

Business Expense Policy

Effective Date: October, 2006
Latest Revision: October, 2020

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. All expenses charged on Corporate card must be reconciled monthly.

REASON FOR POLICY

The business expense policy:

- Assures that the University and the employee / student 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 appendix A.

RESPONSIBLE UNIVERSITY OFFICE & OFFICER

Ron Moraski, VP Procurement

REVISION HISTORY

Revised - 01/01/2020

Revised - 07/15/2020

Revised- 10/09/2020

WHO IS GOVERNED BY THIS POLICY

This policy applies to any University employee or student 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

POLICY TEXT

The University will reimburse employees and students 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 or student. In certain circumstances, it may be acceptable to reimburse the employee or student for funds expended on behalf of the University.

The University will reimburse employees / students 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 several roles involved in any request for reimbursement. They include the individual requesting the reimbursement (the Payee), the approvers within the School / department (Supervisor or Initial Reviewer, Financial Approver, and Senior Business Officer (SBO, when required), and the Accounts Payable group who issues payment. The roles and responsibilities of each are described below.

Payee

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 or students whose expenses will be charged to a sponsored project must also be familiar with the particular expense restrictions of that project. The Payee 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 Payee 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 Payee should request reimbursement within 10 business days of the expense and must request reimbursement no later than 120 days after the date of the expenditure. 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 time frame (120 days), they are considered taxable income. Expense reimbursements requested more than one year from the date of expenditure will not be reimbursed.

The Payee is responsible for completing the Expense Report in accordance with University policy and procedure. If an individual other than the Payee prepares the Expense Report (a Preparer Delegate), the Payee is responsible for providing the preparer with the appropriate information to complete the Expense Report and reviewing it for accuracy of all information.

Preparer Delegate

In some departments, an individual may prepare Expense Reports on behalf of others (Preparer Delegates) In these instances, the Preparer Delegate 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
- Allocation and segregation of expenses to the appropriate accounts

Approver Roles

The Approver should be an Officer who is senior within the organization to have the authority to approve travel advances and expense reimbursements for faculty and staff in the School/Admin Unit. The approver may be the traveler's Supervisor, Financial Approver or Senior Business Officer. If the Payee does not have a Supervisor within Concur, the Payee must select an Initial Reviewer assigned to the administrative department. The Initial Reviewer will receive the Travel and Business Expense Reports and Requests (Pre-Trip & Travel / Cash Advance) for initial approval. Individuals with Senior Business Officer approval authority are in all instances ultimately responsible for the approval decision pertaining to policy exceptions.

Responsible and accountable for the Expense Report and Advance vouchers that they approve, certifying through approval that the expense is:

- appropriate
- valid
- policy compliant
- within budget

All requests for reimbursement must be approved by an individual with "Approver Authority" for their department(s). The approval of the Expense Report in Concur certifies that the expenditures comply with University policy and that they represent appropriate use of departmental or grant funds.

Regardless of the approver's authority, under no circumstances may an individual approve his or her own report.. Deans and V.P.s must have their reports signed by the appropriate approver.

If it is not feasible or practical for the most senior employee to pay for the shared expenses, then two steps must be taken to ensure compliance with University policy:

1. Shared expenses should be submitted on a separate Expense Report.
2. The most senior employee who attended the event is required to review the expenses to ensure they are valid.

As long as expenses have been validated, the employee may have their direct supervisor approve the Expense Report in Concur.

Accounts Payable

Accounts Payable will process all approved Expense Reports and prepare and issue the payment to the Payee. 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 Payee should be mindful of the University’s June 30th 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 Reports should be submitted to the department as frequently as is necessary (bi- monthly, monthly). Expense Reports should be submitted no later than 120 days after the date of the expense.

Reimbursements submitted more than 120 days after the date of the expense require Payee justification and Financial Approver acknowledgement. Acceptable justification reasons in order to avoid imputed income include but are not restricted to the inability to submit a report due to medical reasons. The Executive Director of AP will review and determine if imputed income applies.

