EMPLOYEE EXPENSE REPORTING

A Complete Guide for A/E Professionals

Deltek Ajera + Paycor Environment

What This Guide Covers

- Reimbursable vs. Non-Reimbursable Expenses
- Expense Categories A to Z
- How to Build an Expense Report in Ajera
- Receipt Requirements and Documentation
- Mileage and Vehicle Expense Rules
- Subconsultant Invoice Processing
- Travel, Lodging, and Meal Per Diems
- Markup and Billable Expense Rules
- Approval Workflow and Reimbursement
- Government Contract Compliance (FAR)
- Common Mistakes and How to Avoid Them

Who Should Read This

Every employee who incurs any out-of-pocket cost related to their work — whether a $0.67 postage stamp or a $15,000 subconsultant invoice — needs to understand this guide.

Accurate expense reporting protects you from personal financial liability, ensures the firm recovers costs from clients, and keeps the firm in compliance with IRS rules and government contract regulations.

Read this guide before submitting your first expense report and keep it as a reference throughout your employment.

Section 1: Core Concepts — What Is a Reimbursable Expense?

The Fundamental Distinction

In architecture and engineering practice, the word 'expense' covers two very different things that must never be confused. The first is a cost the firm incurs to operate — rent, utilities, software subscriptions, general office supplies, and salaries. These are overhead costs, and they are recovered through the firm's overhead rate built into billing rates. The second is a cost that is directly attributable to a specific client project and is contractually recoverable from that client. These are direct project expenses, also called reimbursable expenses or direct costs.

As an employee, you will primarily interact with the second category. When you drive to a project site, print a large-format drawing set, pay a permit fee, or forward a subconsultant invoice, you are incurring a direct project expense. Your job is to document it correctly, charge it to the right project and phase in Ajera, and submit it for approval and reimbursement in a timely way.

Reimbursable vs. Non-Reimbursable: The Decision Test

Before classifying any expense, ask yourself three questions in sequence:

Q1	Was this cost incurred because of a specific client project? If no, it is overhead — do not submit as a project expense.
Q2	Is this cost type allowable under the client contract? Not all contracts allow all expense types. If your contract does not allow, for example, meal expenses, do not submit meals as billable.
Q3	Can I document it with a receipt or equivalent record? If you cannot document it, you cannot submit it for reimbursement as a project expense.

Billable vs. Non-Billable: A Key Sub-Distinction

Even among legitimate direct project expenses, there is a further distinction between billable and non-billable. A billable expense is one the client will be charged for. A non-billable direct expense is still tied to a specific project but is not passed to the client — it is absorbed by the firm as a project cost.

Expense Type	Billable or Non-Billable — Typical Treatment
Site visit mileage	Usually billable per contract. Confirm the per-mile rate or cap in the contract.
Subconsultant invoices	Almost always billable, often with a markup (commonly 10%). Confirm markup in your prime contract.
Permit and agency fees	Almost always billable at cost. Document with official agency receipt.

Large-format printing for client deliverables	Usually billable. Confirm the contract allows reproduction reimbursement.
Meals during project travel (overnight)	Usually billable as part of travel reimbursement, subject to per diem limits.
Working lunch with project team (local, no client)	Usually non-billable. Internal working meetings are typically overhead.
Project-specific software or equipment rental	Often billable if directly required for the project and allowed by contract.
Postage and delivery for client submittals	Usually billable at cost with a receipt.
Errors and omissions costs	Never billable. Costs incurred to correct the firm's own errors are overhead.
Proposal and marketing costs for a new project	Never billable to the resulting project. Pre-contract marketing is overhead.

Always Check the Contract First

The contract between your firm and the client is the ultimate authority on what is billable.

Ask your project manager for the relevant sections of the contract before submitting a large or unusual expense as billable.

Submitting a non-allowable expense as billable can result in a client dispute, a credit memo, and damage to the client relationship.

The Accountable Plan: Why Proper Documentation Protects You

The IRS requires that employer reimbursement programs follow what is called an Accountable Plan to treat reimbursements as non-taxable to the employee. If the firm's plan does not qualify as an Accountable Plan, your reimbursements become taxable wages — meaning you pay income tax and payroll tax on money that was just a reimbursement for a business cost you already paid.

The three Accountable Plan requirements are: (1) the expense must have a legitimate business purpose, (2) you must provide adequate documentation such as a receipt within a reasonable time, and (3) you must return any excess reimbursement within a reasonable time. Your expense report process in Ajera is designed to meet all three requirements. Shortcutting the documentation step puts your non-taxable reimbursement status at risk.

Your Protection Under the Accountable Plan

When you submit a properly documented expense report through Ajera and are reimbursed through Paycor, the reimbursement is tax-free to you.

It does not appear in your W-2 taxable wages.

It does not increase your income tax liability.

It does not affect your payroll taxes.

This protection disappears if you cannot provide documentation or if the expense lacks a business purpose.

Section 2: Expense Categories — A Complete Reference

The following sections address every major expense category an A/E professional is likely to encounter. For each category, you will find: what qualifies, what documentation is required, how to enter it in Ajera, and any special rules or limits that apply.

2A — Mileage and Personal Vehicle Use

Mileage is the most frequent reimbursable expense in A/E practice. Any time you drive your personal vehicle for a business purpose — to a project site, a client office, a public agency, a subconsultant's office, or any other project-related destination — you are entitled to mileage reimbursement.

