting longer distances not normally driven, the expense reporting system, Concur, includes a mileage calculator which can be used to calculate distances. The business reason for each mileage segment is required to be provided.

7.3. Mileage for traveling to the airport will be recorded as the *closer* of home or work to the airport. For example, an employee lives 100 miles from the Airport and it is 40 miles from work to the Airport, the employee would claim 40 miles. Another employee lives 10 miles from the Airport and it is 40 miles from work to the Airport, this employee would claim 10 miles.



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- 7.4. If a family member or another person uses a personal vehicle to drop off or pick up an employee at the airport, then the employee may get reimbursed for the actual roundtrip mileage incurred by the other person if this is a reasonable and economical alternative. Reimbursement will only be made to the employee. If appropriate, payment can be made by the employee to the other person.
- 7.5. Business travel in an employee's personal automobile in lieu of air travel shall be reimbursed using the shortest practical routes. Mileage reimbursement shall not exceed the constructive cost of air travel (calculated as the sum of airfare, parking, and cost of ground travel at the destination must be greater than the round trip mileage reimbursement amount.) This exception shall be calculated as noted above, the result shall be approved by the employee's manager prior to the trip, and this documentation shall be attached to the expense report.
- 7.6. Use of personal vehicle for traveling to/from work to/from home is not reimbursable. Other business-related travel such as attending events or meetings shall be recorded as the increase from regular miles traveled between home and work specifically incurred by traveling to/from the event.
- 7.7. Parking fees at the local airport will be reimbursed up to and including either the economy lot and/or daily parking lot rates. Fees for parking in the hourly rate lot will be limited to the daily parking lot rate, and any excess cost incurred above the daily rate at your local airport will not be reimbursable. Receipts are required.

8. Receipts

- 8.1. Receipts are required as evidence for all expenditures except per diem meals while on travel and the specific expense items described in paragraph 8.7 below, and must be submitted with the Expense Report.
- 8.2. Airfare: The original airfare E-Ticket Invoice from the travel agency system and other supporting documentation if required (i.e., Foreign Travel Form, other approvals) must be attached to the expense report to support all airline ticket purchases, exchanges, approval for foreign travel and to fly business or other fare class which is not the lowest available coach fare.

Note: The Travel Desk provides the itinerary document which also contains all required invoice/receipt details. The combined invoice/itinerary is provided in the e-mail each traveler receives from the Travel Desk when airfare is ticketed.

E-mails from NoReply@Carlsonwagonlit.com contain the travel itinerary/invoice as a PDF attachment.

- 8.3. Original detail receipts (i.e., hard copy not summary level receipt) showing itemized cost, date, place (name of restaurant or hotel and city) and the essential nature of the expenditure (auto rental, gasoline, lodging, etc.) are the preferred form of receipt. Detailed receipts are required for all costs associated with business meals, entertainment meals and events, and offsite facilities. Hard copy summary level receipts are acceptable when the detail receipt cannot be provided except as noted above.
- 8.4. Except for Airfare, electronic receipts (e-receipts) provided by the credit card vendor and automatically imported in the expense reporting system (Concur) are also considered original receipts and are acceptable forms of receipts if sufficient detail is included.



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- 8.5. Generally, credit card statements in lieu of detail receipts are not an acceptable form of receipt, unless no other receipt can be provided, or unless it supports conversion from a foreign currency into U.S. dollars (\$). Copies of credit card statements supporting foreign currency transactions are required to substantiate the amount converted to U.S. dollars when the Company credit card (T-Card) is not used. When the Company T-Card is used for foreign currency purchases, no additional support except the original receipt is to be provided. See also the Section 21 Foreign Travel in this directive for additional requirements of this nature.
- 8.6. Any expenses submitted without one of the acceptable forms of a receipt must be explained on the Expense Report or documented on a separate attachment or within Concur using the Affidavit of Missing Receipt option. This explanation is a substitute for an original receipt and requires the same information be provided as noted in paragraph 8.3. Copies of receipts are unacceptable unless there is an explanation as to why the original receipt is not available.
- 8.7. Exceptions to the receipt requirements above include such items as ordinary meals (i.e., breakfast, lunch, dinner, snacks) that are reimbursed with the fixed meal allowance, private automobile mileage, buses, subway or metro, taxis, tips less than \$30, and toll road fees; however, original receipts should be submitted whenever possible.
- 8.8. Employees shall submit all required receipts via e-receipt upload, PDF scan, e-mail or fax to the on-line expense reporting system and forward original receipts [attached behind the print out of the Receipt Fax Cover page] to the Travel Department for retention.

