

SECTION: 4.0 ADMINISTRATION  
SUBJECT: ACCOUNTABLE PLAN

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**Title:** Accountable Plan

**Point of Contact:** Controller's Office

**Other LC State offices directly involved with implementation of this policy, or significantly affected by the policy:** Human Resources Services

**Date of approval by LC State authority:** 01/2020

**Date of State Board Approval:** N/A

**Date of Most Recent Review:** 05/2026

**Summary of Major Changes incorporated in this revision to the policy:** Updated format to current standards. Added clarifying language for compliance requirements.

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### 1. Purpose

To establish requirements for compliance with Internal Revenue Service (IRS) Code § 274.

### 2. Policy

In accordance with IRS regulations, LC State has an accountable plan that allows it to reimburse employees (and in certain cases non-employees) for authorized business expenses with no impact on taxable compensation. The accountable plan rules apply to all payments, reimbursements, or advances for authorized business expenses both travel and non-travel related. All items must comply with applicable:

- Federal tax regulations, including Internal Revenue Code § 274
- State of Idaho travel and reimbursement policies, including established per diem rates, lodging limits, and mileage reimbursement rates; and
- LC State Travel Policy 4.101 and related procedures.

In the event of conflicting requirements, the most restrictive provision will apply.

### 3. Accountable Plan Requirements

A. To comply with LC State's accountable plan, an employee must:

- i. have paid or incurred business-related expenses while performing services for LC State. To satisfy this requirement, there must be a clear and documented business connection or purpose for the expense and the expense must be both ordinary and necessary;
- ii. properly account for and substantiate the expenses within thirty (30) days after the completion of the official travel;
  - a) To satisfy this requirement, an employee must document and request reimbursement for business expenses within thirty (30) days after the completion of the official travel.
  - b) Travel-related expenses must be accounted for within thirty (30) days after the completion of the official travel.
  - c) Expenses are substantiated with original, itemized receipts, or when not available a printed receipt from the internet showing proof of purchase and payment.
  - d) Per diem reimbursements for meals may be paid without supporting documentation up to the maximum allowed by the state travel policy for all official travel requiring an overnight stay. Partial day reimbursements for single day travel are considered a taxable fringe benefit, per the IRS, and will be taxed through the payroll system.

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- iii. return any payment, reimbursement, or advance in excess of amounts substantiated after the completion of the official travel. To satisfy this requirement an employee must repay the college any reimbursement or advance in excess of the amounts properly substantiated within thirty (30) days after the Controller's Office notifies the traveler of the amount to be returned to LC State.
- B. If one or more of the above three requirements are not met, the payment, reimbursement, or advance to the employee will be included in the employee's wages, subject to tax withholding and reported to the IRS and the employee on the applicable form. Reimbursements will not be processed if received more than 90 days after the transaction date, or if the employee is on travel status when the expense is incurred, more than 90 days after the last date of travel.
- C. The substantiation requirements of this policy also apply to non-employees (e.g., independent contractors) conducting college business. If a non-employee does not properly account to the college for his or her expenses, the individual will not be reimbursed.

**4. Related Policies**

- A. Travel Policy 4.101
- B. Travel Procedure Manual - <https://www.lcsc.edu/media/tdihyvg/emburse-travel-procedure-manual.pdf>