What Qualifies

- Driving from the office (or your home, if you work from home) to a project site or client location
- Driving between project sites or client offices in the same day
- Driving to government agencies for permit submittals, pre-application meetings, or public hearings
- Driving to a subconsultant's office for coordination meetings
- Driving to pick up or deliver project materials or drawings

What Does Not Qualify

- Your normal commute from home to your primary office location
- Personal errands run before, during, or after a business trip
- Driving to firm-sponsored social events or parties

Documentation Requirements

- Origin and destination for each leg of the trip
- Business purpose (project name and reason for the visit)
- Total miles driven (odometer readings or a mapping application printout are acceptable)
- Date of travel

Mileage Detail	Requirement
Reimbursement rate	IRS standard mileage rate (currently set annually; confirm the current rate with accounting). Your firm may set a higher or lower rate per their policy.
Calculation	Ajera multiplies miles entered by the configured rate. You enter miles; Ajera computes dollars.
Home-to-site rule	If you drive directly from home to a project site rather than the office first, you may only claim the mileage in excess of your

	normal home-to-office commute. Confirm your firm's policy on this with HR.
Toll and parking	These are separate expense line items, not included in the mileage rate. Enter them independently with receipts.
Firm vehicle	If you drove a firm-owned vehicle, no mileage reimbursement applies. Report any fuel or maintenance costs incurred separately.

Mileage Log Best Practice

Keep a running mileage log, either on paper or in a mobile app such as MileIQ or Everlance.

Record each trip immediately after driving. Memory is unreliable and the IRS requires contemporaneous records.

A good log entry has five elements: date, starting point, ending point, business purpose, and total miles.

Screenshot your route from Google Maps and save it with your log entry as documentation.

2B — Air Travel

Air travel is required for projects in distant cities or for firm-wide business travel. Airline expenses are almost always reimbursable when the destination is a project site or firm business location.

What Qualifies

- Airfare for travel directly related to a client project, firm conference, or required business meeting
- Baggage fees when the baggage contains project materials or equipment required at the destination
- Seat upgrade fees only if economy class was sold out or if the firm's travel policy permits upgrades for flights over a defined duration (commonly 4 to 6 hours)

What Typically Does Not Qualify

- Personal travel extensions added to a business trip (the personal portion is always your cost)
- First class upgrades unless specifically pre-approved in writing
- In-flight Wi-Fi unless working on project deliverables during the flight (confirm with your firm)
- Travel insurance unless required by the client contract

Documentation Required	Notes
Airline receipt or e-ticket confirmation	Must show passenger name, itinerary, and total charge. Credit card statement alone is not sufficient.
Boarding passes	Some firms require boarding passes as proof of travel. Retain digital or printed copies.
Business purpose statement	Document the project visited and the reason for travel.

Receipt for any additional fees	Bag fees, seat selection fees, and change fees each require their own receipt.

Booking Policy

Most firms require advance booking through a preferred travel agency or online tool. Check your firm's travel policy before booking independently.

Booking refundable fares is typically required for trips that may be cancelled. Non-refundable tickets for speculative travel may not be reimbursed if the trip is cancelled.

Always book the lowest reasonable coach fare unless policy allows otherwise.

2C — Car Rental

Car rentals are appropriate when traveling to a project location where a personal vehicle is unavailable or where the business need requires transportation at the destination.

- Book economy or mid-size class vehicles unless a larger vehicle is required to transport project materials or team members
- Decline collision damage waiver (CDW) if your firm's corporate card provides rental car coverage — confirm with accounting before declining
- Fuel the vehicle before return to avoid inflated fuel charges from the rental company
- Document: rental agreement, fuel receipt, and final rental receipt showing total charge

2D — Lodging

Hotel and lodging expenses are reimbursable when a project assignment requires overnight travel away from your primary work location.

What Qualifies

- Hotel stays at the project location for the duration of the assignment
- Extended stay accommodations for long-term project assignments where hotel costs exceed short-term apartment rental rates (confirm with management for long assignments)

Documentation Required

- Itemized hotel folio showing all charges, not just a summary receipt
- Verify the folio excludes personal charges (room service, movies, minibar, personal phone calls). Personal charges must be deducted and are not reimbursable

Lodging Rule	Details
Rate cap	Many firms cap lodging reimbursement at the U.S. GSA per diem rate for the project city. If you choose a hotel exceeding

	that rate, you pay the difference. Look up current GSA rates at gsa.gov/perdiem.
Double occupancy	Only the single-occupancy rate is reimbursable. If you share a room with a non-employee, submit only half the room cost.
Points and rewards	You may keep hotel loyalty points earned on business travel. The firm pays the room; the points are yours.
Incidentals	Incidentals (tips, room service, personal items) are your cost unless specifically allowed by firm policy.
Extended travel	For assignments exceeding two weeks in the same location, discuss alternative lodging arrangements with your project manager before incurring another month of hotel costs.

2E — Meals and Per Diems

Meal reimbursement is the most policy-sensitive expense category in A/E practice because IRS rules, government contract rules, and firm policy all apply simultaneously. Read this section carefully.

Meals During Overnight Travel

When you are traveling overnight for a project, meals are generally reimbursable up to the applicable per diem limit. Per diem rates are set by the U.S. General Services Administration (GSA) for domestic travel and by the State Department for international travel. They vary by city and are updated annually.