Original receipts related to Expense Reports submitted in the on-line expense reporting system shall be retained by the Travel Department for at least one (1) year after the Expense Report has been approved.

9. Meal Reimbursement- Background

- 9.1. In an effort to simplify the reporting of meals during travel, the Company has adopted the following acceptable categories for reporting and reimbursing travel and entertainment meals and alcoholic beverages:
 - 9.1.1. Per Diem Meal Allowance - In travel status
 - 9.1.2. Business Meal - Allowable
 - 9.1.3. Entertainment - Event or Meal and Alcohol – Unallowable

10. Per Diem Meal Allowance in Travel Status and Provided Meals

- 10.1. The Company's principle method for reimbursing employee meal costs while in travel status is the maximum daily reimbursement (per diem) rate for meals and incidentals (M&I), established by the U.S. Government, General Services Administration (GSA.)
- 10.2. The per diem rate, also referred to as a travel allowance, is based on the primary city or location [i.e., city, county, military installation, etc.] where the traveler rests each night during travel. On the first and last travel day, the maximum reimbursement is 75 percent of the total M&I rate for the primary travel location. The U.S. GSA per diem rates for travel destinations can be viewed at the following URL: <http://www.gsa.gov/portal/category/21287>



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- 10.3. The Concur expense reporting system facilitates calculation of the daily travel allowance for M&I based on the trip itinerary (i.e., destination location and duration). By accurately completing the itinerary, the traveler's daily meal per diem(s) will automatically be calculated for reimbursement in the expense report. **Note:** Using the T-Card to pay for meals reimbursed via daily travel allowance is acceptable. Refer to expense type "Meals – T Card (reduces reimbursable)" in Table 1 below.
- 10.4. Employees in travel status dining casually with other Aerojet Rocketdyne employees (i.e., as a matter of convenience but not having the meal to continue or prevent a break in a business meeting) are expected to pay for his or her portion of the total meal cost. In these casual situations and also when it is impracticable to obtain separate bills, it is expected that repayment arrangements are to be handled between the persons involved. The only exceptions to this practice are when the meal meets the criteria for Business Meals - Allowable or Entertainment Meals - Unallowable, which are defined in later sections of this directive.
- 10.5. In situations where a meal is provided to an employee who is in travel status (i.e., breakfast included in the hotel rate, entertainment event, seminar, conference or training,) such meal should be deducted from the employee's daily travel allowance. Employees are required to adjust the daily meal allowance by checking the box next to breakfast, lunch or dinner as 'provided' in their fixed meal expense line item within their Concur expense report for the same date.

11. Business Meals (Allowable)

- 11.1. Business Meals (formerly referred to as Business, or Conference and Technical Meeting Meals, are herein referred to as "**Business Meals**") and include:
 - 11.1.1. Meals provided during a meeting, which primarily involves the sharing or dissemination of technical, product, contract, program-related or professional information to address ongoing Company business or other essential business issues.
 - 11.1.2. Meals provided with the primary purpose of improving employee productivity commonly referred to as a 'working' breakfast, lunch or dinner. The meal is provided during the meeting to provide continuity of discussion. In this scenario it is required that the meeting discussion continue through the meal for the cost to be considered allowable.
 - 11.1.3. Costs for Aerojet Rocketdyne employees and may include costs for outside business guests such as customers, suppliers, consultants, and outside business associates.
- 11.2. Business Meals may be held at on-site or off-site locations. The Business Meal event typically includes an agenda or other formal pre-arrangement, and a sign up list or planned attendee list.