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 Payee from submitting within the proper time frame, they are considered taxable income to the Payee.

Expense Reports must be submitted within 1 year (365 days) of the transaction date for business expenses. Failure to submit within 365 days will result in non-reimbursement of expenses.

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 individual is reconciling or 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 Payee, but not to a third-party reviewer.

Receipts

The employee is expected to obtain receipts for all expenses for which they will be requesting reimbursement for, or will be reconciling for in the case of the Corporate Card. A 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 Payee is unable to obtain a 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 Payees' 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).

Receipts must be provided for all air, lodging, and rental car expenses. For all other expense types, receipts must be provided if the expense is equal to or in excess of \$50. Otherwise, Payee justification and Financial Approver acknowledgement is required

Proof of Payment

The payee is expected to obtain proof of payment for **any** expenses that require receipts (as outlined by our policy). 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 Payee. This information is usually included on the 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 should be segregated to the appropriate account.

The terms “unallowable” or “segregated” do not mean that the expenses are not reimbursable, rather that they must be charged to the appropriate account.

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 University business.
 - Formally organized meetings which are necessary to carry out the business of official committees appointed by the University, School or Department.
 - Meetings of 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, meals reimbursed or meals to be paid via invoice directly to the vendor should not exceed the following thresholds, excluding tips and tax:

- Up to \$25 for breakfast
- Up to \$35 for lunch
- Up to \$75 for dinner

Senior Business Officer approval is required when business meal expenses exceed the individual pre-tip, pre-tax meal thresholds (\$25 for breakfast, \$35 for lunch, \$75 for dinner) and the amount over the threshold must be segregated.

Business Meals Hosted by CU Involving Certain 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 result in a business benefit to the University. Examples are limited to fundraising, recruitment, and recognition of a speaker. These may occur either locally or during out of town travel.

Except under rare circumstances, meals to be reimbursed or meals to be paid via invoice directly to the vendor should not exceed \$150 per person, excluding tips and tax.

Senior Business Officer approval is required when business meal expenses exceed the individual pre-tip, pre-tax meal thresholds (\$25 for breakfast, \$35 for lunch, \$75 for dinner) and the amount over the threshold must be segregated.

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 the appropriate account. In addition, reimbursements for business meals that meet the following criteria require segregation:

- Reimbursement for business meals that require attendance by an employee's spouse, significant other, and/or dependent require Payee justification and Financial Approver acknowledgement

Documentation Required

The restaurant or cash register receipts for business meals must be obtained and uploaded images of them submitted with the Payee's Expense Report. The receipt must include:

- the date and location
- 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 appropriately segregated.

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.

Rental of Clothing for an Event

If an individual must attend an official event for which formal attire is required, they may seek reimbursement for the rental of clothing. To qualify for reimbursement, the following conditions must be met and documented:

- The Payees' attendance at the event must be mandatory
- The event must require attire that is more formal than standard business attire

Entertainment Expenses

The University prefers that entertainment 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.

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

Payee justification and Senior Business Officer approval is required when business entertainment expenses exceed *either* \$1,500 total cost for the event *or* \$75 per person.

Documentation Required

The 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 attendees), and the relationship to the University for each, 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 Payee justification and Senior Business Officer approval.

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)
- cannot be given before the 5th 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 or retirement gift to an employee with a value greater than \$400 requires Payee justification and Senior Business Officer approval.

“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 501(c)3 exemption should be requested. The payment should be via a check request and not a reimbursement.

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 Payee justification and Senior Business Officer approval.

Documentation Required

The receipts/invoices for gifts must include:

- the date
- the items purchased
- the total amount of the purchase
- proof of payment
- the employee's name and UNI, 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 Payee justification and Senior Business Officer approval.