Meal Type	Typical Treatment
Breakfast during overnight travel	Reimbursable at per diem rate for that city. If your hotel provides free breakfast, you may not also claim breakfast per diem.
Lunch during overnight travel	Reimbursable at per diem rate. Retain receipt.
Dinner during overnight travel	Reimbursable at per diem rate. Retain receipt or use per diem allowance.
Meals on travel days (partial days)	The GSA provides a reduced per diem (typically 75% of the full day rate) for the first and last day of travel.

Working Meals (Local, No Overnight Travel)

Working meals that occur locally — a lunch meeting with the project team, a breakfast meeting to discuss a submittal — are handled differently from travel meals.

- Client entertainment meals (you are hosting the client) are generally partially deductible for the firm but require documentation of the client name, business purpose, and attendees.
- Internal working lunches are typically non-billable. They are overhead expenses charged to a G&A project in Ajera, not to the client project.
- Meals with a subconsultant during a coordination meeting may be reimbursable as a project expense depending on firm policy and whether the meeting had a clear project purpose.

Documentation Required for Meals	Why It Matters
Receipt showing itemized charges	Credit card slips showing only the total are insufficient.
List of attendees	Required for IRS compliance and government contract audit. Include names and firm/role for each person at the table.
Business purpose	Describe the project and the business discussed. 'Lunch' is not a sufficient description.
Tip amounts	Tip is reimbursable but must be reasonable. Gratuities above 20% may be questioned by approvers.

Government Contract Meal Rules

On projects subject to FAR Part 31 (federal, state, and many local government contracts), meal expenses are subject to strict allowability rules.

Entertainment, amusement, and recreation costs — including 'business meals' that are primarily social — are unallowable and cannot be charged to government projects.

Alcohol is always unallowable on government contracts, even if consumed at a client-initiated dinner.

When in doubt about whether a meal is allowable on a government project, charge it to your firm's overhead and discuss with accounting.

2F — Reproduction and Printing

Architecture and engineering practice involves significant printing costs — construction document sets, presentation boards, permit drawing packages, and bid documents. These are common direct project expenses.

- Large-format plots (24x36 and 30x42 drawing sets) for owner review, permit submittals, and contractor bid packages
- Color presentation boards or renderings for client presentations
- Bound report printing for deliverables such as geotechnical reports, environmental assessments, or feasibility studies
- Reprographics center charges when printing exceeds in-house capabilities

Documentation	Notes
Vendor invoice or receipt	Must show quantity, paper size, type, and unit cost. For in-house printing, your firm may apply an internal rate per sheet.
Project and phase	Printing must be charged to the phase it serves (e.g., CD printing charged to the CD phase, not SD).
Purpose	Describe what was printed and the delivery milestone it supported.

In-House Printing Costs

Many firms apply an internal charge for in-house large-format printing rather than requiring employees to go to a reprographics vendor.

These internal charges are posted directly to the project by accounting and do not require an employee expense report.

Ask your firm's accounting department how in-house printing costs are handled before submitting them as a personal expense.

2G — Postage, Shipping, and Delivery

Project-related shipping and delivery costs are directly reimbursable. Common examples include courier delivery of permit applications, FedEx or UPS shipments of drawing sets or contracts, and certified mail for legal notices.

- Retain the shipping receipt showing the tracking number, destination, weight, and cost
- Document what was shipped and to whom, and tie it to the project and submittal milestone
- For high-value document deliveries, use a service with delivery confirmation and retain the confirmation

2H — Permit Fees and Agency Fees

Permit fees, application fees, and agency review fees paid directly by an employee on behalf of a project are fully reimbursable and almost always billable to the client at cost. These can range from minor zoning inquiry fees to five-figure environmental permit application fees.

Documentation Required	Notes
Official agency receipt	The agency-issued receipt is the authoritative documentation. Save the original; scan it immediately.
Permit or application number	Include the permit or case number in your expense description so it can be cross-referenced in project records.
Payment method confirmation	If paid by personal check or personal credit card, document that. If the firm issued a check, it is not a personal expense.
Pre-authorization	For any permit fee over $500, confirm with your project manager before paying out of pocket. Some agencies accept firm checks or credit cards directly.

Large Fee Payments

Before paying any fee exceeding $1,000 out of your personal funds, contact your project manager and accounting department.

The firm may arrange for a direct check or ACH payment to the agency instead, avoiding the need for personal reimbursement on a large amount.

Some employees have been reimbursed weeks late on large permit fees paid personally. Do not let this happen to you — ask first.

2I — Subconsultant Invoices

Subconsultant invoices are the largest category of direct project expenses in most A/E practices. A subconsultant is any outside firm or individual hired to perform a portion of the project scope — structural engineers, mechanical/electrical/plumbing engineers, geotechnical engineers, surveyors, environmental consultants, landscape architects, and others.

There are two ways subconsultant costs flow through a firm's accounting system, and which method applies depends on your firm's policy:

Method	How It Works
Accounts Payable (AP) method	The subconsultant invoices the firm directly. Accounting receives and processes the invoice through AP. The cost posts to the project without an employee expense report. This is the most common method for large firms.
Employee Expense method	A project manager or principal pays the subconsultant invoice using a firm credit card or, rarely, personal funds, and submits the invoice through the expense report system. This is more common in smaller firms or for occasional subconsultants not set up as vendors.

Before submitting any subconsultant invoice as a personal expense, confirm with your accounting department which method your firm uses and whether you are authorized to process that payment. Submitting a subconsultant invoice as a personal expense when the firm intends to pay the vendor directly creates a duplicate payment.