12. Business Meals (Allowable: Examples)

- 12.1. Examples of Business Meal activities as defined above include but are not limited to the following:
 - 12.1.1. Meetings with potential customer or supplier to discuss business opportunities
 - 12.1.2. Meetings with business partners such as suppliers, creditors, equity firms, banks, external auditors, lawyers, benefit administrators, and outsourced service providers to discuss ongoing business issues



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- 12.1.3. Meetings with consultants to develop strategic measures or obtain business-related information
- 12.1.4. Meetings with potential business partners to discuss product or joint venture opportunities
- 12.1.5. Meetings of large or small groups of employees that may include outside guests which are typically pre-arranged by administrative staff hosting the event
- 12.1.6. Supervisor/manager in travel status meeting with employees not in travel status at offsite locations during or after work hours
- 12.1.7. Leadership or management-development meetings sponsored by the Company and held offsite or onsite, always pre-arranged by administrative staff and with a formal agenda/schedule
- 12.1.8. Industry events or symposiums where Company employee(s) may be presenting or speaking to other professionals
- 12.1.9. Company sponsored events related to organizational goal setting
- 12.1.10. Groups of employees designated to work on Company-wide initiatives or projects.

13. Business Meals (Allowable: Required Documentation and Classification)

- 13.1. In order for the cost of Business Meals to be allowable and in compliance with Internal Revenue Service (IRS) and FAR regulations, documentation supporting the Business Meal must be attached to the expense report and include the following:
 - 13.1.1. A description of the specific business purpose of the meeting shall be included within the expense item – with greater detail than the general trip purpose if such does not provide sufficient information to determine the business topic(s) discussed. When possible a copy of the written agenda describing the specific business purpose of the meeting shall be attached.
 - 13.1.2. A list of all attendees with their company name and title. **Note:** It is not appropriate to pay for any expenses for U.S. Government representatives. Cash received from U.S. Government representatives (i.e., “Straight Arrow” payments) for such meals should be reported as a deduction of the original cost of the meal and explained in the comment section of the expense item.
 - 13.1.3. The original itemized receipt as well as the actual summary level receipt for the amount paid, regardless of the amount, is required to be attached to the expense report.
 - 13.1.4. All costs related to a Business Meal shall be classified in the correct allowable or unallowable categories by itemizing the cost into the appropriate expense type(s) according to the nature of the items purchased and persons attending.
 - 13.1.5. Alcoholic beverages associated with a Business Meal are always unallowable and must be itemized in the online system under the expense type Alcohol. Any alcoholic drinks expensed must include appropriate tax and tip from the total meal bill. For example, if 1 glass of wine constitutes 5% of the total meal bill, then 5% of the taxes and 5% of the tip need to be included with the cost of the alcoholic drink being expensed.



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13.2. Use any or all expense types listed below in Table 1, as applicable, to properly classify (i.e., itemize) the total cost of the Business Meal.

14. Reporting Business Meal Expenses (For Host and Attendees in Travel Status)

14.1. When an employee pays for (i.e., hosts) or attends a Business Meal while in travel status, the following additional expense reporting requirements must be followed:

14.1.1. Host (paid with cash or your personal credit card): Employees in travel status, who have incurred (i.e., you are the host) expenses related to a Business Meal must:

14.1.2. Itemize your portion of the total Business Meal separately using the expense type "Meal – Reimbursable."

14.1.3. Also record this meal as an adjustment (reduction) to the daily meal allowance by checking the box next to breakfast, lunch or dinner as 'provided' in the fixed meal expense item for the same date.

