

2351 TRAVEL AND ENTERTAINMENT REIMBURSEMENT POLICY- GENERAL

Resp. Office: Purchasing Services
Approval: Chief Procurement Officer
Effective: May 1, 2009
Last Review/Revision: May 1, 2009

PURPOSE

The reimbursement of travel and entertainment (T&E) expenses must comply with IRS rules and regulations including intermediate sanctions. Non-compliance may subject the University and the individual to significant financial risks including tax assessments, penalties, and interest.

While the rules are too voluminous and complex to detail, the IRS requires an employer to establish and consistently administer an "accountable plan." Under an accountable plan, individuals can be reimbursed for expenses incurred, without negative tax consequences, when the following conditions are satisfied:

- Advances and/or reimbursements are made for business expenses only
- Advances and reimbursements are made within a reasonable period of time before or after the expenses have been incurred
- Documentation, including original receipts, is obtained prior to reimbursement and retained for potential IRS review substantiating
 - the reimbursed amounts and reasonableness thereof
 - the timing of the reimbursement and the incurrence of the expense
 - the business purpose of the expenses
 - the timely return of any advances in excess of incurred reimbursable expense

The University, as a charitable organization, also has a fiduciary responsibility to ensure its resources are used prudently and that individuals do not incur inappropriate or excessive expenses, or gain financially.

This document establishes general policy applicable to all T&E reimbursements. More detailed policies are provided for specific T&E topics in the policy number series 2352 through 2370 and are listed on 2351.1 Travel and Entertainment Reimbursement Policy – Detail Listing. Procedures and forms for obtaining reimbursement of T&E expenses are located (fill in location).

Collectively the objectives of these policies, guidelines and procedures are to:

- ensure that reimbursable expenses are paid to individuals in a timely manner,
- ensure a clear and consistent understanding of the policies and procedures for the reimbursement of reasonable T&E expenses,
- ensure compliance with applicable external rules and regulations including those promulgated by the IRS,
- ensure that those who travel and entertain on behalf of the University understand that the University is not obligated to reimburse them for expenses that are not in compliance with these documents,
- ensure that those who incur expenses on behalf of the University understand that reimbursements that may be considered taxable are generally not permitted. Any exceptions must be properly identified, authorized and reported to appropriate taxing authorities.

SCOPE

The T&E policies and procedures apply to all individuals, including employees, students, and non-employees, traveling and entertaining on behalf of the University and seeking reimbursement for related expenses from the University regardless of the funding source.

The University assumes no obligation to reimburse employees, student and non-employees for expenses that are not in compliance with this policy.

TRAVELER AND ENTERTAINER RESPONSIBILITY

Individuals traveling and entertaining on behalf of the University should exercise good judgment with respect to incurring T&E expenses and are expected to spend the University's funds prudently. The individual requesting reimbursement is responsible for ensuring that his/her incurrence of the expense and related reimbursement request complies with all applicable policies, is properly authorized, and is supported with required receipts and other documentation. The signature on the reimbursement form of the individual requesting reimbursement affirms that these responsibilities have been met.

SCHOOLS AND CENTER RESPONSIBILITY

The head of the school or center (e.g. Provost, Deans, and Vice Presidents) have ultimate responsibility for their respective organizations to ensure that anyone traveling or entertaining on behalf of the University is aware of, and will abide by, all of the University's T&E policies and procedures for completing and documenting reimbursement requests.

Each school and center must assign a hierarchy of responsibility for the preparation and approval of travel and entertainment related reimbursement or advance requests. At a minimum, when travel and entertainment expenses related to the same trip or event equal or exceed an aggregate amount of \$500, review and approval must be documented by someone at a higher level of organizational responsibility familiar with the activity on each reimbursement request submitted. All reimbursement requests, regardless of the amount, must also be reviewed and approved by the appropriate Transaction Authorization Card (TAC) holder.

Unless there are extenuating circumstances, documented and appropriately approved by the appropriate higher level approver, reimbursement requests that do not comply with University policies should be denied by the TAC Holder and should not be submitted to the central organization that processes reimbursements. [\[click here\]](#) for the Reimbursement Justification (C-5) form]

While extenuating circumstances may warrant reimbursement for certain limited exceptions, additional school and center review is required to determine whether the reimbursement needs to be reported as taxable income for the individual receiving the reimbursement. As a general rule individuals should not be "grossed-up" for the additional tax expense. Any request for "gross-up" must also be documented and approved in writing by the head of the school and center (or their designated representative).