Subconsultant Expense Documentation Checklist

1	Obtain the subconsultant's invoice. Confirm it is addressed to your firm (not to you personally) and references the correct project name and number.
2	Verify the invoice amount is within the subconsultant's contracted scope and not-to-exceed amount. Do not approve payment for work outside their contract without written authorization.
3	Confirm the invoice period matches the work performed. A subconsultant billing for work not yet done should be questioned.
4	In Ajera, create a new expense report or add a line to the current project expense report.
5	Select the Subconsultant expense category.
6	Enter the subconsultant firm name, invoice number, invoice date, and invoice amount in the description field.
7	Select the correct project, phase, and activity.
8	Mark as Billable. Enter the markup percentage if your contract authorizes one (typically 10%).
9	Attach a scanned copy of the subconsultant invoice to the expense line.
10	Submit for approval. The project manager must approve subconsultant invoices before they can be processed for payment.

Subconsultant Rule	Details
Markup	Many prime contracts allow a markup of 5% to 15% on subconsultant costs. Check your contract. If markup is allowed, Ajera can apply it automatically when billing. Enter the invoice at cost; accounting configures the markup at the billing stage.
Not-to-exceed tracking	Track cumulative subconsultant billings against their contracted NTE. Accounting can run a project cost report showing subconsultant costs to date.
Lien waiver	For construction-phase subconsultants, a conditional lien waiver may be required before payment. Your PM or legal counsel will advise.
1099 requirement	Subconsultants paid more than $600 in a calendar year through the firm receive a 1099-NEC. Accounting manages this, but it is why subconsultant invoices must flow through the proper channel rather than being reimbursed as personal expenses without documentation.

Section 3: Building an Expense Report in Ajera — Step by Step

Before You Start

Gather these items before opening Ajera to build your expense report. Having everything ready before you start avoids a half-completed report and reduces errors:

- All receipts for the period, either physical originals or clear photographs/scans
- Your mileage log for any driving during the period
- The project number(s) and phase codes for each expense item
- Any subconsultant invoices you are processing
- Your firm's per diem rate for any travel meals (check gsa.gov for current rates)
- Confirmation from your project manager for any unusual or large expenses

Creating the Expense Report

1	Log in to Ajera. From the top navigation, click Expenses, then My Expenses or New Expense Report.
2	Click New or the plus icon to create a new report.
3	In the Report Name field, enter a clear, descriptive title. Use a format such as: [Your Name] — [Project Number] — [Month Year]. For example: J. Rodriguez — 24-042 — March 2025. If you are submitting expenses for multiple projects in one report, use: J. Rodriguez — Multiple Projects — March 2025.
4	Set the Report Date. For single-trip reports, use the last day of the trip or the last date an expense was incurred. For monthly compilation reports, use the last day of the month.
5	In the Description field, add any general notes that apply to the entire report (for example: Site visits and permit fees for Lakewood Office Building, Phase 1).

Adding Expense Lines

Each expense item is a separate line within the report. Add lines one at a time in date order for readability.

1	Click Add Line or the plus icon in the expense line grid.
2	Set the Expense Date to the actual date the expense was incurred. This is the date of travel, the date a fee was paid, or the date printed on the receipt — not the date you are entering it in Ajera.
3	Select the Expense Type from the dropdown. Common types: Mileage, Air Travel, Lodging, Meals, Ground Transportation, Parking, Tolls, Reproduction, Postage, Permit Fees,

	Subconsultant, Miscellaneous. If your expense does not fit an existing type, use Miscellaneous and describe it clearly. If a new type should be added to the system, ask accounting.
4	Select the Project from the lookup field. Type the project number or name and select the correct project.
5	Select the Phase. Ensure the phase matches the scope of work the expense supported.
6	In the Billable field, select Yes (billable to client) or No (firm absorbs cost). When in doubt, ask your project manager before assuming an expense is billable.
7	Enter the Amount. For mileage, enter the number of miles; Ajera computes the dollar amount. For all other expense types, enter the dollar amount directly.
8	Enter a Description. This is your opportunity to document the business purpose. A good description answers: What was purchased or incurred? For what project purpose? Where? A poor description is 'lunch.' A good description is 'Working lunch — 2 project team members, review of SD drawings prior to owner submittal — Project 24-042.'
9	Attach the receipt. Click the attachment icon (paperclip or Attach) and upload your scanned receipt or photograph. One receipt per expense line. Do not combine multiple receipts into a single attachment unless they are from a single vendor transaction.
10	Repeat for each additional expense item. Work through your receipts in date order.

Reviewing Before Submission

Take five minutes to review your report before submitting. Most errors are caught at this stage and are far easier to fix now than after submission.

- Verify every line has the correct project and phase selected
- Verify every line has a clear description — no single-word entries
- Verify every line has an attachment (except mileage if your firm accepts mileage logs without receipts)
- Verify the Billable flag is correct on every line
- Review the total at the bottom of the report. Does it match what you expect based on your receipts?
- Confirm there are no duplicate lines — an easy mistake when entering multiple items

A Sample Completed Expense Report

The following illustrates how a properly completed project expense report looks in Ajera. Each line has a specific date, a clear category, a project and phase, a descriptive memo, a dollar amount, and a billable flag.