14.2. Host (paid using the Company credit card): Employees in travel status, who have hosted a Business Meal must:

14.2.1. List yourself as an attendee, but do not itemize your portion of the Business Meal separately.

14.2.2. Also record this meal as an adjustment (reduction) to the daily meal allowance by checking the box next to breakfast, lunch or dinner 'provided' in the fixed meal expense item for the same date.

14.2.3. Attendee: Employees on travel status whose meal was paid for by the host are to record this meal as an adjustment (reduction) to their meal allowance by checking the box next to breakfast, lunch or dinner as 'provided' in their fixed meal expense line item within their expense report for the same date.

14.2.4. Recording Business Meals provided as described above facilitates the calculation of allowable and unallowable expenses, based on individual per diem limits established by the U.S. Government.

15. Entertainment Event or Meal (Unallowable)

15.1. Costs of amusement, diversions, social activities, and any directly associated expenses for Aerojet Rocketdyne employees and others (customers, vendors, spouses or family members, consultants or outside business associates) should be recorded under Entertainment as an Event or Meal expense, Alcohol, or Unallowable Miscellaneous in the expense report. Directly associated expenses include but are not limited to tickets to shows or sports events, meals, alcoholic beverages, facility or other rentals, transportation, and gratuities.

15.2. Entertainment expenses / activities must be "ordinary and necessary" to carry out Company business and in compliance with Company Policies. Meal costs for activities that do not meet the Business Meal criteria defined above are considered Entertainment and are unallowable.

Note: Personal consumption of alcohol with an ordinary meal, in the hotel room, outside of a business meal or other valid entertainment event (as defined above) will not be reimbursed.

16. Entertainment Event or Meal (Unallowable)



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16.1. Costs of amusement, diversions, social activities, and any directly associated expenses for Aerojet Rocketdyne employees and others (customers, vendors, spouses or family members, consultants or outside business associates) should be recorded under Entertainment as an Event or Meal expense, Alcohol, or Unallowable Miscellaneous in the expense report. Directly associated expenses include but are not limited to tickets to shows or sports events, meals, alcoholic beverages, facility or other rentals, transportation, and gratuities.

16.2. Entertainment expenses / activities must be “ordinary and necessary” to carry out Company business and in compliance with Company Policies. Meal costs for activities that do not meet the Business Meal criteria defined above are considered Entertainment and are unallowable.

Note: Personal consumption of alcohol with an ordinary meal, in the hotel room, outside of a business meal or other valid entertainment event (as defined above) will not be reimbursed.

17. Entertainment (Unallowable: Required Documentation and Classification)

17.1. Typically, Entertainment activities are pre-arranged and hosted by a local group or business unit, and the host (i.e., employee who paid for and organized the event) is not in travel status. In these instances, documentation supporting the Entertainment activity must be attached to the expense report and include the following:

17.1.1. A description of the specific business purpose of the Entertainment activity

17.1.2. A list of all attendees with their company name and title

17.1.3. The original itemized receipt as well as the actual summary level receipt for the total amount paid.

17.1.4. Alcohol consumed outside of a Business Meal should be recorded as Entertainment, and must be associated with and include documentation of an entertainment activity with a specific business purpose in order for it to be reimbursed.

17.1.5. All costs related to the Entertainment activity shall be correctly classified. Use any expense type listed below in Table 1 to properly itemize the total cost according to the nature of the items purchased.

18. Reporting Entertainment Meals – For Host and Attendees in Travel Status

18.1. When an employee pays for (i.e., hosts) or attends an Entertainment Meal while in travel status, the following additional expense reporting requirements must be followed:

18.2. Host: Employees in travel status, who have incurred expenses related to an Entertainment Meal must also do the following:

18.2.1. List yourself as an attendee, but do not itemize your portion of the Entertainment Meal separately.

18.2.2. Also record this meal as an adjustment (reduction) to the daily meal allowance by checking the box next to breakfast, lunch or dinner ‘provided’ in the fixed meal expense item for the same date.

