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	Document Title:	<b>TRAVEL POLICY</b>

### **PURPOSE:**

"This Policy seeks to establish procedures and guidelines to ensure that expenses incurred by the Company, its directors, officers, executives, and employees, (hereafter, "Company Personnel") on foreign and/or local travels are actual, reasonable, and necessary in carrying out the official business of the Company and in compliance with regulatory requirements. Moreover, these guidelines aim to ensure that payment for travel related expenses is fair, equitable, and efficient both for the Company and the Covered Personnel."

### **LEVEL:**


This Policy applies to, and shall be implemented by, all Company Personnel.

### **DEFINITION OF TERMS:**

- (a) **Official Company Approved Travel.** This is a trip for a seminar, training, conference, workshop, meeting, or a similar activity undertaken for work or business purposes.
- (b) **Travel Order Form.** This is a form filled-up by a Company Personnel who is leaving for an official Company-approved travel.
- (c) **Allowable Travel Allowance.** This is an allowance paid or advance given to a Company Personnel for official traveling expenses such as, travel time allowance, meal allowance, lodging allowance and transportation allowance.
- (d) **Per Diem.** This is a daily allowance for expenses or a specific amount of money that the Company gives to a Company Personnel on a per day basis to cover for living expenses when traveling for work.

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## **POLICY:**

### **A. Allowable Travel Related Expenses**

Section 34(A)(1)(a)(ii) of the 1997 National Internal Revenue Code (NIRC) provides that there shall be allowed as deduction from gross income all the ORDINARY and NECESSARY expenses paid or incurred during the taxable year in carrying on or which are directly attributable to the development, management, operation and/or conduct of the trade, business or exercise of a profession, including, a reasonable allowance for travel expenses, here and abroad, while away from home in the pursuit of trade, business or profession. Generally, local or foreign travel shall be done via the most direct and economical means taking into consideration the comfort, needs and preference of the employee/officer.

The more specific Company guidelines on allowable travel representation expenses are provided below:

#### **1. AIR TRAVEL**


Generally, travelling Covered Personnel shall always exercise prudence and reasonableness in the choice of airline and booking class, taking into consideration the rank and status of the travelling personnel; the size, profitability, and financial conditions of the Corporation; the length and duration of travel; the historical practices of the Corporation, and such other considerations that will materially affect the efficiency and accomplishment of the intended purpose of travel.

#### **2. HOTEL ACCOMMODATION**

Generally, travelling Covered Personnel shall always exercise prudence and reasonableness in the choice of lodging or hotel, taking into consideration the conditions in the foreign and local destination.

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All Covered Personnel shall be entitled to single occupancy for both local and foreign travel.

### 3. *PER DIEM ALLOWANCES<sup>1</sup> FOR TRAVEL*

Per Diem Allowances shall be given to a Company Personnel travelling for a legitimate business purpose. The per diem allowances shall be considered as the daily allowances paid to a Company Personnel to cover costs incurred while on a business trip, and which will not be subjected for liquidation. For purposes of this policy, the per diem allowance is given to cover the following:


- Taxi fare or hotel car between residence or office and the airport or place of departure unless a company car was used
- Meals (all inclusive) for each completed day of travel and also the portion of meals covered for less than a day trip
- Daily taxi fare or hotel car between place of lodging and the place of business transaction
- Daily hotel accommodation, if payment is advanced by the traveling Covered Personnel

### 4. *TRAVEL EXPENSES IN EXCESS OF THE PER DIEM ALLOWANCE*

Actual reasonable and necessary expenses incurred by an employee during the trip in excess of his/her per diem allowance shall be covered by the company.

<sup>1</sup> THE FOREIGN SERVICE ACT OF THE PHILIPPINES (REPUBLIC ACT NO. 4112, Part D, Section 6 (a)): All allowances, per diems, benefits, and the like received by officers and employees of the service in consideration of their service shall be exempt from the Philippine income tax.



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The necessary expenses **eligible for reimbursement** are the following:

- Taxi fare or hotel car between place of lodging and the place of business transaction – for unplanned/unexpected legitimate business dealings
- Daily hotel accommodation, if the legitimate business travel or training took longer than planned
- Plane or land/sea fare including toll, terminal and other passage fees required for such mode of transportation
- Reasonable hospitality expenses (*subject to the CG: Gift & Hospitality Policy*)
- Additional Expenses related to the above enumerated which are due to force majeure.

##### 5. PROVIDING HOSPITALITY TO CUSTOMERS<sup>2</sup>


Covered Personnel may entertain customers/clients with appropriate approvals if:

- Person entertained has a potential or actual business relationship.
- Expenditure directly includes or follows a business discussion that would benefit the company.