Sample Report: J. Rodriguez — Project 24-042 (Lakewood Office Building) — March 2025

Date	Category	Project / Phase	Description	Amount	Billable?
3/3	Mileage	24-042 / SD	Site visit – owner mtg, 38 mi RT	$22.04	Yes

3/3	Parking	24-042 / SD	Parking at city hall for permit inquiry	$12.00	Yes
3/4	Reproduction	24-042 / CD	Large-format plot set for owner review	$87.50	Yes
3/5	Meals	24-042 / SD	Working lunch – project team (3 people)	$64.20	No
3/6	Subconsult.	24-042 / SE	Smith Structural Inv. #2024-118	$3,200.00	Yes
3/7	Delivery	24-042 / CD	FedEx – permit drawings to building dept.	$18.75	Yes
3/7	Permit Fee	24-042 / CA	City building permit application fee	$425.00	Yes
			TOTAL	**$3,829.49**	

Note in the sample that: (1) the working lunch is flagged as Non-Billable even though it is charged to the project, (2) the subconsultant invoice is the largest single line and has full invoice detail in the description, and (3) each line has its own date matching the actual date of the transaction.

Submitting the Report

1	After reviewing all lines, click Save to preserve your work.
2	Click Submit or Submit for Approval. The report status changes from Draft or Open to Submitted or Pending Approval.
3	You will receive a confirmation message in Ajera and typically an email notification.
4	Your approver(s) will receive a notification to review the report. You cannot edit the report while it is in Submitted status.
5	If your report is returned for corrections, you will receive a notification. Open the report, address all comments from the approver, and resubmit.

Submission Timing

Submit expense reports at least 3 business days before your firm's payroll export cutoff to ensure reimbursement in the current payroll cycle.

For subconsultant invoices, submit as soon as you receive them. Subconsultants are typically on payment terms (net 30 or net 45) and delays in your submission delay their payment.

Do not batch expense reports and submit them all at the end of the month. Submit weekly or as expenses accumulate.

Section 4: Receipt Requirements and Documentation Standards

The Receipt Threshold

Most firms require a receipt for any expense at or above a minimum dollar threshold, commonly $25. Below that threshold, expenses may be submitted without a receipt but still require a description. However, for government contracts and for your own protection, develop the habit of keeping every receipt regardless of amount.

Expense Type	Receipt Required?
Mileage	No physical receipt, but a mileage log entry is required. A map screenshot is strongly recommended.
Parking (meter)	No receipt is typically available. Estimate and describe. Some firms have a low flat rate for meter parking without a receipt.
Meals below threshold	Description required; receipt recommended.
Meals above threshold	Receipt required. Must be itemized, not just a credit card slip showing the total.
Lodging	Itemized hotel folio required. A credit card statement is not sufficient.
Air travel	E-ticket confirmation or receipt showing itinerary and fare required.
Permit fees	Agency-issued receipt required. No exceptions.
Subconsultant invoices	The subconsultant invoice itself is the receipt. Required without exception.
All other expenses	Receipt required for amounts at or above your firm's threshold ($25 or as stated in firm policy).

Receipt Quality Standards

A receipt that cannot be read is as good as no receipt. The following standards ensure your receipts will pass review:

- The receipt must show the vendor name, date, itemized charges, and total amount
- Photographs of receipts must be clear, in focus, and fully readable — all four edges of the receipt must be visible in the image
- File format: JPEG, PNG, or PDF are universally accepted in Ajera. Do not submit smartphone screenshots of bank notifications; submit the actual receipt
- For paper receipts that may fade (thermal paper), scan or photograph immediately and store the digital copy as the primary record

- For electronic receipts received by email, forward to yourself and download or save as PDF before uploading to Ajera

What To Do When You Lose a Receipt

Lost receipts happen. When they do, follow this protocol immediately rather than waiting:

1	Check your email for an electronic confirmation from the vendor. Many airlines, hotels, and restaurants now send email receipts automatically.
2	Check the vendor's website or mobile app. Most airlines, hotel chains, and car rental companies allow you to retrieve receipts for past transactions from your account history.
3	If you paid by credit card, the credit card statement showing the vendor name, date, and amount can serve as supporting documentation for lower-value items. Note that it does not substitute for an itemized receipt for meals or lodging.
4	Prepare a Missing Receipt Affidavit or memo (ask accounting for your firm's form). This document states: the date, vendor, amount, business purpose, and the reason the original receipt is unavailable. Sign it.
5	Attach the affidavit and any alternative documentation to the expense line in Ajera.
6	Understand that persistent missing receipts are a red flag in any audit. Two or three missing receipts in a career are understandable. A pattern of missing receipts is a compliance problem.

Receipt Retention After Reimbursement

Even after you have been reimbursed, retain your original receipts for at least 3 years, and 7 years if the expense was charged to a government contract.

Audit requests can come long after the expense was incurred.

The firm retains the Ajera records, but you should retain your own copies independently.

Section 5: Markup, Billing, and Client Passthrough Rules

When a Markup Applies

Some contracts authorize the firm to add a markup — a percentage above cost — to certain reimbursable expenses before billing the client. The most common marked-up expense types in A/E contracts are subconsultant fees and reproduction costs. The markup compensates the firm for the administrative cost of managing, processing, and guaranteeing the work of subconsultants and vendor services.

Expense Type	Typical Markup Practice
Subconsultant fees	Contracts commonly allow 5% to 15% markup. Standard practice is 10%. Always confirm in your specific contract.
Reproduction / printing	Some contracts allow a markup on outside reprographics costs. Confirm contract language.
Mileage	No markup. Reimbursed at cost (IRS rate or firm rate) unless contract specifies otherwise.
Permit and agency fees	No markup. Passed through at cost. Clients expect this and markups on government fees can create disputes.
Lodging	No markup. At cost.
Air travel	No markup. At cost.
Meals	No markup. At cost subject to per diem.
Postage and delivery	No markup for most contracts. Confirm if your contract differs.