18.3. Attendee: Employees on travel status whose meal was paid for by the host are to record this meal as an adjustment (reduction) to their meal allowance by checking the



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box next to breakfast, lunch or dinner as 'provided' in their fixed meal expense line item within their expense report for the same date.

- 18.4. When all meal costs while on travel are not reported on the individual traveler's expense report, the per diem calculation is not practicably feasible, and as a result such costs must be treated as unallowable.

19. Telephone Usage

Travelers will be reimbursed for the cost of phone calls that are reasonable and necessary for conducting business.

- 19.1. Documentation of Telephone Calls - The business purpose, including name and business affiliation of the person called, should be documented for a telephone call greater than \$25.
- 19.2. Cellular phone reimbursement – Refer to [IT-D-7.06.01.08](#) for guidance regarding Company-sponsored cellular phones for employees who have a business need for such phones.
- 19.3. Hotel Telephone Usage - To avoid substantial charges added by hotels to telephone bills, travelers should use the designated Corporate Calling Card program or a company sponsored cell phone whenever possible.

20. Membership Dues and Fees and Conferences

- 20.1. Aerojet Rocketdyne may reimburse the cost of membership dues and fees related to professional or industry clubs / societies provided that such membership relates primarily to the business of Aerojet Rocketdyne and is considered to be beneficial to Aerojet Rocketdyne; however, pre-approval of such costs should be obtained.
- 20.2. The cost of enrollment in conferences, seminars, workshops and professional certifications should be paid via T-Card in accordance with [FIN-D-7.04.16.01](#).

21. Foreign Travel

- 21.1. Expenses related to Foreign Travel submitted for reimbursement must have an approved Foreign Travel Form ([LGL-F-7.07.03](#), Foreign Travel Form) as described in the Company's Travel Directive ([FIN-D-7.04.16.01](#)). The Foreign Travel Form must be attached to the expense report when submitted for reimbursement.
- 21.2. Each expenditure made in a foreign currency must be converted to U.S. dollars and the foreign exchange rate (FX) shall be properly supported. The correct exchange rate to U.S. dollars shall be based on the type of payment method used: cash or credit card.
- 21.3. Cash:
 - 21.3.1. If the payment method was cash, the historical market exchange rate during the travel dates can be used to convert foreign currency purchases into U.S. dollars. Concur automatically converts foreign currency amounts into U.S. Dollars, based on actual historical [market] exchange rates for that date using data from Oanda.com: www.oanda.com/convert/fxhistory. **This is the 'default' FX rate and is the preferred method.** When using the default FX rates in Concur, you only need to input the foreign currency amount, ensure the transaction date is correct, and add a note that the 'default' rate is being used.



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21.3.2. The only other acceptable FX rate to use for cash reimbursement is the average ‘calculated’ exchange rate including any commissions paid. **The ‘calculated’ rate shall be used for all cash expenses incurred during the trip if the ‘default’ rate is not used.** This calculation includes all FX purchases including commissions during the trip and is calculated as follows:

Calculated FX rate = total foreign currency received for all purchases/total U.S. dollars paid for all purchases.
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21.3.3. Required documentation shall show this calculation, include all equivalent foreign currency purchases during the trip, and shall include all FX currency purchase receipts. In Concur when using the calculated FX rate, overwrite the default FX rate and input the calculated FX rate, and add a note that the ‘calculated’ rate is used.

21.4. Credit Card: Large expenses (examples: hotel, car or other transportation, business meals, etc.) shall be paid for by credit card. The FX rates used must be based on the actual rate charged by the credit card company. When the Company T-Card is used, no credit card statement is required to support the FX conversion. T-Card transactions are automatically converted by Visa before the credit card data is fed into Concur. *Using the T-Card in such circumstances is the preferred method.*

21.5. If a personal credit card is used, a copy of the credit card statement supporting each foreign currency purchase is required to substantiate the amount converted to US Dollars (\$.)

21.6. All required substantiation for foreign currency conversion rates must be attached to the expense report when submitted for reimbursement.

