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Policy Title: Business Expense and Employee Reimbursement

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BRANDEIS UNIVERSITY  
Financial Affairs and Treasury Office  
Policy and Procedural Manual

Policy Subject: Business Expenses and Employee Reimbursement Policy:

POLICY STATEMENT

The basic policy governing university business expenses is that Brandeis University will reimburse or directly pay properly substantiated business expenses. Expenses should not exceed budgetary limitations, individuals must demonstrate a clear business purpose, and exceptions to the policy require the written approval of the appropriate Dean or Vice President.

APPLICABILITY

This policy applies to all University employees, students and where appropriate, official visitors, regardless of funding source. More restrictive policies and procedures mandated by federal or donor regulations, specific programs, schools, departments or offices will take precedence over University policies.

PURPOSE OF THE POLICY

The purpose of this policy is to promote good business practice and ensure that external compliance requirements are satisfied.

Brandeis University must comply with IRS "Accountable Plan" rules related to business expenses. An accountable plan must satisfy the following three requirements:

- Expenses must have a valid business connection or purpose.
- Expenses must be adequately substantiated.
- Advances in excess of substantiated expenses must be returned within a reasonable period of time (at Brandeis University, no more than 45 business days from the end of the trip.)

If accountable plan rules are not satisfied, the IRS could determine that advances and expense reimbursements are reportable and taxable income (i.e. subject to withholding taxes) to the individual.

Brandeis University is also subject to the terms and conditions set forth by donors and sponsors. Individuals making expenditures from these funds are responsible for understanding and abiding by these restrictions.

## GUIDELINES

### **I. Definitions:**

**Business expenses** are payments for activities that primarily benefit the University and are necessary and appropriate in the conduct of University business. These include direct payments to vendors for goods and services and reimbursements for travel, meals, and expenses related to University activities.

University expenditures will be considered proper if they meet all of the following seven tests of propriety:

1. The expenditures are in the best interests of the University and for official University business only.
2. The expenditures comply with all existing federal, state, and University regulations and policies.
3. The expenditures do not appear to, nor do they actually, provide any personal benefit to any employee without there being a valid business benefit to the University.
4. The expenditures are within approved budgets as determined by the Budget Manager.
5. The expenditures are necessary to the accomplishment of University business, meaning that, without the expenditures, programmatic objectives would be difficult or otherwise more costly to achieve, or that the impact, level or quality of the achievement of these objectives would be reduced.
6. The expenditures are reasonable, meaning the quality and quantity of the goods or services were sufficient to meet, but not exceed, the identified need.
7. The appropriate level of management has approved the expenditures.

**Personal expenses** are payments for activities that primarily benefit the individual. As a tax exempt organization, Brandeis University is exempt from Massachusetts state sales tax. Brandeis funds should not be used to make personal purchases for any individual to avoid paying sales tax even if reimbursed in full by that individual.

**Unallowable expenses** are payments or expenses incurred that will not be reimbursed or paid directly.

### **Reportable/taxable income**

The University is required to submit reportable payments to the state and the IRS on a W-2, 1042S, or 1099MISC.

Payments may be reportable and taxable (e.g. salaries and wages for employees) or they may be reportable only (e.g. consultant payments) or taxable and not reportable (e.g. fellowships of US persons). Financial Affairs and Treasury Services makes the final determination regarding reportable and taxable payments. Individuals should consult with their personal tax advisor to determine the proper handling of reportable/taxable income for their particular situation.

## **Substantiation**

Substantiation provides evidence that an expense was incurred and documents that it is business related. Receipts or bills typically provide a description of the business connection or purpose. Original copies of receipts or bills should always be provided to substantiate business expenses unless a written explanation as to why it is missing or unavailable is provided.

## **II. Roles and Responsibilities**

The individual's supervisor approves an expense for propriety and the business connection. S/he also confirms adherence to the policy and approves missing original receipts. A subordinate may not approve his/her supervisor's expense reimbursement. The Principal Investigator of a grant or contract is responsible for compliance with sponsor requirements as well as the allowability, allocability and reasonableness of any business expense charged to a grant or contract. The budget manager or designee approves for budget availability for university funds. The Dean or Vice President provides a written request for all exceptions to the policy. Financial Affairs and Treasury Services is responsible for enforcing the university policy, and ensuring compliance with all federal, state and sponsor regulations.