Gifts of cash to non-employees (i.e. honoraria) must be processed on a Check Request, and not reimbursed via an Expense Report.

Gifts to vendors are not reimbursable.

Documentation Required

The 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.

Sales Tax

Cardholders should remind vendors at the time of purchase that according to the tax laws in some states, the University is exempt from sales tax. For a list of states that honor the University's tax-exempt status please contact the Finance Service Center at 212-854-2122. The University's tax exempt number is printed on the T&E Corporate

Card and Cardholders should keep a copy of the tax-exempt form with them to present to the vendor at the time of purchase. To request a copy of the University's tax-exempt form, please contact the Service Center at 212-854-2122. If a Cardholder is charged sales tax for a T&E Corporate Card purchase that should be tax-exempt, the Cardholder should contact the vendor directly and request a Credit.

RELOCATION & MOVING EXPENSES

As of January 1, 2018, relocation expenses paid by the University will be treated as taxable income to the employee. In situations where a department agrees to pay the relocation costs for an individual, the process remains relatively unchanged, but the tax liability to the employee will increase.

Reimbursements of Relocation Expenses

All expenses 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. There are three primary ways a department can pay for relocation expenses for a new hire:

Travel and Business Expense Reimbursement

- For expense reimbursements after the date of hire, Payees' should complete an Expense Report and submit receipts for reimbursement.
- Accounts Payable will review these charges on a monthly basis, and report to Payroll the relocation expense to be entered as imputed income on the individual's paycheck. This imputed income will typically appear beginning in the check two months following the expense reimbursement (for example, if the payment is reimbursed in May, the imputed income will appear in July).

Guest Reimbursements

- Guests will need to be setup via ARC Vendor Management process
- Once setup is complete, a list of those parties designated as guests will be available in Concur.
- The guests should complete a "non-profile payee expense webform" which can be submitted to the department for processing.
- The department will complete the expense report in concur and submit for Financial Approval.
- The ChartString used for these expenses must include the relocation natural account, 66040.
- Accounts Payable will review these charges on a monthly basis, and report to Payroll the relocation expense to be entered as imputed income on the individual's paycheck. This imputed income will typically appear beginning in the check the month following the employee's hire date.

Direct Payment to the Vendor

- A department may choose to create a Voucher in order to pay the vendor directly on the employee's behalf.
- The ChartString used for these expenses must include the relocation natural account, 66040.
- Accounts Payable will review these charges on a monthly basis, and report to Payroll the relocation expense to be entered as imputed income on the individual's paycheck. This imputed income will typically appear beginning in the check two months following the expense reimbursement (for example, if the payment is reimbursed in May, the imputed income will appear in July).

Documentation Required

The 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 and home address (if taxable) to be reported to Payroll for reporting on the employee's annual Form W-2

DAF approval must be provided to authorize the relocation allowance or moving expenses. The employee should be aware of any tax implications. Documentation of agreement must be kept at the department level. A moving expense worksheet is available to organize and document moving expenses.

Group Conference and Venue Bookings

Reservation for non-travel Conference and Venue related booking expenses should be made by Travel Arrangers using the Corporate Card to reserve. Personal credit cards should not be used for these bookings.

Subscriptions, Memberships, and Dues

The University may allow for the payment and reimbursement of dues and fees if they are appropriate for the individual's position and duties and if the membership, credential or subscription benefits the University. Reimbursement of related expenses will require that business purpose is clearly documented. If the professional dues are for Department or Group accreditation the employee's University address should be used whenever possible. If the professional dues are for an individual, the employee's University address should be used but we recognize that this may not be possible in all situations.

When subscriptions, memberships and 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

Documentation Required

Uploads of the invoice, receipt, or web confirmation must be obtained and submitted with the employee's Expense Report. This must include:

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

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.