Schools, centers or departments may, at their discretion, impose greater controls than required by this policy but never less.

HIGHER LEVEL APPROVER RESPONSIBILITY

In conjunction with departmental financial administrators, the higher level approver must ensure that the:

- T&E expense was incurred while conducting authorized University business,
- T&E expenses were necessary, reasonable and consistent with University policies and the stated business purpose,
- supporting justification forms were reviewed and accepted as containing valid reasons, and
- the expenses meet any and all sponsored program guidelines, if applicable.

The Higher Level Approver must review and sign the reimbursement request(s) when travel and entertainment expenses related to the same trip or event equal or exceed an aggregate amount of \$500. The Higher Level Approver must also review and sign all Justification forms.

TRANSACTION AUTHORIZATION CARD (TAC) HOLDER RESPONSIBILITY

The Transaction Authorization Card (TAC) holder:

- must have authorization over the account being charged,
- can only approve those requests within their limit,
- verifies that higher level approval has been obtained
- reviews documentation to further ensure compliance with all policies and tax requirements
- ensures the costs are charged to the proper 26 digit account code,
- ensures that reimbursement requests are not submitted to the central processing organization until all requirements are met.

The TAC Holder must emboss and sign all reimbursement requests, regardless of the amount.

TRAVEL ADMINISTRATOR AND CENTRAL PROCESSING ORGANIZATION RESPONSIBILITY

The Travel Administrator develops and communicates travel policies and procedures in a clear and concise manner and coordinates the development of training and related training materials to assist the schools and centers. The Travel Administrator also responds to school and center compliance questions prior to submission of requests to the central processing organization.

The central processing organization processes **previously approved and properly documented** T&E reimbursement requests on behalf of the schools and centers. It does not approve T&E expenses nor does it audit reimbursements for policy compliance. However, it will from time-to-time perform periodic reviews to identify and communicate compliance matters to the schools and centers.

EXECUTIVE LEVEL RESPONSIBILITY

The Executive Vice President (EVP) - Administration must approve the T&E reimbursement requests of the President. The Office of the President must approve the T&E reimbursement requests of the Provost, Executive Vice President for the Administration, and EVP for the Health System and other direct reports in the President's Center. The Office of the EVP will approve the T&E reimbursement requests of the Vice Presidents and other direct reports in the EVP Center. The Office of the Provost will approve the T&E reimbursement requests of the Deans, Resource Center Directors and other direct reports in the Provost's Center.

PAYMENT OPTIONS AND REIMBURSEMENT TIMELINES

Individuals are generally expected to use the University's American Express Corporate Credit Card (preferred method under most circumstances) or other personal credit cards to pay for T&E expenses subject to reimbursement. See policy 2352 Travel and Entertainment - Payment Options for additional details and additional payment options.

Under limited circumstances T&E advances may be requested. See policy 2353 Travel and Entertainment - Advances for additional details.

To minimize amounts paid by individuals prior to reimbursement, properly approved and documented reimbursement requests should be submitted to the central processing organization within ten (10) days of the end date of the business activity.

As a general rule, reimbursement requests submitted after six months (182 days) will not be paid. See policy 2354 Travel and Entertainment - Reimbursement Process for additional details.

TRAVEL & ENTERTAINMENT REIMBURSEMENT AUDITS

T&E reimbursements are included in the audit testing performed by the University's independent accountants in connection with OMB Circular A-133, Audit of Federal Awards and with the annual general purpose financial statement audit.

The Office of Audit, Compliance and Privacy includes T&E reimbursement reviews in connection with school, center and department audits.

The Office of Audit, Compliance and Privacy will review annually the T&E reimbursements of the four highest ranking University executives (President, Provost, Executive Vice President, and Executive Vice President for the Health System) and will discuss its findings with the Chair of the Board and Chair of the Trustee Committee on Audit and Compliance.

The independent accountants will review annually the T&E reimbursements of Vice Presidents, Officers, Deans of the Schools and Directors of the Resource Centers and discuss their findings with the Executive Vice President - Administration and the Chair of the Trustee Committee on Audit and Compliance.