

# Business Expense Policy

Effective Date: October 1, 2006

## POLICY STATEMENT

This policy defines the circumstances under which a faculty or staff member can be reimbursed for business expenses incurred on behalf of the University.

The primary components of this policy relate to the reimbursement of entertainment and gift expenses. This defines the circumstances under which a faculty or staff member can be reimbursed for expenses incurred for the entertainment of other University employees or third party guests. The policy also defines University policy regarding payment for gifts made to other University employees or to third parties.

## REASON FOR POLICY:

The business expense policy:

- Assures that the University and the employee are in compliance with Internal Revenue Service regulations that define the types of expenses that can be reimbursed without being counted as taxable income.
- Assures that business expenses charged to sponsored projects conform to the regulations and restrictions placed on the use of the funds by the sponsor.
- Enables the University to protect its reputation and not-for-profit status by avoiding excessive or inappropriate spending.
- Provides departments with the ability to control how their budgets are expended.

## PRIMARY GUIDANCE TO WHICH THIS POLICY RESPONDS:

This policy primarily responds to the regulations of the US Internal Revenue Service, the rules established by the agencies and entities that sponsor research at Columbia and the federal and state laws that govern not-for-profit organizations. For more detail, please see the appendix A.

## RESPONSIBLE UNIVERSITY OFFICE & OFFICER

Finance Division, Accounts Payable, Joe Labetti, Executive Director, Accounts Payable

## REVISION HISTORY

Revised – 1/05/09

## WHO IS GOVERNED BY THIS POLICY

This policy applies to any University employee who is seeking reimbursement for business expenses. **Due to budgetary constraints, some University departments have instituted more restrictive reimbursement guidelines. In cases where there is a discrepancy between this policy and a department, granting agency or donor policy, the more restrictive policy will apply.**

## WHO SHOULD KNOW THIS POLICY:

The employee or student requesting reimbursement should know this policy along with:

- Senior Executive Officers
- Deans

- Senior Business Officers
- Chairs of Departments, Directors of Institutes and Centers
- Department Administrators
- Divisional Administrators with financial responsibility and oversight
- Program Directors
- Principal Investigators
- Faculty
- Students
- Post-doctoral fellows
- Graduate research assistants
- Junior Officers and Non-Officers with financial responsibility and oversight

### **EXCLUSIONS & SPECIAL SITUATIONS**

This policy covers local business expenses and transportation. It does not cover business trips taken away from the NY area. This is addressed in the Travel Expense Policy.

On rare occasions, an employee may incur an extraordinary expense for which they believe they are entitled to reimbursement. In cases where an employee believes that they are entitled to reimbursement for an expense that is not addressed in the current policy or not allowed under current policy they may request an exception. Exception requests should be infrequent and require the approval of a Dean, Vice President, Associate Dean, or Senior Financial Officer. See the procedures for detailed instructions for requesting an exception.

## **POLICY TEXT**

The University will reimburse employees for expenditures made while conducting University business. The majority of these types of expenses should be purchased through University approved purchasing paths, and not purchased directly by the employee. In certain circumstances, it may be acceptable to reimburse the employee for funds expended on behalf of the University.

The University will reimburse employees for the costs of events involving faculty, staff, students or guests of the University of which a substantial purpose of the event is business entertainment. Certain social activities such as fundraising, recruitment, employee appreciation, holiday gatherings and other similar functions may be reimbursable as business expenses. Certain gifts may also be reimbursed. Specific conditions must be met in order for reimbursement to occur:

- If the event involves external parties, the parties must have an actual or potential business relationship with the University.
- The event must provide some documented benefit to the University.

Due to budgetary constraints, some University departments have instituted more restrictive reimbursement guidelines. In cases where there is a discrepancy between this policy and a department, granting agency or donor policy, the more restrictive policy will apply.

## **Roles and Responsibilities**

There are five primary roles involved in any request for reimbursement. They include the individual employee requesting the reimbursement, the processor who prepares the Travel and Business Expense report for submission to Accounts Payable, the authorized approver of the reimbursement, the supplemental approver for certain levels of expenses and the accounts payable group who issues payment. The roles and responsibilities of each are described below.

### **Employee**

The individual incurring the business expense must be familiar with Departmental policies and this University policy in order to ensure compliance and prudent spending of University funds. Employees whose expenses will be charged to a sponsored project must also be familiar with the particular expense restrictions of that project. The employee is also responsible for obtaining all proper documentation for each expense. Typically, this documentation will be a receipt that identifies the expense and reflects proof of payment of the expense. Specific information regarding acceptable form of expense documentation is noted throughout this policy. The employee is also responsible for documenting the business purpose or justification for each expense. This helps to document why the expense is eligible for reimbursement and should not be considered as taxable income.

The employee should request reimbursement within 10 business days of the trip and must request reimbursement no later than 120 days after date of the expenditure or the end of the University's fiscal year, whichever is sooner. Late submissions may only be reimbursed with the approval of the department. Supporting documentation must be provided in order to describe the

circumstances leading to the late submission in order to evaluate whether it is a taxable event. If the circumstances described would not have prevented the employee from submitting within the proper timeframe (120 days), they are considered taxable income. Expense reimbursements requested more than one year from the date of expenditure are considered taxable income to the employee.

The employee is responsible for completing the Travel and Business Expense report in accordance with University policy and procedure. If an individual other than the employee prepares the Travel and Business Expense report, the employee is responsible for providing the preparer with the appropriate information to complete the form and reviewing the completed form for the accuracy of all information. The employee must sign the Travel and Business Expense form and retain a copy for their records.

**To receive direct deposit of reimbursement payments, the employee should submit the online form available at**

**[https://www.ais.columbia.edu/apr/dirdep\\_applic/dirdep\\_start.php](https://www.ais.columbia.edu/apr/dirdep_applic/dirdep_start.php)**

### **Processor**

In some departments, an individual may prepare expense reports on behalf of other employees in their area and/or enter these into AP/CAR, the system used to process Accounts Payable transactions. In these instances, the processor is responsible for confirming:

- Understanding of the nature of each expenditure and the business purpose for University reimbursement
- Completeness of documentation and accuracy of accounting
- Completeness and accuracy of the required information on the expense report form
- Allocation and segregation of expenses to the appropriate University account(s) and subcode(s).

### **Approver**

All requests for reimbursement must be approved by an individual with “DAF” Authority for their department(s). The approver's electronic signature in AP/CAR (or manual signature where authorized by Accounts Payable) certifies that the expenditures are approved business expenses that comply with University policy and that they represent appropriate use of departmental or grant funds. The DAF approval confirms:

- Understanding of the nature of each expenditure and the business purpose for University reimbursement
- Availability of funding
- Compliance with granting agency regulations and the specific terms of sponsored project awards, and proper segregation of expenditures
- Compliance with University reimbursement policy and procedures

- Propriety of disbursement of University funds

Regardless of DAF Authority, under no circumstances may an individual approve his or her own report or that of a person to whom he or she reports. Deans and VPs must have their reports signed by the appropriate approver (President, Provost, Senior Executive VP, Executive VP of Finance).