Covered Personnel who are allowed to entertain customers are limited to the following:

- Section Heads – whose customers are in-line to the department he/she supervises, and with approval of their Department Head.
- Managers / Department Heads – with the approvals of their Division Head.
- Management Committee – with the approval of the VP-COO, VP-CMO, or the President & CEO.

<sup>2</sup> This should be read in conjunction with the relevant provisions of the Company's Anti-Bribery and Anti-Corruption Policy and the Company's Gift and Hospitality Policy.

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#### **B. Travel Order Form and Travel Allowance Allocation**

*(please refer to the Policy On Travel Allowance Allocation (BDGT – QP – 11, Effective Revision No.2, 2020)).*

To ensure that the Company Personnel is leaving for an official Company approved travel, he/she shall fill-up a Travel Order Form and thereafter submit it to the Budget and Cost section for proper allocation of travel allowance.

For the standardized rates that the Company Personnel may receive during an official Company-approved travels, please refer to the above mentioned policy.


#### **C. Timing of Liquidation or Reimbursement**

Covered Personnel shall submit expense reports timely and accurately to the General Accounting Department for all business expense liquidation or reimbursements. **Such report shall be submitted within a maximum period of 30 calendar days (4 weeks).** *(Refer to Revised Policy On Cash Advances Subject for Liquidation, DCN: ACCTG-QP-03)*

Any deviations from the deadline shall require the Department Head's approval. All reimbursements shall be duly approved by the Department Head."

#### **D. Documentary Requirements**

In compliance with the relevant tax rules and regulations, all travel and hospitality expenses shall be supported by original copy of official receipts and/or other similar documents showing the following details and issued in the name of the Company claiming the expense for tax purposes:

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- Date
- Amount of expense
- Nature of expenses
- Location / destination
- Business purpose of the expense
- For meals/hospitality, provide number of attendees, including name, position and company name

If related to Covered Personnel's travel abroad, the business meetings shall be evidenced by official communications from business associates abroad indicating the purpose of the meetings.

To avoid risk that the business travel by a Covered Personnel may be construed as an 'employee's benefits'<sup>3</sup>, BIR requires that travel expense be supported by appropriate documents such as (1) official invitations/communications for business conventions from the host organization or entity abroad; and (2) calendar invites (e.g. emails) for business meetings.

<sup>3</sup> Employee benefits are subject to Fringe Benefits Tax. In case of unsupported travel expense, fringe benefits tax is at 35% of the grossed up travel costs (i.e., 35% x Travel Cost/65%)





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**APPROVAL:**

	Name/Title	Signature	Date
Prepared by:	<b>JEMELYN G. FERRER, CPA, MBA, FPCHA</b> Controller – DA		10/14/21
Verified:	<b>JHAZEL V. JAVIER, CPA</b> Compliance Officer – DA		11/03/21
Reviewed:	<b>DENNIS C. ESCALONA, MN, FPSQua</b> Quality Assurance Supervisor		11/08/21
Recommending Approval:	<b>JULIE ANNE CHRISTINE J. KO, CPA, MBA, FPCHA</b> Chief Finance Officer – DA		10/14/21
	<b>HENRY F. ALAVAREN, MD, FPSMID</b> Total Quality Division Officer		11/7/2021
	<b>SOCORRO VICTORIA L. DE LEON, CPA, PhD, FPCHA</b> VP-Chief Operations Officer		11/10/2021
Approved:	<b>GENESIS GOLDI D. GOLINGAN</b> President and CEO		12-07-2021

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**DOCUMENTATION:**

Revised Policy

**DISSEMINATION:**

- 1) Posting in the Bulletin Board
- 2) Weekly Management Meeting
- 3) Management Committee Meeting

**REFERENCES:**

Policy On Travel Allowance Allocation (BDGT – QP – 11, Revision No.2, Effective 2020)


Revised Policy On Cash Advances Subject for Liquidation (ACCTG-QP-03, Revision No.1)

MPHHI Legal and Compliance Department Memorandum on Recommended Provisions for Travel Policy, August 11, 2021

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**PURPOSE:**


To outline the steps involved in the implementation of the Travel Policy of the hospital.