Purchase of Supplies/Equipment *Not* during Travel

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 purchases of supplies or equipment when CU purchasing mechanisms are not available. The employee will be reimbursed for these expenditures under \$500. Expenditures in excess of \$500 will not be reimbursed unless the Payee provides justification and obtains Financial Approver acknowledgement. Expenditures in excess of \$2,500 that ordinarily require a Purchase Order will not be reimbursed without approval from Purchasing.

Although the University is exempt from sales tax, if taxes are paid on purchases, the employee will be reimbursed. As a reminder, tax exemption certificates are available for Columbia University purchases and can be requested from via the [Finance Service Center](#).

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. 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 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.

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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. Travelers may use other services such as Lyft and Uber so long as the total cost of such services is comparable to other ground transportation options. Payees need to be aware that there is no guarantee of safety when using such services.

Documentation Required

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

- the dates and points of origin and destination
- passenger 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.

Non-reimbursable expenses include (but are not limited to):

- Baby-sitting
- Barbers and hairdressers
- Clothing or toiletry items
- Internet charges at home
- Loss or theft of cash advance money
- Loss or theft of personal funds or property
- Briefcases
- Magazines, newspapers, personal reading materials
- “No show” charges for car service
- Online auction sites
- Personal entertainment
- Pet care
- Recreational expenses
- Saunas, massages, spa visits
- Shoe shines
- Souvenirs or personal gifts
- Snacks
- Tips in excess of 20 percent

If a business reason exists for any of these purchases, a policy exception must be requested. Certain exceptions may be considered; however, such reimbursements must be in accordance with the IRS accountable plan and must include Senior Business Officer (SBO) approval. Accounts Payable will rely on the approval from an individual designated as the “SBO” in concur to authorize the exception. The individual requesting the exception must document the circumstances surrounding the policy departure and provide the department with sufficient explanation in order for the Senior Business Officer to evaluate the situation.

Advances

Advances for business expenses may be requested by a University employee to help cover payments for conferences or research participants. Requests for an advance for a non-employee student must be completed and reconciled by an employee. 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

<https://finance.columbia.edu/content/visa-payment-salary-eligibility-chart>

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

Reconciling Advances

An advance should be reconciled within 20 working days after the completion of the conference or event and must be reconciled within 90 days of the end date of the business activity. An employee must reconcile an outstanding advance before being issued a new one. Upon termination of employment, all employees must promptly reconcile all outstanding advances.

Failure to account for an advance within 60 days of the last expense date will result in reminder emails sent weekly by Accounts Payable to the employee until the cash advance is reconciled.

If the advance is not then reconciled within **120 days of the last expense date**, the employee should be advised the following will occur **without additional notification**:

- suspension of 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 department's accounts

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

If your expenses are less than your advance, you must reimburse the University for the unused advance via a personal check deposited to the natural account 65399. The personal check can either be deposited by the department using their RDC (Remote Deposit Capture) machine (if the department has one) or deposited via the [Payments and Deposits Office](#).

CONTACTS:

Finance Service Center

CROSS-REFERENCES TO RELATED POLICIES

Travel Expense Policy: <http://policylibrary.columbia.edu/travel-expense-policy>

If any URL in this PDF document does not open into a webpage, please copy and paste the URL into another web browser window. You may also choose to save the PDF to your computer and open it with the most recent version of Adobe Acrobat: <http://get.adobe.com/reader/>. For further assistance, please call the CUIT Service Desk at 212-854-1919.

APPENDIX A -- Regulations to which this Policy Responds

IRS Guidelines

In order for advances and reimbursements of 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 necessary and reasonable.
- 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 an Expense Report substantiating the amount, time, and business purpose of expenses within ten working days after the expenses are incurred. 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 an Expense Report and provide documentation to substantiate the expenditures. The documentation must provide:

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

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 an appropriate account to guarantee proper exclusion from Indirect Cost Rate calculations. These accounts 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 related business expenditures are reimbursable under a particular grant or contract should be directed to the appropriate Sponsored Projects Administration project officer.

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 certain 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.