The approver is also responsible for requesting Accounts Payable's assistance on policy or procedure questions and for requesting a policy exception or adjustment.

**Supplemental Approver (Dean, VP, Associate Dean, Senior Financial Officer)**

Certain circumstances require the approval of a Dean, VP, Associate Dean or Senior Financial Officer. Those situations under this Business Expense policy include expenses for:

- Meals exceeding the per meal thresholds (\$25 breakfast, \$35 lunch, \$50 dinner) by no more than 50%.
- Meals (fundraising, recruitment, speaking engagements) involving external parties exceeding the per person threshold of \$100 (excluding tips and taxes) by no more than 50%.
- Meals that require attendance by an employee's spouse, significant other, and/or dependent.
- Expenses for meals or entertainment conducted in private homes.
- Entertainment expenses to be reimbursed in excess of 1,000.
- Rental of clothing for an event.
- Entertainment expenses for employee events in excess of \$500.
- A business performance or "de minimus" gift to an employee exceeding the threshold of \$100 by no more than 50%. (Note: Item is taxable)
- A years of service/retirement gift to an employee exceeding the threshold of \$400 by no more than 50%. (Note item is taxable)
- A gift to a non-employee exceeding the threshold of \$600 by no more than 50%. (Note item is taxable)
- Purchases of emergency supplies/equipment in excess of \$500.
- Reimbursements submitted more than 120 days after the date of the expense or after the end of the fiscal year (whichever is sooner).
- Missing receipt for expenses of \$75 or more (\$25 for meals), all lodging.

## **Accounts Payable**

Accounts Payable will process all approved expense reports and prepare and issue the payment to the employee. Accounts Payable also images, files and archives all original documentation related to the reimbursement request. Accounts Payable will perform audits of these expense reports.

Accounts Payable will assist employees, processors, and approvers with policy and procedure questions.

Requests for exception or adjustment to policy will be reviewed by Accounts Payable and approval or denial will be communicated to the department.

## Key Compliance Matters

The IRS and Federal regulations require certain standards to be met when documenting, recording and submitting reimbursable expenses. These include:

- Submitting expenses for reimbursement within a reasonable time limit
- Documenting the specific business purpose of each expense
- Providing receipts and proof of payment
- Segregating “unallowable” or excessive expenses

### Reimbursement Submission Time Limit

The IRS requires business expense reimbursements to be reported within a reasonable period of time. The determination of a reasonable period of time will depend upon the facts and circumstances, but is generally held to be no later than 120 days after the date of the expense. In addition, in order to adhere to generally accepted accounting principles, the employee should be mindful of the University’s June 30<sup>th</sup> fiscal year end, as all expenses for that year should be reported prior to year end to ensure that the expense is appropriately captured in the financial statements and in the department’s budget for the appropriate fiscal period. **Expense reimbursements should be submitted to the department as frequent as is necessary (bi-monthly, monthly). Reimbursement requests must be submitted no later than 120 days after the date of the expense, or the end of the fiscal year, whichever is sooner. Late submissions may only be reimbursed with the approval of the department.**

**Reimbursements submitted more than 120 days after the date of the expense or at the end of the fiscal year (whichever is sooner) require Supplemental Approval.** Please note that supporting documentation must be provided in order to describe the circumstances leading to the late submission in order to evaluate whether this is a taxable event. If the circumstances described would not have prevented the employee from submitting within the proper timeframe, they are considered taxable income to the employee. Expense reimbursements submitted after one year requires an exception request and are always considered taxable income to the employee and will be reported on their annual Form W-2.

### Business Purpose

All expenses must be for a valid business purpose that is necessary and reasonable in order to conduct University business. A business purpose must be documented for all expenditures for which an employee is requesting reimbursement.

Business purpose must be specific enough that a third-party reviewer can understand it. “Dinner with donor to discuss alumni event ideas” is an appropriately documented business purpose. “Dinner with donor” is not. **The business purpose of an expense may be obvious to the employee, but not to a third-party reviewer.**

### Receipts

The employee is expected to obtain original receipts for all expenses for which they plan to have reimbursed. An original receipt may take many forms (i.e., cash register receipt, copy of an order form, web receipt or confirmation). **A receipt must identify:**

- the date of purchase
- the vendor name
- itemized list and unit price of the purchased items

- the total amount

If the employee is unable to obtain an original receipt that contains all the required information, documentation should be submitted to demonstrate as many of the required items as possible. A copy of the employee's credit or debit card statement identifying the date, location and amount of the expense, or a rental agreement, may be submitted along with a description of the purchase, identifying the amount of any expenses to be segregated (i.e., alcohol).

Complete documentation must be received for all expenses of \$75 or more (\$25 for meals) and all lodging). If documentation of an expense of \$75 or more (\$25 for meals) and all lodging is not available, the employee may submit a written description of the item purchased, noting the date, the location, and the amount. For convenience, Accounts Payable has provided a "missing receipt" worksheet that may be completed. Supplemental Approval must also be provided along with the missing receipt worksheet.

A receipt in a foreign language is considered acceptable documentation, with the US Dollar conversion amount noted on the receipt (if currency conversion worksheet is not used). Responsibility lies with the department to certify that it is an appropriate business expenditure and that the conversion rate is appropriate and to document the business purpose.

### **Proof of Payment**

The employee is expected to obtain proof of payment for all expenses for which they plan to have reimbursed. Proof of payment may take many forms but must demonstrate that payment was tendered and must identify the means by which payment was tendered by the employee. This information is usually included on the original receipt. Examples of this may include notation of:

- "Cash Tendered"
- "Paid"
- A zero balance due
- Debit/Credit card payment (card type, last four digits of card and/or signature)

If no proof of payment is available in this form, a debit or credit card statement may be provided. Please black out any private or unrelated information.

### **Segregated Costs**

The Federal Government will not reimburse certain expenses, termed "unallowables" and has set forth guidelines prohibiting these costs from being charged to Federal grants and contracts, either directly or indirectly. These include expenditures for alcohol, entertainment, flowers or gifts or excessive costs, such as first or business class travel and lodging or meals over the designated University thresholds. To make sure that the University does not inadvertently charge any of these expenses to grants and contracts, "unallowable" expenses have been assigned a special series of 8500 sub-codes. For non-grant accounts "unallowables" are segregated to an 8500 series sub-code and for grant accounts "unallowables" are segregated to a non-grant account.

**The terms "unallowable" or "segregated" do not mean that the expenses are not reimbursable rather that they must be charged to a series 8500 sub-code.**

Please refer to the following documents for additional guidance:

Policy Statement 92-1 ([http://www.columbia.edu/cu/controller/pdf/policy92\\_1.pdf](http://www.columbia.edu/cu/controller/pdf/policy92_1.pdf))

Policy Statement 92-4 ([http://www.columbia.edu/cu/controller/pdf/policy\\_924.pdf](http://www.columbia.edu/cu/controller/pdf/policy_924.pdf))

## Meals

The University reimburses employees for meals required as part of their ordinary course of business.

