
2353 – TRAVEL & ENTERTAINMENT POLICY - PROCUREMENT OF TRAVEL, ENTERTAINMENT, AND OTHER MISCELLANEOUS GOODS AND SERVICES BY NON-AFFILIATES

Resp. Office: Purchasing Services
Approval: Executive Director, Purchasing Services
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PURPOSE

The purpose of this document is to define the internal control objectives and associated responsibilities including authorization/approval controls for procurement of travel, entertainment and other miscellaneous goods and services (Reimbursable Procurement) by Non-Affiliates.

Reimbursable Procurement is the purchase of goods/services, including travel and entertainment (T&E), by individuals or entities on behalf of the University using non-University fund sources (e.g., cash, personal liability credit cards, personal checks, and other entity disbursements) for which reimbursement or University payment is appropriate. Payment for any services performed, awards, honorariums, refunds, etc., are not reimbursable procurement. Payments to establish funds to pay human subjects are not reimbursable procurement. See Section 2300 for policies related to this type of procurement.

A Non-Affiliate is any individual who is not a University employee (faculty and staff), student or postdoc. Non-affiliates include guests, recruits, consultants, independent contractors, or corporations, and are therefore not in the University payroll or bursar systems.

INTERNAL CONTROL OBJECTIVES

GENERAL

The control objectives and responsibilities for Reimbursable Procurement by Non-Affiliates are the same as those for Reimbursable Procurement by Affiliates (Review Policy 2352 to ensure compliance) except:

- Non-Affiliates are generally not contractually obligated to follow the University's Accountable Plan and are often subject to tax reporting requirements.
- Non-Affiliate disbursements cannot be processed in the Concur-TEM system due to access control and tax reporting limitations.

- The Delegation of Authority and review/approval process is documented on Procurement/Disbursement Authorization Forms (PDA-NA) and the utilization of Transaction Authority Cards (TAC Cards).

As also indicated in Policy 2352, the procurement of goods and services are best controlled using purchase orders and purchasing cards. See Financial Policy Section 2300 – Procurement/Disbursements for more information pertaining to the preferred methods of goods and service procurement other than Reimbursable Procurement.

Services procured from Non-Affiliates often include payment for related expenses including T&E. The University reports all payments for services and related fees to the IRS on Form 1099-MISC. Form 1099 reporting of all payments mitigates University risks/costs associated with employment classification and with receipt/record retention for Non-Affiliates. The collective disbursements of fees and expenses are not considered Reimbursable Procurement but are considered service fees. This applies to independent contractors, corporate entities and individuals, and includes all situations involving payments (e.g., consulting or other service fees, honorariums, stipends, awards, human subject services) in addition to payments for related T&E or other miscellaneous expenses.

There are limited circumstances where it may be necessary to require Non-Affiliates to follow our Accountable Plan Rules and reimburse them accordingly. In these cases it is very important that the Non-Affiliates understand that they are limited, without exception, to reimbursement in accordance with the University’s Accountable Plan Rules. For example, the University’s Accountable Plan precludes reimbursement for alcohol during any traveler meal. It is equally important that the Non-Affiliates understand that they are obligated to substantiate all reimbursable expenditures and provide receipts in accordance with the University’s Accountable Plan. As with Affiliates, strict adherence is required to avoid IRS disallowance of the University’s Accountable Plan. See Policy Section 2351 for more information on the University’s Accountable Plan.

Permitted circumstances whereby Non-Affiliates are required to follow the University’s Accountable Plan are T&E Reimbursement and Miscellaneous Reimbursement to:

- Recruits for employment and/or academic programs including athletic teams;
- Guests involved in “Accountable Plan Activities” (See Policy Section 2351) for which related T&E and other Miscellaneous Procurement is reimbursed and no other service-related payments (fees, honorarium) are made.

RESPONSIBILITIES

SCHOOL AND CENTER RESPONSIBILITY

The head of each School or Center (e.g., Provost, Deans and Vice Presidents) has ultimate responsibility for his/her respective organizations to ensure compliance with all of the University’s T&E Reimbursement and “Miscellaneous Reimbursement” policies and procedures, including properly completing and documenting reimbursement requests.

Each School and Center must develop, maintain and adhere to a “Delegation of Procurement Authority” for the preparation and approval of T&E Reimbursement, “Miscellaneous Reimbursement” and related advance requests. See Policy Section 2352 for a description of “Delegation of Procurement Authority.”

With respect to Non-Affiliates, these control responsibilities are met through the proper assignment of TAC Cards and related authorization/approval. See TAC Card Forms/Documents on the Comptroller's website for further guidance.

Approvers perform a critical control function for the University. Collectively, approvers ensure that reimbursement requests are properly authorized, documented, appropriately funded, compliant with policy and are for valid and necessary "Accountable Plan Activities." Designated approvers should also assist with communications to Non-Affiliates, prior to finalizing the procurement terms and conditions. Effective communication ensures proper understanding of the University's Form 1099 reporting policies or in the limited situations described above, compliance with the University's Accountable Plan requirements.

Written policies cannot address all situations where reimbursement is appropriate and can be justified and substantiated. In these situations, the business judgment of the delegator or School/Center level Senior Business Administrator designee is necessary, and approvers must obtain and document this additional approval.

PURCHASING SERVICES

Purchasing Services develops and communicates T&E Reimbursement and other "Miscellaneous Reimbursement" policies and procedures, and coordinates the development of centralized training and related training materials to assist Schools and Centers.

Previously approved and properly documented Non-Affiliate reimbursement requests are processed through the Accounts Payable system. Purchasing Services can assist with School and Center compliance/documentation questions prior to submission of reimbursement requests, but cannot substitute for School/Center approvers. Purchasing Services is not part of the School/Center "Delegation of Procurement Authority" or related Approver Responsibility and cannot approve or audit reimbursement requests.

Purchasing Services' principal control responsibility is to develop and implement post-processing measurement tools to assist Schools/Centers in monitoring their travel and expense management processes and to continually improve compliance, policies and procedures, and/or centralized training.

In accordance with Policy 2701, Purchasing Services will collaborate with the Office of the Comptroller and the Office of Audit, Compliance and Privacy to ensure that its procurement-related internal control responsibilities are effective, efficient and operating as intended.

AUDIT RESPONSIBILITY

Reimbursable Procurement by Non-Affiliates is included in the audit testing performed by the University's independent accountants in connection with OMB Circular A-133, Audit of Federal Awards.

The Office of Audit, Compliance and Privacy includes reimbursement reviews in connection with School, Center and department audits.