As an employee submitting an expense report, you enter all expenses at actual cost — never add a markup yourself in Ajera. Markups are configured at the billing stage by accounting based on the contract terms. If you are a project manager reviewing a draft invoice and a markup is missing on subconsultant lines, contact accounting to correct it before the invoice is finalized.

Not-to-Exceed (NTE) Limits on Expenses

Many contracts cap the total amount of reimbursable expenses, either globally or by category. For example, a contract might state: 'Reimbursable expenses shall not exceed $25,000 in aggregate without prior written authorization from Owner.' Your project manager tracks these limits, but you contribute to tracking by:

- Confirming with your project manager before incurring a large expense that the NTE has headroom
- Never assuming that because an expense is legitimate it is also within the NTE

- Asking accounting to run a project expense report if you need to know current expense spend to date

Exceeding the NTE

If you incur an expense that pushes the project over its NTE without prior client authorization, the excess cost is typically absorbed by the firm — not billed to the client.

Project managers are responsible for tracking this, but employees who incur large expenses without checking share in the responsibility.

When in doubt, ask before spending.

Lump Sum Contracts and Expense Reimbursement

This is one of the most misunderstood areas of A/E contract practice. On a lump sum (fixed fee) contract, the client pays a fixed amount regardless of actual costs. There is no separate line item for reimbursable expenses unless the contract explicitly carves them out.

On a pure lump sum contract with no express reimbursable expense provision, all expenses — mileage, printing, permit fees, even subconsultant costs — must be absorbed within the fixed fee. The firm should have priced the contract to cover anticipated expenses. On these projects:

- You still enter expenses in Ajera and still need to be reimbursed personally for out-of-pocket costs
- The expenses are posted to the project as direct costs and reduce the project's profitability
- They are not separately billed to the client because the contract does not allow it
- Mark these expenses as Non-Billable in Ajera to prevent them from appearing on client invoices

On a lump sum contract with a separate allowance for reimbursables (increasingly common), there is a defined dollar cap for expense passthrough. Confirm with your project manager before marking any expense as Billable on a lump sum contract.

Section 6: Government Contracts and FAR Part 31 Compliance

Why Government Contracts Have Different Rules

Federal, state, and many local government contracts for A/E services are governed by cost principles that go well beyond standard commercial practice. For federal contracts, the governing regulation is the Federal Acquisition Regulation (FAR), specifically Part 31, which establishes whether costs are allowable (can be charged to a government contract), allocable (can be attributed to the contract), and reasonable (not excessive for the service obtained).

If your firm performs any work for government clients under cost-reimbursable or time-and-materials contracts, every expense you charge to those projects is subject to FAR Part 31 and potentially to audit by the Defense Contract Audit Agency (DCAA) or state equivalent. Non-compliance is not a paperwork problem — it can result in cost disallowances, penalties, and in severe cases, debarment from government contracting.

Allowable vs. Unallowable Costs

FAR Part 31 defines specific categories of costs that are unallowable — meaning they can never be charged to a government contract, directly or indirectly. The following table summarizes the most relevant categories for A/E employees:

Cost Category	FAR Part 31 Treatment
Advertising and public relations	Generally unallowable. Marketing costs for government business are handled carefully.
Alcoholic beverages	Always unallowable. Never charge to a government project, even if alcohol was part of a client-hosted dinner.
Entertainment	Unallowable. Costs for amusement, recreation, or social activities are never allowable regardless of client involvement.
Meals — business purpose, documented	Allowable if properly documented with business purpose, attendees, and receipt. Subject to per diem limits.
Lobbying costs	Unallowable. Costs associated with influencing legislation or procurement are always unallowable.
First class air travel	Generally unallowable unless no coach seat was available and documented.
Excessive compensation	Unallowable to the extent pay exceeds the applicable benchmark. Senior executive compensation caps apply on federal contracts.
Fines and penalties	Unallowable. If you incur a parking ticket while on project business, it is your cost.

Personal use portion of expenses	Unallowable. If you extend a business trip for personal reasons, the personal days' costs are always your expense.
Costs without adequate documentation	Unallowable. The FAR requires contemporaneous records. No documentation = no allowability.

Charging Unallowable Costs to Government Projects Is a Federal Offense

Knowingly submitting unallowable costs to a government contract is a violation of the False Claims Act.

Penalties include treble damages (three times the claimed amount) plus civil fines per false claim.

If you are ever uncertain whether a cost is allowable on a government project, mark it Non-Billable, charge it to overhead, and discuss it with accounting before submitting.

Erring on the side of caution costs the firm a small amount of profit. Charging unallowable costs can cost the firm its government contracting eligibility.