### Business Meals

Business Meals are reimbursed on an actual basis and include:

- Reasonable and necessary meal expenses for business meetings involving only University personnel and students during which focused business discussions take place. The frequency of such meetings and the related expenses must be reasonable and appropriate to the purpose of the discussion and the nature of the business conducted. Such meetings include:
  - Breakfast, lunch and dinner meetings which are necessary to conduct of University business.
  - Formally organized meetings which are necessary to carry out the business of official committees appointed by the University, School or Department.
  - Meetings on an organized work group of employees or students that require the work of the group to progress through normal meal time.
- Reasonable and necessary meal expenses for peer groups for research collaboration or administrative meetings during which focused business discussions take place.

Except under rare circumstances, these meals should not exceed the following thresholds, excluding tips and tax:

- Up to \$25 for breakfast,
- Up to \$35 for lunch,
- Up to \$50 for dinner

Any meal costs in excess of the per meal threshold (by no more than 50%) require Supplemental Approval. All policy exceptions not listed as eligible for Supplemental Approval, or any requests for exception of amounts that exceed the thresholds allowable for Supplemental Approval, still require a formal written exception request approved by a Senior Departmental Officer for documentation and evaluation by Accounts Payable. In all cases, the amount above the threshold must be segregated to a series 8500 subcode.

**These thresholds are not per diems, and should not be charged as such. Travelers must submit individual receipts showing the actual cost of each meal.**

### Business meals hosted by CU involving external parties

The University will pay for approved, necessary and reasonable business meal expenditures that are hosted by and paid for by a CU employee and include guests, business colleagues, donors, and prospective employees which results in a business benefit to the University. Examples

include fundraising, recruitment, and recognition of a speaker. These may occur either locally or during out of town travel.

Except under rare circumstances, these meals should not exceed \$100 per person, excluding tips and tax. Any meal costs in excess of the per meal threshold (by no more than 50%) require Supplemental Approval. All policy exceptions not listed as eligible for Supplemental Approval, or any requests for exception of amounts that exceed the thresholds allowable for Supplemental Approval, still require a formal written exception request approved by a Senior Departmental Officer for documentation and evaluation by Accounts Payable. In all cases, the amount above the threshold must be segregated to a series 8500 subcode.

The cost of alcoholic beverages consumed during a meal may be reimbursed. However, the cost may not be charged to a sponsored project and must be charged to a segregated expense subcode (8510). In addition, reimbursements for business meals that meet the following criteria require segregation to an 8500 subcode:

- Reimbursement for business meals that require attendance by an employee's spouse, significant other, and/or dependent require Supplemental Approval.
- Expenses for business meals conducted in private homes will only be paid when Supplemental Approval is provided.

### **Documentation Required**

The original restaurant or cash register receipts for business meals must be obtained and submitted with the employee's expense report. The receipt must include:

- the date and location
- the type of meal (breakfast, lunch, dinner)
- the meal items purchased (identify alcohol)
- the total amount of the meal
- proof of payment

The cost of alcoholic beverages may not be charged to a sponsored research account and must be segregated to an 8500 subcode.

A list of attendees (or a number, if there are more than 10 names), the relationship to the University for each, and the business purpose of the meal must also be clearly documented.

### **Entertainment Expenses**

The University prefers that entertainment expenses be purchased through an approved purchasing mechanism or vendor where appropriate. Alternatively, the University will pay for approved, necessary and reasonable entertainment expenses if such activity was directly related to University business and was conducted for the benefit of individuals outside the University who were present. Business entertainment includes events (such as theatre, sporting events, recreational outings) that are taken with guests, business colleagues, donors, students,

employees, and prospective employees that are directly related to a University business purpose. These types of entertainment expenses may not be charged to a sponsored research grant.

Reimbursement for entertainment expenses is contingent on the following approvals:

Entertainment expenses to be reimbursed in excess of \$1,000 require Supplemental Approval.

Expenses for business entertainment conducted in private homes will only be paid when Supplemental Approval is provided.

### **Documentation Required**

The original receipts/invoices for events must include:

- the date and location
- the items purchased
- the total amount of the expense
- proof of payment

The focused purpose of a business event (such as “recruitment event for assistant professor of psychiatry” or “baseball game with potential donor”) must also be documented. Vague, unfocused purposes (such as “to foster collaboration”) should be avoided.

A list of attendees (or a number, if there are more than 10 names), and the relationship to the University for each, must also be clearly documented.

### **Rental of Clothing for an Event**

If an employee must attend an official event for which formal attire is required, the employee may seek reimbursement for the rental of clothing. Male employees may be reimbursed for the cost of a tuxedo rental. Female employees may be reimbursed for the costs of the rental of suitable formal attire. To qualify for reimbursement the following conditions must be met and documented:

- The employees’ attendance at the event must be mandatory
- The event must require attire that is more formal than standard business attire
- The rental of clothing must be approved in advance by a Supplemental Approver

### **Employee Entertainment**

Employee entertainment events celebrate an employee(s) of the University. Subject to budgetary constraints, a department may consider group celebrations for an occasion. Departmental funds may be expended for food, drinks, decorations, or other entertainment, depending upon the nature of the event.

Entertainment expenses for business related occasions that may be reimbursed include:

- Dissertation defense
- Promotion

- Welcoming a new hire to the University
- Leaving the University
- Years of Service/Retirement
- Graduation of an employee/student
- Awarding of tenure
- Publication
- Event or performance opening
- Sabbatical
- Recognition of a business achievement, departmental goal, honor or thank you (employee appreciation)

### **Celebration of Personal Occasions as Employee Appreciation**

**The University strongly suggests that employees first consider funding these with their own contributions.** Departments may choose to celebrate personal occasions as an expression of collective employee appreciation. Should a department decide to approve expenses of this nature, departments may consider:

- Fair and consistent application among employees
- Budgetary constraints
- The “front page test” – will it seem appropriate to others (i.e., donors, taxpayers) that the University, a non-profit organization, pay for this event?

Entertainment expenses for personal celebrations that will be reimbursed include:

- Departmental celebration of a holiday
- Collective celebrations of birthdays
- Congratulations on business related individual achievement

Entertainment expenses for personal celebrations that will not be reimbursed include:

- Showers for birth or adoption of a baby
- Engagements, weddings, or anniversaries
- Individual birthday celebrations
- Congratulations on personal related individual achievement

## **Approving Reimbursement for Employee Entertainment**

Entertainment expenses for employee events in excess of \$500 require Supplemental Approval.

Expenses for employee entertainment conducted in private homes will only be paid when Supplemental Approval is provided.

### **Documentation Required**

The original receipts/invoices for events must include:

- the date
- the items purchased
- the total amount of the event
- proof of payment

The detailed purpose of the event must also be documented. A list of attendees (or a number, if there are more than 10 names), and the relationship of each to the University, must also be clearly documented.