21.7. When travelling to foreign locations, employees must reference and adhere to all policies outlined within [ETH-D-7.07.04](#) Anti-Bribery and Corruption Program.

22. Spouse / Guest Travel Expenses

22.1. Expenses submitted for reimbursement related to Spouse / Guest Travel must have a completed and approved Spouse / Guest Travel Form ([FIN-F-7.04.16.05](#)), as described in the Company’s Travel Directive ([FIN-D-7.04.16.01](#)), attached to the expense report when submitted for reimbursement.

22.2. Expenses related to Spouse / Guest travel must be classified as “Unallowable Miscellaneous” or as “Entertainment” and a copy must also be provided to Payroll by the Expense Report processor responsible for final expense report approval.

23. Incurring Expenses for Others

23.1. Employees may incur certain travel and non-travel related business expenses for other employees such as business meals, entertainment – event or meal, or group transportation. In these instances, to the extent practicable, the employee incurring the expense should be the highest, most senior level (up to but not including the VP level) employee in attendance when there is a direct reporting relationship unless the activity is pre-arranged by another Company representative.

23.2. For prearranged business meetings with meals or entertainment events, the most senior level employee in attendance is not required to incur the expense. Examples



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include management leadership conference, functional group meetings or transportation arranged by a Company representative.

23.3. If the activity is not pre-arranged and it is not clear whether the activity benefitted the Company or an individual, an explanation should be provided on the expense report to clarify whether additional approval (at least one level higher) is requested, or additional approval may be obtained if deemed necessary by the Expense Report processor responsible for final approval.

23.4. Travel-related expenses should relate to the employee requesting reimbursement. Employees shall NOT incur certain travel-related expenses for other employees, consultants, or any business associate. This category includes:

- Airfare
- Hotel
- Ordinary meals
- Car rental (unless two or more are traveling together)
- Conference fees
- Hotels for conferences (prepaid or other)
- Training or seminars (requiring travel)

24. Limitations Regarding Other Travel and Non-Travel Expenses

24.1. Other, less common, typically non-travel related items that can be submitted for reimbursement through the Expense Report include the following:

- Subscriptions, dues, training materials
- Safety Shoes/Glasses
- Pre-approved In-Home Office Expenses (i.e., phone, internet, etc.)
- Marketing or promotional items (including for employee welfare but not including gratuities for any person)
- Company Car Expenses (i.e., maintenance, fuel, etc.)
- Office supplies, postage, copy services
- Offsite meeting facilities and related meals/beverages and deposits.

24.2. Certain types of purchases should be made through other Procurement methods and are NOT allowed to be submitted for reimbursement through the Expense Report. This category includes:

- Direct or indirect charge materials, tools, or capital equipment
- Operating supplies or equipment over \$1,000
- Hazardous materials or chemicals
- Electronic equipment over \$1,000 including computers, cell phones or devices, office equipment, televisions, audio or video equipment, etc.
- Software (except training material)
- Donations or Political Contributions
- Gift Cards – for any purpose



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24.3. Refer to the Travel Directive ([FIN-D-7.04.16.01](#)) for specific guidelines on using the T-Card for travel and non-travel related business expenses.

25. Expense Report Approvals and Delegations

25.1. Expense reports are to be approved in accordance with the Signature Authority Directive ([FIN-D-1.02.01.02](#)) and comply with Company Policies.

25.2. The employee submitting the expense report must review and approve it. The approval signifies the employee is certifying to the accuracy, and that all expenses were required for business purposes only. Electronic submission presumes this approval.

25.3. If the expense report is prepared and submitted by someone other than the employee (i.e., an assistant or expense delegate,) the employee must first sign the line provided on the Report Header or Receipts Cover page, and include the signature page with required receipts before the report is submitted.

25.4. The employee's immediate manager (default approver) must approve the expense report. If a delegation of signature authority allows a delegate approver other than the immediate manager to approve the expense report, and a hard signature is obtained from the delegate approver, a copy of the delegation must also be attached to the expense report. Otherwise if a delegate approver is established in Concur for the default approver, this is considered equivalent to a hard copy delegation of signature authority.