DCAA Floor Check Readiness

The DCAA conducts what are called 'floor checks' — unannounced visits to firm offices during which auditors verify that every employee present is charging their time and expenses to the correct project at the correct time. Ajera is specifically designed to support DCAA floor check compliance when properly configured. As an employee, you contribute to floor check readiness by:

- Entering expenses contemporaneously — not reconstructing them days or weeks after the fact
- Being able to explain, if asked, why each expense was charged to the project shown
- Maintaining mileage logs and receipts in a format you can produce on short notice
- Never pre-filling or back-filling expense reports based on estimates rather than actual receipts

State and Local Government Contract Nuances

State Department of Transportation (DOT) contracts, city and county contracts, and transit authority contracts each have their own cost principles that often mirror FAR Part 31 but may add additional restrictions. Common additions include:

- State-specific per diem rates that differ from GSA federal rates (always confirm which rate applies to your state DOT project)
- Pre-approval requirements for any travel expenses exceeding a state-set threshold
- Restrictions on subconsultant markups (some state DOT contracts prohibit markup above cost on subconsultants)
- Mandatory use of state contract forms for expense documentation rather than standard Ajera printouts

When you are assigned to a state or local government project for the first time, ask your project manager for a copy of the contract's compensation and expense provisions before incurring any expenses.

Section 7: Approval Workflow and Reimbursement

The Approval Chain

After you submit an expense report in Ajera, it enters an approval workflow. The specific chain depends on your firm's configuration, the size of the expense, and the project type, but it typically involves:

Approver	What They Review
Project Manager	Confirms each expense is legitimately related to the project, charged to the correct phase, and within the project budget and contract allowances. Approves or queries billable classification.
Department Head or Principal	Reviews for policy compliance, reasonableness, and authorization for large or unusual expenses. Some firms require principal approval for any single expense line above a threshold (commonly $500 or $1,000).
Accounting / Finance	Final check for documentation completeness, correct coding in Ajera, compliance with firm policy and contract terms, and readiness for posting and reimbursement.

The approval timeline varies. Routine reports with complete documentation typically clear in two to five business days. Reports with missing receipts, unclear descriptions, or unusual items may take longer as approvers ask questions. Respond to approval queries promptly — your reimbursement clock does not run until the report is fully approved and posted.

What Happens After Approval

1	Accounting approves and posts the expense report in Ajera. Posting locks the record and makes it final.
2	The reimbursable expenses are posted to the project's cost ledger, making them available for client billing.
3	The employee reimbursement amount is included in the Ajera payroll export to Paycor.
4	Paycor receives the reimbursement as a non-taxable reimbursement line in the payroll run.
5	The reimbursement is included in your next direct deposit on the regular pay date.
6	Your pay stub in Paycor shows the reimbursement as a separate line item (e.g., EXP REIMB) distinct from your wages.

Reimbursement Timing Reference

Scenario	When to Expect Reimbursement

Report submitted and fully approved before payroll export cutoff	Current payroll cycle. You receive reimbursement on the next pay date.
Report submitted before cutoff but pending approval at export	Next payroll cycle after approval clears.
Report submitted after cutoff	Earliest reimbursement is the following payroll cycle (up to 2 weeks on biweekly payroll).
Report returned for corrections and resubmitted	Reimbursement clock restarts after corrected report is approved.
Subconsultant invoice processed via AP (not employee expense)	Subconsultant payment follows firm AP terms (net 30 or net 45). No employee reimbursement involved.

Track Your Open Reports

In Ajera, go to Expenses > My Expense Reports and review the Status column regularly.

A report showing Submitted for more than 5 business days may be stuck in the approval queue. Follow up with your direct supervisor.

A report showing Returned requires your immediate attention — open it, read the approver's comments, make corrections, and resubmit the same day if possible.

When Reimbursement Does Not Happen

On rare occasions, a legitimate expense may be denied reimbursement. Common reasons and remedies are:

Reason for Denial	What to Do
Missing or unreadable receipt	Locate the receipt or prepare a Missing Receipt Affidavit. Resubmit with documentation.
Expense not authorized by contract	Confirm with your project manager. If the contract does not allow the expense, the firm may choose to absorb it as overhead; charge it to the correct overhead project and resubmit as non-billable.
Duplicate submission	If the same expense appears twice (once as a personal expense, once processed through AP), accounting will reject one. Identify which channel is correct and remove the duplicate.
Amount exceeds policy limit	Some expense types have caps (per diem limits, hotel rate caps). Submit the allowable amount and absorb the excess personally.
Policy violation	If an expense violates firm policy (e.g., alcohol on a government project, first-class airfare without pre-approval), accounting will reject it. These are not reimbursable.

Section 8: Corporate Credit Cards

If Your Firm Issues Corporate Cards

Some A/E firms issue corporate credit cards to project managers, principals, or frequent travelers to reduce the personal financial burden of fronting large project expenses. If your firm uses corporate cards, the following rules apply:

Rule	Details
Card use is restricted to business expenses	Personal charges on a corporate card are a policy violation and must be immediately reimbursed to the firm with documentation of the personal charge.
You still submit expense reports in Ajera	The corporate card does not eliminate the expense report requirement. Each charge must still be coded to a project, phase, and expense type in Ajera.
Automated feed	Some firms configure Paycor or a card management platform to feed corporate card transactions directly into Ajera as pending expense lines. You review and code them rather than creating lines from scratch. Ask accounting if this is your firm's setup.
Statement reconciliation	You are responsible for reconciling your corporate card statement in Ajera each billing cycle. Unreconciled charges become your personal liability if not addressed.
Lost card	Report immediately to accounting and to the card issuer. Do not wait.
Spending limits	Corporate cards have per-transaction and monthly limits set by accounting. If you need a limit increase for a large project expense, request it from accounting before the expense is incurred.

Personal Card vs. Corporate Card: Key Differences in Ajera

Workflow Step	Personal Card
Expense entry	You create the expense report and enter each line.
Receipt attachment	Required per policy.
Reimbursement	You are reimbursed through Paycor payroll.
Who bears the cost if report is late	You, until reimbursed.
Cash advance treatment	Not applicable.