## **III. Sensitive Expenses**

The majority of University expenditures are standard operating expenditures and their propriety is easily decided. However, the propriety of some expenditure is difficult to determine because the benefit to the University may be unclear, or individuals may appear to personally benefit from the expenditure, which may be contrary to University policy. Please refer to the Brandeis University Business Conduct Policy, *Misuse of University Assets*.

## **IV. Matrix of Common Types of Business Expenses**

The following chart lists the most common types of business expenses submitted for reimbursement or paid directly. Please note that "travel status" refers to overnight travel. Items not specifically listed but questionable will be referred to the appropriate Dean or Vice President for approval. Please direct questions to the Accounts Payable Office.

<b>Item Description</b>	<b>Allowability</b>	<b>Conditions/Additional Guidance</b>
<b><i>1. Automobile-Related Expenses</i></b>		
a. Private vehicle standard mileage reimbursement when used for business travel	Yes	<ul style="list-style-type: none"><li>• See University Travel Policy</li><li>• Miles submitted should be lesser of home to work or home to business destination</li></ul>
<b><i>2. Beverages: Alcohol Expense</i></b>		
a. Official Functions	Yes	
b. Employees on travel status	No	<ul style="list-style-type: none"><li>• Not allowable on sponsored research grants or contracts</li><li>• See University Travel Policy</li></ul>
c. Expenditures for alcoholic beverages used in formal research and/or for instructional purposes	Yes	

<b>3. Cell phone and internet access from home</b>	No	
<b>4. Conference</b>		
a. Events hosted by Brandeis University	Yes	<ul style="list-style-type: none"> <li>For food, decorations, awards, and other needs of the conference that are covered by the conference registration fee</li> </ul>
b. Off-campus conferences attended by University employees	Yes	<ul style="list-style-type: none"> <li>Employee considered to be on travel status</li> <li>If lodging, meals, or transportation expenses are included in the conference fees, no additional reimbursement shall be made for these items as separate items</li> </ul>
<b>5. Dues, memberships and subscriptions</b>	Yes	<ul style="list-style-type: none"> <li>Must have documented business purpose</li> <li>Must be approved by Budget Manager</li> <li>Allowable on federal grants with certain restrictions</li> </ul>
<b>6. Employee Food and Related Consumables</b>		
a. Food for the employee's personal consumption	No	<ul style="list-style-type: none"> <li>Except if provided by travel status or official function</li> </ul>
b. Consumable items (e.g. cleaning supplies) necessary to maintain the cleanliness of employee lunch room	Yes	
c. Beverage service (coffee or water) available in the Department	Yes	
d. Food for Official Functions	Yes	
i. Community relation functions - directly related to the educational, research, or public service mission of the University	Yes	
ii. Employee recognition functions	Yes	<ul style="list-style-type: none"> <li>Should be coordinated with the Office of Human Resources</li> </ul>
iii. Recruitment functions - to enlist new employees, faculty, post-/pre-doctorates	Yes	<ul style="list-style-type: none"> <li>Must document business purpose, and who attended.</li> <li>Consider cap based on per person</li> </ul>

		amount.
iv. Training functions	Yes	<ul style="list-style-type: none"> <li>• Must document business purpose, and who attended.</li> <li>• Consider cap based on per person amount.</li> </ul>
v. Multi-departmental functions - infrequent events or infrequent meetings involving employees from more than one department	Yes	<ul style="list-style-type: none"> <li>• Must document business purpose, and who attended.</li> <li>• Consider cap based on per person amount.</li> </ul>
vi. Student functions – directly related to student or educational development	Yes	
vii. Regular department meeting	Yes	<ul style="list-style-type: none"> <li>• Must document business purpose, and who attended.</li> <li>• Consider cap based on per person amount.</li> </ul>
e. Meals for employees while traveling on university business	Yes	<ul style="list-style-type: none"> <li>• See University Travel Policy</li> </ul>
<b>7. Flowers, Fruit Baskets, Decorations</b>		
a. Flowers and/or fruit baskets as centerpieces and for other decorative purposes associated with an official function	Yes	
b. Flowers, fruit baskets, birthday cakes, etc. purchased for expressing holiday, condolences, get-well, or congratulation wishes to University employees	No	<ul style="list-style-type: none"> <li>• Should be purchased through a collection of donations from fellow employees</li> <li>• Human Resources provides condolence expressions</li> <li>• Exceptions must be approved by the appropriate Dean or Vice President</li> </ul>
c. Flowers, fruit baskets, cards, etc. for community relations support	Yes	<ul style="list-style-type: none"> <li>• Must be approved by the appropriate Dean or Vice President</li> <li>• In connection with supporting individuals or organizations who have or may have connections to the University directly related to achieving the University's educational, research, and public service missions</li> </ul>