## **Gifts to Employees**

In general, the University will not approve gifts given to employees using University funds, unless they are for:

- Business Performance
- Years of Service
- “de minimus” gifts (e.g., gifts with small monetary value)

Departments and recipients should bear in mind that even when a gift given to an employee is allowed under University policy, it may be considered taxable income, and be reported on the employee’s annual Form W-2. Should a department decide to approve expenses of this nature, departments may consider:

- Fair and consistent application among employees
- Budgetary constraints
- “Front- page test” – will it seem appropriate to others (i.e., donors, taxpayers) that the University, a non-profit organization, pay for this event?

Additional compensation should be considered where appropriate.

## **Business Performance**

Gifts, prizes or awards given to employees as recognition for exemplary business performance are an appropriate business expense. Cash or a cash equivalent (i.e., a gift certificate) may be given, but is always considered taxable by the IRS, and reported on an employee’s annual Form

W-2. Non-cash gifts of \$100 or less are reimbursable and non-taxable. Non-cash gifts with a fair market value above the “de minimus” benefit threshold of \$100 are considered taxable by the IRS, and reported on an employee’s annual Form W-2.

Although it should be rare, a business performance gift to an employee with a value greater than \$100 requires Supplemental Approval. Gifts exceeding this threshold (by more than 50%) or any requests not listed as eligible for Supplemental Approval, still require a formal written exception request approved by a Senior Departmental Officer for documentation and evaluation of approval by Accounts Payable.

## **Years of Service**

Gifts, prizes or awards related to length of service and retirement are considered appropriate business expenses and will be reimbursed by the University. Cash or a cash equivalent (i.e. a gift certificate) may be given, but is always considered taxable by the IRS, and reported on an employee’s annual form W-2. In order to be non-taxable to the employee, the gift must be non-cash and meet the following criteria:

- must be awarded as part of a meaningful presentation (ceremony or celebration)
- can not be given before the 5<sup>th</sup> year of service, and with at least 5 years in between each years of service award
- have a fair market value of \$400 or less for the calendar year

Departments may decide to give gifts that recognize years of service that do not meet these criteria. However, unless considered “de minimus”, the gift will be reported as income and the amount will be subject to taxation.

Although it should be rare, a years of service gift to an employee with a value greater than \$400 requires Supplemental Approval. Gifts exceeding this threshold (by more than 50%) or any requests not listed as eligible for Supplemental Approval, still require a formal written exception request approved by a Senior Departmental Officer for documentation and evaluation of approval by Accounts Payable.

## **“De minimus” Small Gifts (including flowers or fruit baskets)**

**The University suggests that employees first consider funding these with their own contributions.** However, departments may at their discretion choose to provide a small gift to an employee or another department to recognize a significant occasion. Common examples of small gifts include flowers or fruit baskets. The University may reimburse employees for the costs of these purchases. Non-cash gifts given to an employee with a fair market value of \$100 or less for a calendar year are considered non-taxable. As a reminder, this threshold of \$100 does not include any cash or cash equivalent (gift certificates) given as a gift to an employee, which are always considered taxable by the IRS.

The University will approve small gifts given in recognition of the following business events:

- Collective recognition of performance
- University-related business occasions or events as described in the Employee Entertainment section

**For gifts that recognize personal occasions, the University suggests that employees first consider funding these with their own contributions.** If a department chooses to seek reimbursement, the University will approve reimbursement of small gifts given in recognition of the following life events:

- Birth or adoption of a child
- Funeral, illness or hospitalization
- Congratulations on a business related achievement

**Please note** that in the event a contribution is requested in lieu of flowers, only a Dean, VP, Associate Dean or Senior Financial Officer can approve. A copy of the 501C3 exemption should be requested.

The University will not approve reimbursement for gifts given for the following personal occasions:

- Engagements, weddings, anniversaries
- Holidays
- Individual Birthdays
- Congratulations on other personal achievements

Although it should be rare, a "de minimus" gift to an employee with a value greater than \$100 requires Supplemental Approval. Gifts exceeding this threshold (by more than 50%) or any requests not listed as eligible for Supplemental Approval, still require a formal written exception request approved by a Senior Departmental Officer for documentation and evaluation of approval by Accounts Payable.

### **Documentation Required**

The original receipts/invoices for gifts must include:

- the date
- the items purchased
- the total amount of the purchase
- proof of payment
- the employee's name, home address and Social Security number for reporting to Payroll (for gifts with value in excess of \$100 or that do not meet the IRS exemption for years of service gifts).

The approved purpose of the gift must be clearly documented.

## **Gifts to Non-Employees**

Gifts of cash or non-cash items to non-employees may only be given where there is a valid business purpose, such as business development, recognition of an individual's efforts in support of the University, and the like. These gifts should be appropriate to the individual circumstances and in keeping with the University's mission.

As a rule, gifts of cash or non-cash items to non-employees should not exceed an aggregate value of \$600 in a calendar year. In the rare instances where a gift or gifts to a non-employee likely exceeds this level, please contact Accounts Payable to discuss potential taxation issues pertaining to these gifts and for information on acknowledging such gifts to the recipient.

The fair market value of non-cash items is the cost of that item in the marketplace. Please note that the engraving of plaques, bowls, trays and other non-cash items may change the fair market value of an item, arguably lowering the fair market value in many, although not all, cases.

Although it should be rare, a gift to a non-employee with a value greater than \$600 requires Supplemental Approval. Gifts exceeding this threshold (by more than 50%) or any requests not listed as eligible for Supplemental Approval, still require a formal written exception request approved by a Senior Departmental Officer for documentation and evaluation of approval by Accounts Payable.

Gifts of cash to non-employees (i.e. honoraria) should be processed on a Check Request, and not reimbursed on a Business Expense report form.

Gifts to vendors are not reimbursable.

### **Documentation Required**

The original receipts/invoices for gifts must include:

- the date
- the items purchased
- the total amount of the purchase
- proof of payment
- the recipient's name, home address and Social Security number (if over \$600) for Form 1099 reporting. If \$600 or less, please note that gifts do not exceed \$600 for the calendar year.

The approved business purpose of the gift must be clearly documented.

## **RELOCATION & MOVING EXPENSES**

Reimbursement for the relocation expenses of newly recruited personnel is authorized at the departmental level. All reimbursements must comply with the University's Travel and Business Expense Policies, and the newly hired employee should be informed of this prior to incurring expenses. Relocation expense reimbursement may be processed on a Check Request form prior

to the hire date. Any expense reimbursements requested after the hire date should be on a Travel and Business Expense form.

Only qualified moving expense reimbursements are non-taxable to the employee. Non-taxable, “qualified”, moving expenses (as long as new location is at least 50 miles away from the old location per IRS regulations) include:

- Packing of furniture and personal belongings.
- Transportation (moving) of furniture and personal belongings from the previous principal place of residence to the new principal place of residence, which must be at least 50 miles apart.
- Insurance and in-transit storage for periods of up to 30 days from the move date.
- Travel and lodging costs, excluding meal costs, associated with one trip to move to the new residence by the employee and members of the employee’s household.