Section 9: Common Mistakes and How to Avoid Them

The Most Frequent Expense Report Errors in A/E Practice

The following errors appear repeatedly in expense report audits at A/E firms. Each one causes delays, rework, or compliance risk. Knowing them in advance helps you avoid them.

Mistake	Why It Is a Problem	How to Avoid It
Charging commute miles as project mileage	Commuting is never a business expense. Claiming it is a reimbursement fraud risk.	Subtract your normal home-to-office distance from any trip that starts or ends at home. When in doubt, start the expense at the office, not your driveway.
Submitting meals without attendee list	IRS and government contract rules require identification of all meal attendees. Without names, the meal may be disallowed.	Write down who was at the meal immediately after. Include name and employer or role for each person.
Charging the same expense to the wrong phase	Charges to the wrong phase distort phase budget reports and can affect billing if phases are billed at different rates.	Always confirm the phase that was active during the work supported by the expense. When in doubt, ask the PM.
Submitting personal expenses as business expenses	This is expense fraud, regardless of amount. It can result in termination and legal liability.	If you accidentally mixed personal and business expenses on a trip, carefully separate them line by line. When in doubt, do not submit.
Rounding mileage to round numbers	Consistently round mileage (50, 75, 100 miles) is a red flag in audits. Real trips produce real distances.	Use a navigation app to record actual miles. Log them that day.
Submitting a receipt that covers multiple projects in one line	Splitting a single expense across multiple projects is proper; lumping multiple projects into one line is not.	Create separate expense lines for each project when one receipt covers multiple project purposes.
Entering the wrong expense date	Expense date must match the receipt date. Entering today's date for an expense incurred three weeks ago creates an audit discrepancy.	Enter the date on the receipt, not the date you are creating the expense report.
Failing to mark non-billable expenses correctly	Non-billable expenses that are mistakenly marked Billable appear on client invoices and create invoice disputes.	Review every Billable flag in your report before submitting. When in doubt, mark Non-Billable and ask your PM.
Submitting a subconsultant invoice that was paid by the firm directly	Creates a duplicate payment when accounting processes both the AP invoice and your expense reimbursement.	Confirm with accounting before submitting any subconsultant invoice as a personal expense.
Waiting until month-end to submit all receipts	Delays reimbursement, increases the risk of lost receipts, and may miss the billing cutoff.	Submit weekly or immediately upon returning from travel.

Section 10: Quick Reference

Expense Submission Checklist

Run through this checklist before clicking Submit on any expense report:

✓	Every expense line has the correct project number and phase selected.
✓	Every line has a descriptive memo answering: What? For what project purpose? Where?
✓	Every line has a receipt attached (or a mileage log entry for mileage lines).
✓	The Billable flag is set correctly on every line — confirmed with PM if any doubt.
✓	Meal expenses include a list of attendees in the description or attached.
✓	All dates match the actual dates on the receipts — not the date of entry.
✓	There are no duplicate lines.
✓	The report total matches the sum of your receipts.
✓	Subconsultant invoices were confirmed with accounting before submission.
✓	For government projects, all expenses are allowable under FAR Part 31.
✓	The report is being submitted at least 3 days before the payroll export cutoff.

Expense Category Quick Reference

Category	Billable? (Typical)	Receipt Required?
Mileage — project site	Yes (confirm contract)	Mileage log required
Mileage — internal meeting	No — overhead	Mileage log required
Air travel	Yes (if project travel)	E-ticket / itinerary
Car rental	Yes (if project travel)	Rental agreement + final receipt
Lodging	Yes (if project travel)	Itemized hotel folio
Meals — overnight travel	Yes (per diem limit)	Itemized receipt + attendees
Meals — working lunch (local)	No — overhead	Itemized receipt + attendees
Client entertainment	Usually no — overhead	Itemized receipt + attendees + business purpose

Reproduction / printing	Yes (confirm contract)	Vendor invoice
Postage / delivery	Yes	Shipping receipt
Permit and agency fees	Yes — at cost	Agency-issued receipt
Subconsultant invoices	Yes (usually + markup)	Subconsultant invoice
Project software / equipment rental	Confirm with PM	Vendor invoice
Errors and omissions costs	Never billable	N/A — not reimbursable by client
Marketing / proposal costs	Never billable	Overhead charge only

Key Contacts for Expense Questions

Question	Who to Contact
Is this expense billable under my contract?	Your Project Manager
What is the mileage rate currently configured in Ajera?	Accounting
Can I submit this subconsultant invoice as a personal expense?	Accounting — before you pay the subconsultant
My expense report is stuck in approval for more than 5 days	Your direct supervisor or the project manager listed on the report
My reimbursement did not appear on my pay stub	Accounting — have both your Ajera report number and Paycor pay stub ready
Is this cost allowable on my government contract?	Accounting or your project manager — err on the side of overhead until confirmed
I lost a receipt	Prepare a Missing Receipt Affidavit — ask accounting for the form
I was reimbursed for something I shouldn't have been	Report it to accounting immediately. Return the overpayment proactively.
I need to correct a posted expense report	Contact accounting — corrections to posted records require accounting intervention

This concludes the Employee Expense Reporting Guide. Use it as a day-to-day reference whenever you are preparing an expense report or have a question about whether a cost qualifies as a project expense. The firm depends on accurate expense documentation to recover costs from clients, remain compliant with government contract requirements, and ensure you are reimbursed correctly and on time.