25.5. The Expense Report processor audits the approved expense report for compliance with Company directives and procedures, and processes it for reimbursement. Additional changes, supporting documentation, or approval may be required by the auditor before final payment is authorized.

26. Non-Reimbursable Expenses

Personal expenses will *not* be reimbursed. Note: Exceptions require A-Level approval per [FIN-D-1.02.01.02](#). Any personal expenses included in an expense report will be deducted from the reimbursement. Such items, regardless of whether they were incurred during travel or not, may include but are *not* limited to:

26.1. Personal expenses incurred related to personal days taken in conjunction with a business trip and charged to the T-Card

26.2. Rental car upgrades outside the Company's Travel Directive ([FIN-D-7.04.16.01](#))

26.3. Barber, beauty parlor, health club fees, and similar fees

26.4. Airline or other club memberships, except as described in section 20.0

26.5. Expedited airport security fees

26.6. In-room movies

26.7. Newspapers, magazines, books, etc. while in travel status

26.8. Baby-sitting / child care fees incurred while in travel status

26.9. Laundry charges incurred during travel and for trips of less than three (3) business days. Charges incurred after travel are not reimbursable.

26.10. Loss or damage to personal property – private auto while travelling on Company business, clothes, jewelry, electronics, etc.



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- 26.11. Purchase of clothing, toiletries, or over the counter medicine while in travel status
- 26.12. Cancellation fees for guaranteed lodging reservations (unless caused by the Company and explained on the Expense Report)
- 26.13. Fines for traffic violations
- 26.14. Purchase of gift cards for employees, gifts, or charitable donations of any kind.
- 26.15. Pet boarding incurred while in travel status
- 26.16. Rental or cleaning of formal wear (examples: tuxedos and evening gowns)
- 26.17. Traveler's or personal check cashing fees
- 26.18. Substitution of personal expenses for business expenses which have been avoided (examples: purchase of a gift in exchange for meals, lodging, etc.)
- 26.19. Expenditures for meals while attending local seminars
- 26.20. Car wash fees, repairs or fuel for personal automobiles used for Company business (mileage reimbursement covers these types of expenses)
- 26.21. Interest or late charges on personal credit cards (unless an error is made by the Company) or annual fees on personal credit cards
- 26.22. Casual meals (meals without a legitimate business purpose) and expenses for similar activities
- 26.23. Meal expenditures for spouses or children unless pre-authorized
- 26.24. Table 1 below may not be all inclusive of all non-reimbursable expenses:

TABLE 1: Concur expense types to select when reporting Business Meals (Allowable) or Entertainment Event or Meals (Unallowable) and associated costs.	
Expense category, type and allowability:	Situation, payee or payment type:
Entertainment: Event or Meal – Unallowable	<ul style="list-style-type: none"> • Cost of co-worker's meal you paid if not for a Business Meal • Any cost for entertaining that is not part of a meal and is not Alcohol. • Costs of sponsoring/attending lobbying, political, or charity functions • All costs for marketing and trade show activities that do not qualify as a Business Meal • Cost of a guest's meal if the meal does not qualify as a Business Meal • Cost of a spouse's meal (requires preauthorization) while attending a business-related event
Entertainment: Alcohol – Unallowable	Can <u>only</u> use as part of itemizing a Business Meal or Entertainment Event or Meal you paid for