Taxable moving expenses include:

- Pre-move house hunting, including travel, meals and lodging once an offer has been accepted.
- Meals and lodging while occupying temporary quarters.
- In-transit storage charges beyond 30 days.
- Personal needs such as a driver’s license and auto insurance.
- Real estate fees incurred when leaving the former residence or acquiring the new residence.
- Relocation allowance (unsupported by receipts)

### **Documentation Required**

The original receipts/invoices must be provided and meet the requirements as documented in the Travel and Business Expense policies. In general, the receipts should demonstrate:

- the date
- the item or service purchased
- the total amount of the purchase
- proof of payment
- the recipient’s name, home address and Social Security number (if taxable) to be reported to Payroll for reporting on the employee’s annual Form W-2

Documentation of an agreement, signed by a senior departmental officer, must be provided that authorizes the relocation allowance or moving expenses. The employee should be aware of any tax implications.

A moving expense worksheet is available to organize and document moving expenses.

## **SUBSCRIPTIONS, MEMBERSHIPS & DUES**

The University prefers to pay directly for subscriptions, dues, and memberships to professional journals and associations that promote continuing education related to an employee's duties, where possible. However, the University will reimburse employees for these expenses.

When subscriptions, memberships & dues include an optional contribution or donation, the University does not reimburse for this expense.

The University does not reimburse for memberships in:

- airline clubs
- country clubs
- civic clubs
- gyms

An exception for reimbursement, approved by a Dean, VP, Associate Dean or Senior Financial Officer would be requested only when the University's continuing need for membership can be clearly demonstrated. The club's membership criteria must be consistent with the University's non-discrimination policy, as the University prohibits reimbursement of expenses for meetings or entertainment in clubs where membership or admission is restricted on the basis of race, color, religion, sex, age, national or ethnic origin, sexual orientation, citizenship status, marital status, disability, or status as a Vietnam era or disabled veteran. Every effort should be made to share memberships in order to avoid duplicate fees. All memberships should be associated with the employee's business address as further documentation that the membership is business related. When requesting reimbursement for membership fees on an Expense Report, indicate the percentage of the business-related use of the club. The University must report the percentage of the reimbursement that is not business-related as taxable income to the employee.

### **Documentation Required**

The invoice, receipt, or web confirmation must be obtained and submitted with the employee's expense report. The receipt must include:

- the date
- the type of subscription, membership, dues
- the total amount
- proof of payment

If granted an exception, the cost of memberships in airline, country, or civic clubs or gyms may not be charged to a sponsored project account and must be segregated to an 8500 subcode.

## **HUMAN SUBJECT STUDY PAYMENTS**

Human research relies on volunteers to participate in studies. It is not uncommon for a researcher to reimburse subjects for travel or other expenses that they may incur as a result of participation in a study. Some studies may also offer compensation as a means to attract volunteers. The Institutional Review Board reviews all proposed plans for reimbursement or compensation provided to subjects to ensure that such payments are not coercive or provide the potential for undue influence. Another consideration of the Institutional Review Board, particularly for research involving the collection of sensitive data, is that the confidentiality of the subject(s) is protected.

The University prefers that payment of human subject study incentives or reimbursements are provided from a petty cash account. However, the University will reimburse an employee who has expended their own funds and is requesting reimbursement.

### **Documentation Required**

The employee should provide the date of expense, the study name or number, the participant ID, the amount paid, and the nature of the payment (incentive compensation vs. reimbursement) when requesting reimbursement.

According to IRS regulations, total annual compensation (subject incentives) to study subjects of \$600 or greater is considered taxable compensation and reportable to the IRS. The Department should document that no participant has received more than \$600 annually. If a participant has received more than \$600, the department must include the recipient's name, home address and Social Security number for Form 1099 reporting. A Form W-9 should be requested from the individual to document the Social Security number.

## **EMERGENCY PURCHASES OF SUPPLIES/EQUIPMENT**

The University requires that employees use the proper designated purchasing path to purchase supplies and equipment. An employee may occasionally have to incur expenses for an emergency purchase of supplies or equipment when CU purchasing mechanisms are not available. The employee will be reimbursed for these necessary emergency expenditures under \$500. Expenditures in excess of \$500 will not be reimbursed unless the employee obtains Supplemental Approval. Expenditures in excess of \$2500 that ordinarily require a Purchase Order will not be reimbursed without approval from Purchasing.

The University is exempt from sales tax. If taxes are paid on an emergency purchases, the employee will be reimbursed. As a reminder, tax exemption certificates are available for Columbia University purchases and should be requested.

## **CONTRIBUTIONS OR DONATIONS**

The University will not reimburse employees for contributions or donations made to another organization.

Columbia University is a not-for-profit, tax-exempt institution, categorized by the Internal Revenue Service as a 501(c)(3) organization. The IRS does permit contributions from one 501(c)(3) to another 501(c)(3), but not to other types of legal entities. Any contribution to a 501(c)(3) organization, however, must be related to the mission of Columbia University. If an employee is requesting reimbursement for a contribution, an exception must be requested and

must be approved by the President, the Provost, a Dean or Vice President, or Associate Dean/Senior Financial Officer. The approver must evaluate whether the organization that is receiving money from Columbia is fair and appropriate. Contributions may not be given to religious or political organizations.

When processing payments for contributions or donations, the receiving organization must demonstrate possession of a 501(c)(3) certificate and have written approval by the President, the Provost, a Dean or Vice President, or Associate Dean/Senior Financial Officer.

## **PAYMENTS FOR SERVICES**

In order to ensure compliance with IRS guidelines, the University will not reimburse an employee for a payment made to an individual (including students) who provided service to the University. These payments are required to be processed through University Payroll, or in the case of a consultant, through a Central Purchase Order.

## **LOCAL TRANSPORTATION**

### **Personal Vehicle**

For the business-related use of a personal vehicle, the employee will be reimbursed at a rate based on the Federal IRS approved highway mileage guides. **Mileage reimbursement covers fuel, maintenance/repairs, insurance, transportation and operating costs, so these will not be reimbursed separately.** The employee will not be reimbursed for the cost of vehicle purchase or lease.

In addition to the mileage allowance, tolls and necessary parking charges may be reimbursed.

The University does not assume liability for damage to personal automobiles used on University business and does not assume liability for deductibles or any other uninsured loss to the vehicle. Expenses for vehicle repairs are not reimbursable. Under no circumstances will the University reimburse parking fines and moving violations on personal vehicles.

Personal Vehicle Mileage Rate:

- \$.405/mile for travel on or after February 1, 2005
- \$.485/miles for travel on or after September 12, 2005
- \$.445/miles for travel on or after January 1, 2006
- \$.485/miles for travel on or after January 1, 2007
- \$.505/miles for travel on or after January 1, 2008 until July 1, 2008
- \$.585/miles for travel on or after July 1, 2008
- \$.550/miles for travel on or after January 1, 2009

### **Documentation Required**

Employees should keep a record (e.g., spreadsheet, notebook or ledger; AAA triptic or mapquest printout) of their use of their private vehicle for business travel. The written record should include:

- the dates and points (City, State) of departure and arrival

- business purpose of the trip
- total mileage
- calculation of reimbursement (total mileage \* mileage rate)

### **Other Forms of Transportation**

For local business transportation, employees will be reimbursed for bus, subway, or other mass transportation, shuttle, taxi fares, or private car service plus reasonable tips.