d. Office flowers, decorations or plants	Yes	<ul style="list-style-type: none"> <li>• Only in offices where external contact is necessary</li> <li>• Must be approved by Budget Manager</li> </ul>
<b>8. Fund raising expenses</b>		
a. Costs incurred to raise donations for others	No	
b. Costs incurred to raise support for the University	Yes	<ul style="list-style-type: none"> <li>• Development performs the majority of these services</li> </ul>
<b>9. Gifts or Tokens of Appreciation</b>		
a. Gifts or Tokens for Employees or Students (non-cash)	Yes	<ul style="list-style-type: none"> <li>• See Human Resource Policy on Employee Gifts</li> <li>• Maximum amount is \$100</li> <li>• Require approval of appropriate Dean or Vice President</li> </ul>
b. Gifts or Tokens for Non-employees as an indication of goodwill or esteem (e.g. to host for lodging in private residence)	Yes	<ul style="list-style-type: none"> <li>• Should be kept to \$75 or less</li> <li>• Cash gifts are not allowed</li> </ul>
c. Employee Recruitment		
i. Gift	No	
ii. Tokens	Yes	<ul style="list-style-type: none"> <li>• Cash gifts are not allowed</li> <li>• Should be kept to \$75 or less</li> </ul>
<b>10. Holiday Parties and other morale boosting events</b>	Yes	<ul style="list-style-type: none"> <li>• Generally one holiday party per department will be allowed in any fiscal year</li> <li>• Should be in observance of an approved University holiday</li> <li>• Cost should be limited and approved by the Budget Manager</li> </ul>
<b>11. Holiday cards</b>	Yes	<ul style="list-style-type: none"> <li>• May not be necessary from one department to another within the university</li> <li>• Budget Manager must approve</li> </ul>
<b>12. Lunch Room and Staff Equipment</b>		

a. Basic equipment for taking meals or snacks within the workplace, such as simple refrigerators, microwaves, stoves, coffee pots and toasters	Yes	
b. Equipment for employee entertainment, such as televisions, stereos, VCRs or DVDs	No	<ul style="list-style-type: none"> <li>This type of equipment purchased for accomplishing university business is allowable</li> </ul>
<b>13. Moving Expense Reimbursement</b>	Yes	<ul style="list-style-type: none"> <li>Approved in advance by Dean or Vice President</li> <li>Consider cap</li> <li>Must be coordinated with Human Resources and Procurement</li> <li>May be taxable to recipient; consult with Payroll Office</li> </ul>
<b>14. Parking</b>		
a. Parking fees paid by employee at a primary work location	No	
b. Parking Tickets	No	<ul style="list-style-type: none"> <li>Received either on or off-campus are considered a personal expense</li> </ul>
c. Parking fees associated with an employee traveling on university business	Yes	
d. Employee or official visitor parking at an airport when out of town on University business	Yes	
e. Parking fees paid by employee at a second work location, such as in a public lot while attending a meeting while away from his/her normal place of business	Yes	
f. Parking for guests/businesses/organizations at an official function	Yes	<ul style="list-style-type: none"> <li>Reimbursement may be to the person, business or organization.</li> </ul>
<b>15. Political Expenses – cash or in-kind contributions to campaigns involving the nomination, retention, or election of any person to any public office, or to urge voters to vote in favor of or against a ballot initiative</b>	No	
<b>16. Recruiting Costs for Prospective Employees</b>		
a. Includes such direct costs as advertising, travel, official functions, and background/reference checks	Yes	
b. Recruitment functions held to introduce the candidate to University employees for purposes of assisting the	Yes	<ul style="list-style-type: none"> <li>Should only include those individuals directly related to the</li> </ul>



candidate and the University in assessing the degree to which the employment of the candidate would be mutually beneficial		purpose of the function
<b>17. Retirement Parties</b>	Yes	
<b>18. Tickets to events</b>	No	<ul style="list-style-type: none"> <li>• Exceptions related to the furtherance of the University's business require approval by Dean or Vice President</li> <li>• See University Business Conduct Policy</li> </ul>