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TABLE 1: Concur expense types to select when reporting Business Meals (Allowable) or Entertainment Event or Meals (Unallowable) and associated costs.	
Expense category, type and allowability:	Situation, payee or payment type:
Business Meetings: Business Meal - Allowable	<ul style="list-style-type: none"> • Must meet defined requirements and include required supporting documentation • Costs of all meals, tip, tax, and non-alcoholic beverages consumed within a Business Meal (as defined) • Must exclude Unallowable costs from this amount
(Only visible within certain itemizations) Meals – Reimbursable – Unallowable	<ul style="list-style-type: none"> • Can <u>only use when itemizing</u> Business Meals or Event/Meal expenses, and • Can only be used when on travel, and • Only when you paid for the meals listed above with cash or your personal credit card (this is not encouraged.) • Do <u>not use for itemizing local</u> Business Meals or Entertainment Event or Meal, • This cost applies to YOUR travel allowance and should also be deducted from your fixed meal allowance • Applies only to YOUR portion of the total Business Meal or Entertainment – Event or Meal cost
Meals: Meals – T Card (reduces reimbursable)	<ul style="list-style-type: none"> • Use this expense type for ordinary meals [breakfast, lunch, dinner, or snacks] you purchased using the T-Card. • Because these charges are paid by the Company, they will be <u>automatically deducted</u> from your fixed per diem allowance.
Business Meeting: Off Site Facilities – Allowable	<ul style="list-style-type: none"> • Costs associated with Allowable functions conducted off plant, including facility room rental and deposits, AV equipment, set up fees, etc. • Excludes all meal and unallowable costs which must be classified as one of the other expense types listed above (Business Meal, Alcohol, Entertainment Event or Meal.)



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RESOURCES

Definitions

Allowable Expense - Expenses incurred by employees that may be submitted for reimbursement by the Company (as approved per [FIN-D-1.02.01.02](#)). These expenses are recoverable as “direct charges” or “allowable overhead” from our customers.

Non-Reimbursable Expense - Expenses incurred by employees that are NOT eligible for reimbursement by the Company.

Per Diem Limits - Thresholds established by the U. S. Government on amounts the Company can recover (bill) from its customers for travel. While employees are reimbursed for actual lodging expenses, amounts in excess of per diem limits are *not* recoverable (billable) to our customers and are recorded as “unallowable” by Accounting. Fixed meal per diem allowances do not exceed per diem limits.

Unallowable Expense - Expenses incurred by employees that may be submitted for reimbursement by the Company but are not allowable or allocable to government contracts (as outlined in [FIN-D003](#), Accounting for Unallowable Costs).

Acronyms	Acronym	Definition
	CEO	Chief Executive Officer or Interim CEO
	CFO	Chief Financial Officer
	COE	Center of Excellence
	FAR	Federal Acquisition Regulations
	IRS	Internal Revenue Service
	JTR	Joint Travel Regulations
	T-Card	Refers to the Corporate sponsored Travel Credit Card
	TAR	Travel Authorization Request
	TDY	Temporary Duty

References	Identification	Title
	AR-POLICY-402	Standards of Conduct and Performance
	FIN-D003	Accounting for Unallowable Costs
	FIN-D-1.02.01.02	Approval Authority Directive
	FIN-D-7.04.16.01	Travel Directive
	FIN-F-7.04.16.01	Travel Advance Form
	FIN-F-7.04.16.02	Mileage Expense Report Form
	FIN-F-7.04.16.03	Travel Authorization Request Form
	FIN-F-7.04.16.05	Request for Spouse / Guest Travel Form
	ETH-D-7.07.04	Anti-Bribery and Corruption Program



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References	Identification	Title
	IT-D-7.06.01.08	Enterprise Telework and BYOD Security
	LGL-F-7.07.03	Foreign Travel Form

SOX Controls	SOX Control No.	Summary Control Description (See Movaris for most current control description and references.)
	AERO.C.PP01	Concur expense reports are approved by the employee's direct supervisor and an Expense Report Processor.
	AERO.C.AS07	The Concur Administrator reviews the listing of new Concur Travel & Expense users to verify that the new users were valid employees at the time the user account was added.
	AERO.C.AS09	Concur system access is restricted to a valid user using a valid User ID and password.

Training	Identification	Title/Description
None	Concur Training	Concur Travel and Expense Training
	Per Diem Training	Training for Per Diem

*** End of Document ***