### **Documentation required**

Employees should attempt to obtain a receipt from the driver or transportation company. The original receipts for fares must include:

- the dates and points of origin and destination
- passengers names
- the total amount of the fare
- proof of payment

If it is not possible to obtain a receipt for ground transportation, the employee should list the trip in a spreadsheet, notebook or ledger. The employee should record the date of the trip, the points of origin and destination, the business purpose of the trip and the fare paid.

### **Commuting or Parking Costs**

Commuting or parking costs from home to place of work/business are taxable to a University employee. The University does not reimburse for these costs. If a department chooses to do so, this must be documented and the employee must be informed that this reimbursement is taxable and will be reported to Payroll for reporting on Form W-2.

### **ADVANCES**

Advances for business expenses may be requested to help cover payments for conference or research participants. As a reminder, any international visitors receiving a per diem payment must have their visa status documented (by obtaining a copy of the I-94 or passport page with visa entry stamp) in order to ensure the visitor is eligible to receive these payments in accordance with Department of Homeland Security regulations (<http://www.columbia.edu/cu/isso/faculty/paymentchart.html>).

Requests for an advance should include the description of the circumstance that would require the advance and a brief budget of expenses.

### **Reconciling Travel Advances**

An advance should be reconciled within 10 working days after the completion of the conference or event. An employee must reconcile an outstanding advance before being issued a new one, except when the second trip is within five working days of the first. The only exception will be

when the advance is serving to fund programs or research start-up operations, and approved by the Dean, VP, Associate Dean or Senior Financial Officer.

Upon termination of employment, all employees must promptly reconcile all outstanding advances.

Failure to account for an advance within **120 days of the trip end date** will result in a written notification from Accounts Payable to the department and the employee.

If the travel advance is not then reconciled within **one year of the trip**, the employee should be advised the following will occur **without additional notification**:

- suspension of travel advance privileges
- the reporting of the advance as income to the IRS on the employee's annual Form W-2
- withholding of taxes on the advance from the employee's paycheck
- the employee continuing to be responsible for clearing the advance in order to have this properly charged to the departments accounts

Please note, once an unsettled advance has been added to the employee's Form W-2, it cannot be reversed.

## **Payment by American Express Corporate Card**

The American Express corporate card program at Columbia University provides employees with a convenient method of paying for University-approved travel and business expenses.

### **Obtaining a Corporate Card**

A full-time officer with an annual salary greater than \$20,000 may request an application from the "Corporate Card" section of the Accounts Payable website. After receiving credit approval, the corporate charge card company will issue a card to the employee.

Approximately six weeks after receipt of an application, a card will be mailed to the applicant's home. One card is issued per applicant. The card program is an individual liability, individual pay program. Card issuance is based on the credit of the individual.

The card has no annual fee.

### **Uses of the Corporate Card**

The card is for official University business and reimbursable travel expenses, such as airline tickets, lodging, meals and other approved travel expenses. Only business-related travel expenses, including the cost of emergency purchases made while traveling, and business meal expenses are reimbursable.

For most employees, the card eliminates the need for University travel advances. An employee can be reimbursed in advance for an airline ticket. To do so, he or she must purchase the ticket at least 14 days prior to an approved trip. He or she must also submit proof of payment, a copy of

the ticket or itinerary, and a valid business reason with a completed Travel Expense report to Accounts Payable.

Except in emergency situations, do not use a corporate or personal credit card to make business-related purchases of supplies or equipment. An emergency situation must be fully documented. University procedures dictate that supplies and equipment be purchased through the University's Purchasing Department. This policy secures for the University the best prices available and insures compliance with various tax regulations.

### **Lost or Stolen Cards**

Call the corporate charge card company immediately if your card has been lost or stolen.

### **Responsibility for Payment of the Card**

The corporate charge card company mails statements directly to the employee who is responsible for paying all charges on a corporate account in a timely fashion. The University does not pay the corporate charge card company directly. The Accounts Payable Department will reimburse the employee for travel and business expenses. However, the University will not pay interest or late fees on the account. It is the responsibility of the employee to file timely expense reimbursement requests and to pay his or her corporate charge card account bill by its due date.

The cardholder is expected to comply with all terms stated in the disclosure agreement accompanying the issuance of the card.

### **Termination of Accounts**

Employee participation in the University charge card program will terminate under any of the following conditions:

- When the cardholder is no longer employed by the University.
- When an account becomes delinquent (past 30 days) more than six times in any 12-month period.
- When an account is 60 days past due.

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**CONTACTS:**

Accounts Payable Service Center

854-2122

[APService@columbia.edu](mailto:APService@columbia.edu)

**CROSS-REFERENCES TO RELATED POLICIES**

Travel Expense Policy

**WEB ADDRESS FOR POLICY**

## APPENDICES

### A. Regulations to which this policy responds

#### 1. IRS Guidelines

In order for travel advances and reimbursements of travel and business expenses to be excluded from an individual's taxable income, the University's policies must meet the IRS definition of an "accountable plan" with the following three requirements:

- Advances and reimbursements must be made for business expenses only and must be reasonable and necessary. A *necessary and reasonable* expense is one for which a clear business reason exists and for which the cost is not excessive.
- Employees must provide a Travel and Business Expense Report substantiating the amount, time, and business purpose of expenses within ten working days after the expenses are incurred. Original receipts must be attached to the Expense Report.
- Employees must return any advance amount in excess of substantiated expenses within ten working days after the completion of the trip.

To meet these requirements, individuals must properly complete a Travel and Business Expense Report and provide documentation to substantiate the expenditures. The documentation must provide:

- Detailed documentation of the expenditure
- Documentation of the business purpose of the expenditure
- Proof of payment

#### 2. Federal Guidelines

The Federal Government will not reimburse certain expenses and has set forth guidelines prohibiting these costs from being charged to Federal grants and contracts, either directly or indirectly. In order to meet these requirements, University employees must be aware of the following:

- Segregation of costs: Certain costs ("unallowables") must be segregated to subcodes in the "8500" range to guarantee proper exclusion from Indirect Cost Rate calculations.. Subcodes in this range cannot be charged to government grant accounts. This applies to costs that the government deems unrelated to University business (flowers, alcohol, entertainment) or excessive costs (business/first class travel, luxury hotels).

Questions as to which travel or related business expenditures are reimbursable under a particular grant or contract should be directed to the appropriate Research Administration project officer.

#### 3. Expectations of a 501(c)3 organization

The IRS grants the University exemption as a 501(c)3 organization in order to accomplish our mission, which exempts the University from paying its share of taxes. Since the University is directly supported by students and donors, and indirectly by the taxpaying public, we must be a careful steward of these funds. It may help to remember the “front page test” – will it seem appropriate to others if reported on the front pages of a local newspaper.