**SCOPE:**

Applies to all Company Personnel of Dr. Pablo O. Torre Memorial Hospital-Wide

**PERSON RESPONSIBLE:**

All Employees

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### **PROCEDURE:**

1. A Company Personnel shall fill-up a Travel Order Form in triplicate copies at least one (1) month before the scheduled official Company-approved travel (i.e. seminar/training), attaching the invitation for the seminar/training to be attended.
2. He/she shall have the Travel Order Form approved in compliance with the ***Policy On Travel Allowance Allocation (BDGT – QP – 11, Effective Revision No.2, 2020)***.
3. The AIR TRAVEL and HOTEL ACCOMODATION may be booked by the Budget & Cost staff or by the Company Personnel herself/himself, if preferred.
4. The General Accounting Department shall issue a check in accordance with the approved budget, or the net of air travel and accommodation expenses, seven (7) days before the travel date.
5. Liquidation and Request for Reimbursement, if any, must be made by the Company Personnel within thirty (30) days or four (4) weeks from the date of travel.
6. The Liquidation and Request for Reimbursement must be submitted to the General Accounting for checking.
7. The General Accounting Bookkeeper shall thereafter record all expenses incurred in the company's books of account.

### **REFERENCES:**

Policy On Travel Allowance Allocation (BDGT – QP – 11, Revision No.2, Effective 2020)

Revised Policy On Cash Advances Subject for Liquidation (ACCTG-QP-03, Revision No.1)

MPHHI Legal and Compliance Department Memorandum on Recommended Provisions for Travel Policy, August 11, 2021

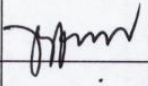
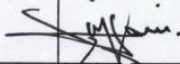

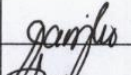
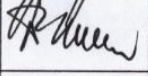

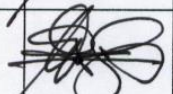


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**APPROVAL:**

	Name/Title	Signature	Date
Prepared by:	<b>JEMELYN G. FERRER, CPA, MBA, FPCHA</b> Controller – DA		12/01/21
Verified:	<b>JHAZEL V. JAVIER, CPA</b> Compliance Officer – DA		11/03/21
Reviewed:	<b>DENNIS C. ESCALONA, MN, FPCHA, FPSQua</b> Quality Assurance Supervisor		12/01/2021
Recommending Approval:	<b>JULIE ANNE CHRISTINE J. KO, CPA, MBA, FPCHA</b> Chief Finance Officer – DA		12/1/21
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	<b>SOCORRO VICTORIA L. DE LEON, CPA, PhD, FPCHA</b> Vice President-Chief Operations Officer		12/02/2021
Approved:	<b>GENESIS GOLDI D. GOLINGAN</b> President and CEO		01/05/22