## **PROCEDURES**

### **A. Advance Request**

The Travel Advance Request form may be obtained from Accounts Payable. This three-ply form has a unique “T” invoice number that is used to track and reconcile the advance.

1. When requesting an advance under \$500, provide a brief explanation of the intended use of the incidental funds in the “Purpose” section of the Advance form.

2. If requesting an advance over \$500, the detailed circumstances justifying this increase must be explained, along with a budget showing the amount of the advance needed and the business purpose of the expenditures (conference or research participant payments)

3. Complete the Travel Advance Request form:

- a. Enter the payee’s home address
- b. Enter the expense dates: the beginning and end of the conference or study for which payments will be disbursed
- c. Enter the location of the conference or study
- d. Enter the specific, detailed business reason
- e. Enter the departmental account number(s), distribution amounts and total amount. Always use the account sub-code 2380 for travel advances
- f. Indicate “check pick-up” (in AP/CAR) if urgent circumstances require the department to pick up the check on campus rather than having it mailed to the individual’s home address
- g. Enter the dept. name and number
- h. Provide the dept. phone number
- i. Clearly print the traveler’s name and the DAF’s name in their respective fields along with their titles
- j. Have both the employee and the DAF sign and date the request form

4. Submit the Travel Advance Request form to Accounts Payable within 10-20 days prior to the conference or study:

- a. Upon departmental approval clearly print the AP/CAR “A” voucher number on the form (in the field provided) in the upper right-hand corner
- b. Retain a copy of the request form and keep it on file
- c. Submit the completed form to Accounts Payable via Interoffice Mail or via one of the AP/CAR drop boxes

5. Follow up on the request:

- a. Please submit Advance Requests within a reasonable period of time before the funds are needed. A reasonable period of time will provide for any delays that may occur during the approval process. A good practice for Advance Requests is to submit the completed form to Accounts Payable 10-20 days prior to the start of the trip. It is important to submit these requests in a timely manner because the employee may be dependent upon these funds (to travel) and last minute requests may result in a employee not having the funds on time
- b. The department follows up by checking the AP/CAR queues in order to track the request and confirm that the paperwork was received by Accounts Payable. If for some reason the paperwork was not received by Accounts Payable the department may be required to resend or fax the paperwork.

## **B. Advance Reconciliation**

1. If any additional funds remain from the advance:

- a. The department collects any unused portion of the advance from the employee
- b. The department deposits these funds into an FAS account
- c. The department receives an electronic cash receipt for the deposit in the form of an FFE batch report with “Teller Approved” status indicating that the transaction has been completed (unused cash has been refunded to the University)

2. Complete a Travel and Business Expense Report:

- a. Enter amounts and attach original receipts that account for the advance using the same procedure for travel and business expense reimbursements
- b. Enter the travel advance “T” number from the Travel Advance Request form in to the field provided on the expense report
- c. Attach the “Teller Approved” cash receipt to the expense report showing that any unused portion of the travel advance has been refunded to the University
- d. Accounting for the advance: Debit to appropriate expense subcode, Credit to 2380.

3. Final Steps:

- a. When completing the Travel and Business Expense Report enter the amount of the original advance into the “less travel advance” field on the bottom right-hand section of the report where totals are calculated
- b. The electronic version of the report will automatically calculate the amount owed to the University -or- the amount due to the employee

- c. Confirm that any “amount due University” matches the actual amount returned by the employee and reflected on the “Teller Approved” receipt
- d. Fully complete and submit the expense report to Accounts Payable using the same procedure for travel expense reimbursements

### **C. Request Reimbursement/ Preparing the Travel and Business Expense Report**

Please complete a Travel and Business Expense Report for reimbursement of all miscellaneous expenses incurred during the course of conducting University business and not as part of a trip or travel expenses. We recommend that reimbursement requests be submitted on a bi-monthly/monthly basis depending upon the frequency and amount of expenses. The traveler should select the “Business Expense” check box on the Travel and Business Expense report, and use the period end date as part of the invoice number.

Follow the procedure described below and provide supporting documentation as indicated. Provide the clear-cut and detailed business reason for each expense (purchase, business meal, travel, etc.).

In accordance with University policy, keep a copy of the report, the receipts and all supporting documentation on file in departmental records.

#### **Complete a University Travel and Business Expense Report:**

##### 1. Payee Information

- a. Enter the payee’s name. The payee must be a University staff member, faculty member, post-doctoral fellow, research assistant, or student
- b. Enter the payee’s home address. Please provide the home address and not a Columbia University address or P.O. Box

##### 2. Overall Purpose

- a. If there is an overall purpose for the expenses, please include. In many cases this will not apply

##### 3. Date Received by department

- a. Document the date the expense report was received by the department. This will provide information related to the reimbursement submission time limit to confirm that the expense report was turned into the University within the appropriate time frame.

##### 4. Dates of Expenses

- a. Enter the first and last date of expenses

##### 5. Departure and Arrival Points

- a. N/A

#### 6. Date of Last Expense

- a. For business expenses the “date of last expense” refers to the end of the period or date of the last expense that appears on the reimbursement request. This end date is used to format the invoice number for all business expenses using the formula: **PE MMDDYY**. This number must reflect the last date of travel or *day the traveler returned (or is scheduled to return) to NY*. It is important to follow this format in order to track expenses. Reimbursement processing may be delayed if expenses from outside the payment period are included on the report

#### 7. Date of Earliest Expense

- a. Enter the date of the earliest expense contained in the report

#### 8. Department Information

- b. Enter the department name
- c. Provide the department and sub department numbers (the complete three-digit dept. and two-digit sub dept. numbers)
- d. Enter the department phone number

#### 9. Travel Advance Number

- a. When there is an advance given prior to a trip, enter the unique “T” invoice number from the original Travel Advance Request form

#### 10. Currency Exchange Rates

- a. Travel and Business Expense Reports can only be submitted in U.S. dollars
- b. Using a charge card eliminates the need to calculate foreign currency conversions. The charges are already converted to U.S. dollars on the billing statement, usually at favorable rates. These rates may be used when available. If the conversion is noted on a charge card statement, please submit a copy of the statement to the department. This is not required to be submitted to Accounts Payable (document that conversion was taken from charge card).
- c. When documenting an international trip, provide an explanation and translation of the foreign receipts and their conversions. Accounts Payable uses [Oanda.com](http://Oanda.com) as its exchange rate resource. Use only the default “Interbank Rate”. A traveler may use the average exchange rate for the trip derived from the first date and last date of expenses or actual rates may also be documented and used in the conversion.
- d. Certain countries rates, like Rwanda, can not be found on Oanda. Other alternatives include [xe.com](http://www.xe.com) (<http://www.xe.com/ucc/full.shtml>) and [FXTOP.com](http://fxtop.com) <http://fxtop.com/en/historates.php3>.