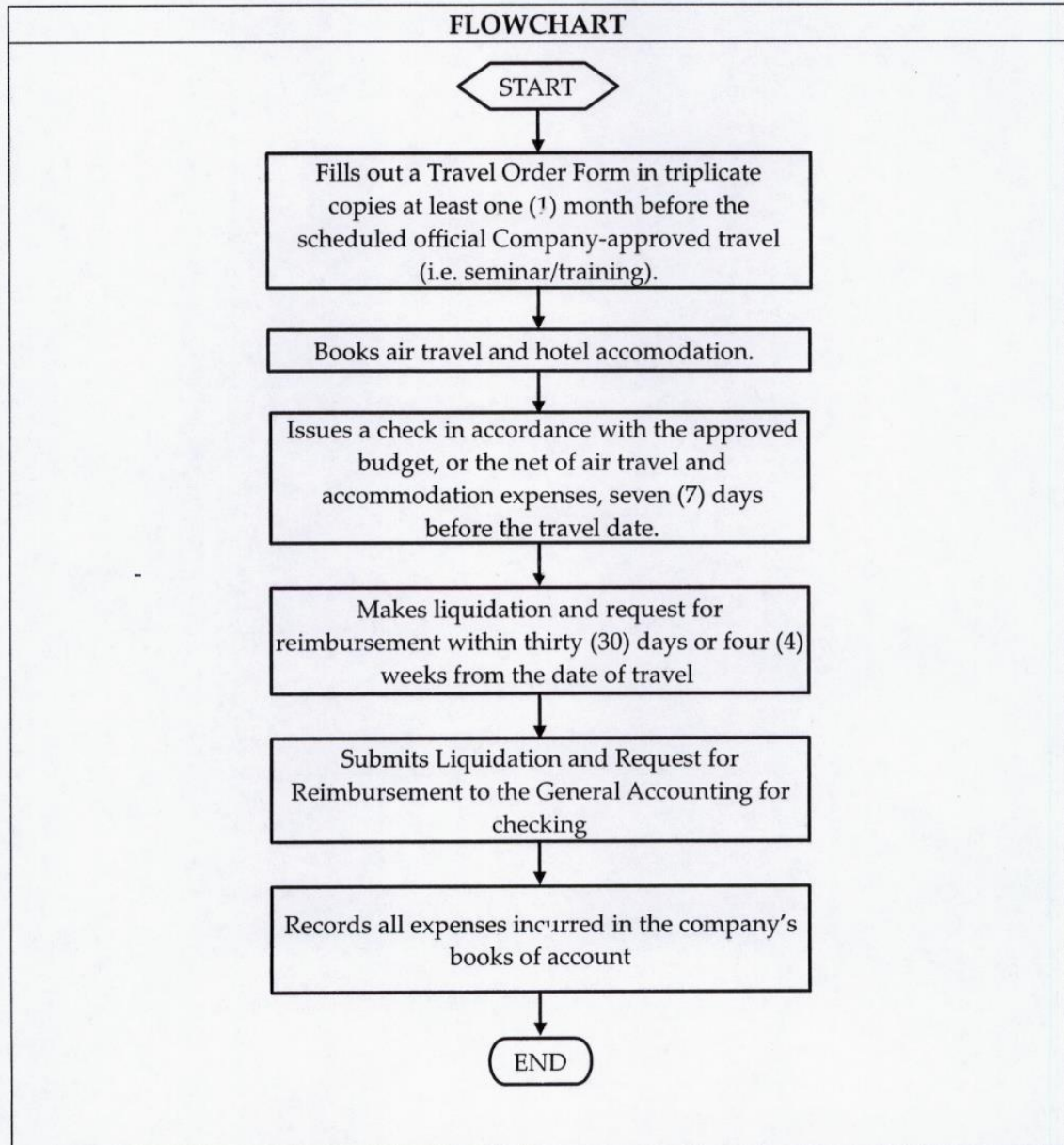


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### FLOWCHART



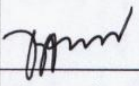
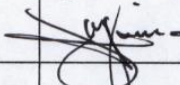

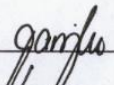
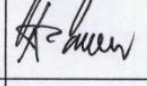
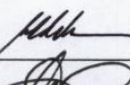
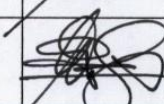


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**APPROVAL:**

	Name/Title	Signature	Date
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Approved:	<b>GENESIS GOLDI D. GOLINGAN</b> President and CEO		12/05/22






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KEY TASKS	PERSON RESPONSIBLE
1. Fills-up a Travel Order Form in triplicate copies at least one (1) month before the scheduled official Company-approved travel (seminar/training), attaching the invitation for the seminar/training to be attended.	Company Personnel
2. Submits the Travel Order Form to the Division Head for approval/signature as "Travel Recommended By."	
3. Routes the Travel Order Form for the approval /signature.	
4. Liquidates the all expenses within 30 days or 4 weeks after the travel.	
5. Approves and verifies the Travel Order Form of his/her personnel	Division Head
6. Allocates travel allowances based on the following: a. Position of the Company Personnel b. Place of travel c. Duration of travel	Budget and Cost Staff
7. Retains one copy of the Travel Order Form and turns over the two copies to the traveling Company Personnel.	
8. Reviews and approves the Travel Order Form with allocated travel allowances and signs in the "Budget Allocated By" portion of the Travel Order Form.	Budget and Cost Head

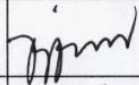
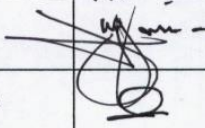

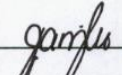
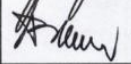
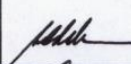
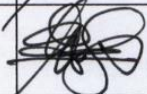


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9. Verifies and counter-signs the Travel Order Form.	Controller
10. Responsible for the overall implementation of this policy and may recommend revisions if necessary.	
11. Makes sure that the request for check is timely processed and be released to the traveling personnel 7 days before the date of travel.	Chief Accountant
12. Ensures that the all related travel expenses are properly and accurately recorded in the company's book of accounts on a timely manner.	
13. Prepares the disbursement voucher and the creation of checks to the traveling Personnel	Accounts Payable Bookkeeper
14. Checks the liquidation of the travel order and creates corresponding journal entries for all expenses incurred.	Bookkeeper III

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**APPROVAL:**

	Name/Title	Signature	Date
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Recommending Approval:	<b>JULIE ANNE CHRISTINE J. KO, CPA, MBA, FPCHA</b> Chief Finance Officer – DA		12/11/21
	<b>HENRY F. ALAVAREN, MD, FPSMID, FPSQua</b> Total Quality Division Officer		12/2/2021
	<b>SOCORRO VICTORIA L. DE LEON, CPA, PHD, FPCHA</b> Vice President - Chief Operating Officer		12/04/2021
Approved:	<b>GENESIS GOLDI D. GOLINGAN</b> President and CEO		01/05/22