- e. Accounts Payable has available a Currency Conversion Worksheet that enables the traveler to perform conversions into U.S. dollars automatically
- f. If you are not using the worksheet please write the conversion amounts in US dollars on each receipt
- g. Please remember to attach the conversion rates (actual or first and last) printed from Oanda.com to the department. These are not required to be submitted to Accounts Payable.
- h. Attach the Currency Conversion Worksheet to the report

#### 11. Check Pick-up Option

- a. Accounts Payable will automatically mail the reimbursement check to the payee's home address. If urgent circumstances require, one may also pick up a check, instead of receiving it at home in the mail, by selecting "check pick-up" on the form
- b. The department processor must select "check pick-up" on the invoice processing screen available in AP/CAR
- c. When the check is ready, it will appear in the processor's AP/CAR "Checks Ready for Pick-up" queue and it may be picked up in person (with a valid ID) from either the CUMC or Morningside campus

#### 12. Personal Vehicle Mileage

- a. If you have used your personal vehicle for University business, enter the total number of miles
- b. The form has the current mileage rate, which is also found in the policy
- c. Calculate the mileage reimbursement amount and enter it in the "Description of Expenses" table
- d. Include in the table the date(s) and the points of departure and arrival
- e. Mileage reimbursement covers fuel, maintenance, insurance, transportation and operating costs. Fuel costs are included in the per-mile reimbursement rate. *If you request reimbursement for mileage, you will not be reimbursed for fuel costs. Fuel costs are only reimbursed for University owned vehicles!*

#### 13. Description of Expenses

- a. **Other Expenses:**
  - i. In chronological order, describe each expense. Indicate the date, place, amount and description for each expense
  - ii. Use the following abbreviations: for meals, indicate "B" for breakfast; "L" for lunch; "D" for dinner
  - iii. Each *business* meal should be detailed on a separate line. Include the valid and necessary business reason (agenda), the type of meal (B, L or D) and the full names and titles of attendees if under 10 individuals (if over 10 people please document the *number* of attendees). List other miscellaneous business travel expenses separately, one per line

#### 14. “Segregated” Expenses

- a. The Federal Government will not reimburse certain expenses, termed “unallowables” and has set forth guidelines prohibiting these costs from being charged to Federal grants and contracts, *either directly or indirectly*
- b. “Unallowable” expenses are those not clearly related to University business
- c. The terms “unallowable” or “segregated” do not mean that the expenses are not *reimbursable* but that they must be charged separately
- d. Expenditures for alcohol, entertainment, or gifts are examples of “unallowables” and must be charged separately to an 8500 series sub-code account or to a non-grant account. To make sure that the University does not inadvertently charge any of these expenses to grants and contracts, “unallowable” expenses have been assigned a special series of (8500) sub-codes. For non-grant accounts “unallowables” are segregated to an 8500 series sub-code and for grant accounts “unallowables” are segregated to a non-grant account
- e. Most Federal sponsored research grants do not allow the grant funds to be used to pay for entertainment expenses or gifts. Employees seeking reimbursement for these types of expenditures should consult their area business office in order to identify a University account that may be charged using an object code in the 8500 series. Please consult with Research Administration if you have any questions regarding the types of expenditures that may be charged to a grant. Accounts Payable will ask that you provide a copy of the terms showing the expense is allowable or confirmation from the appropriate project officer that the expense is allowable.

#### 15. Total Amounts

- a. Enter the sum of all expenses, both segregated and unsegregated (Column A and Column B). The electronic version of the report will calculate this automatically
- b. Enter the amount of any expenses already paid by the University
- c. Deduct prepaid expenses from total expenses in order to arrive at the subtotal. The electronic version of the report will calculate this automatically
- d. Enter the amount of any advance in the “less travel advance” field on the Travel and Business Expense Report
  - i. When distributing costs be sure to assign this amount to the same account code from which the advance was issued. Use the sub-code “2380”.
  - ii. If the expenses do not cover the amount of the advance please follow the advance reconciliation procedure
- e. The grand total (provided there is no unused portion of an advance) is the “amount due traveler”

#### 16. Account Distribution Amounts

- a. Designate the appropriate Columbia FAS account(s) that will be used to pay for the reimbursement. If unclear about what account(s) to use, consult your departmental business office. Indicate the appropriate FAS account sub-code that best matches the description of the expenditure.
- b. Enter the FAS account number(s) to be charged. If charges are to be divided among multiple FAS Accounts, use an additional line for each account.
- c. Enter the total of the account charges in the account sub-code totals field. *Double check that the account distribution total matches the amount due traveler total*
- d. Use the 8500 sub-code series when distributing “unallowable” expenses

#### 17. Payee’s Signature/Date

- a. To authorize reimbursement the payee must sign and date the report

#### 18. Departmental Authorization

- a. After completing the “Description of Expenses” table and attaching the supporting documentation have the DAF review, sign and date the report (not required if approved electronically in AP/CAR)
- b. Please clearly print the DAF’s name in the space provided

#### 19. Attach Supporting Documentation

- a. Submit original receipts and supporting documentation as indicated throughout the policy. Missing receipt documentation must be prepared for expenses of \$75 or more (\$25 for meals and lodging, which always requires an original, itemized bill issued by the hotel)
- b. Submit any supporting worksheets or forms
- c. Tape receipts to *one* side of 8.5” by 11” sheets of paper and present them in chronological order
- d. All documentation is scanned into the system when it is received by Accounts Payable. It is very important not to use staples because they will jamb the scanner and delay the process

### **D. Exceptions to Policy**

There may be certain limited, unexpected circumstances for which the department may request a one time exception to current policy. To request an exception to the current policy, complete the following steps:

1. Complete the Request for Exception or Adjustment form
  - a. Include a description of the amount, date and nature of the reimbursement request
  - b. Provide the reason why an exception is being sought. Include detailed information describing the circumstances that warrant an exception

2. Forward the request to your Dean, Associate Dean, Vice President or Senior Financial Officer for approval
3. The Director of Accounts Payable will review the request and in consultation with the Dean, Associate Dean, Vice President or Senior Financial Officer determine if the exception will be granted

#### E. Adjustments to Policy

In certain limited circumstances, there may be a recurring business situation that may result in the adjustment of current policy for a specific department or individual. To request an adjustment to the current policy, complete the following steps:

1. Complete the Adjustment Request Form
  - a. Include a description of the amount, date and nature of the reimbursement request
  - b. Provide the reason why an adjustment is being sought. Include detailed information describing the circumstances that warrant an adjustment
2. Forward the request to your Dean, Associate Dean, Vice President or Senior Financial Officer for approval
3. Submit approved requests to Accounts Payable a minimum of 30 days prior to the travel date. The Director of Accounts Payable will review the request and in consultation with the Dean, Associate Dean, Vice President or Senior Financial Officer determine if the adjustment to policy will be granted.

### **FORMS & INSTRUCTIONS**

Travel and Business Expense Form  
Expense Report Extra Page  
Currency Conversion Worksheet

Request for Policy Exception or Adjustment

**FREQUENTLY ASKED QUESTIONS**  
TBD