

Business Expense Policy

William Jessup University Finance Policies for Employees

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Exhibit A: Expense Reimbursement Fact Sheet

Summary:

WJU maintains an expense reporting for WJU credit cards and out-of-pocket reimbursements for employees to receive non-taxable funds (to the extent allowed by the IRS) to carry out their job related duties. Just as other companies reimburse certain business expenses for employees, WJU offers this system because it is financially advantageous to our employees. As such, the expense reimbursement policy only allows for non-taxable reimbursements. WJU does not reimburse expenses that would be taxable compensation.

1. Compliance with IRS regulations

WJU maintains what the IRS considers to be an accountable reimbursement plan. The regulations that apply to WJU as a non-profit are similar to regulations that apply to businesses in how expenses are handled. Compliance with IRS regulations is important both personally for employees and for WJU organizationally. In addition, we have a moral imperative to handle money with integrity and in compliance with the law.

2. Business Expense Report and Due Dates

A copy of the [Business Expense Report](#) is available on my.jessup.edu found under Employees/Employee Resources/Business Office

When an employee requests reimbursement for an expense that he/she has personally paid to accomplish WJU business purposes, he/she must submit a [Business Expense Report](#) with accompanying documentation. This report also applies to WJU provided Business Credit Card and Debit Card reconciliations

NOTE: Employees should continue to use the [Payment Request Form \(PRF\)](#) (found on my.jessup.edu under Employees/Employee Resources/Business Office) for all check requests and payments to vendors (non-employees).

I. Expense Reimbursements to WJU Employees

- A. Business Expense Report form must be received at least 7 days prior to the mid-month and end of month payroll dates (this will generally be on the 8th or 23rd/24th) to be included in that payroll cycle. Reports not received by this time will be processed with the following payroll.
- B. Reports must be received in the Business Office office within:
 - a. 60 days of when the expense was incurred (meaning the date on the receipt), OR if there is an invoice, 60 days from the billing date on an invoice (the date the invoice was created - not the due date, or the date on a credit card statement). If there is no billing date on the invoice, we will use the last day of service for which the bill applies.
 - b. When expense reports are received in the Business Office, they are time-stamped to determine the date received. Reimbursements submitted older than 60 days will not be reimbursed (IRS requires a reasonable limit to request a business expense). Employees may be able to claim the unreimbursed business expense on their personal tax return and should consult their tax advisor for more information.

II. University Issued Visa Card

Expense reports are due back to the Business Office within 30 days of receiving the monthly statement.

III. University Issued Debit Card

Expense reports are due back to the Business Office within 30 business days of making purchases or return from travel.

3. Submitting Expense Reports

The Business Office will review the Business Expense Report to ensure that it is filled out correctly and there is sufficient documentation. If for any reason an item on the expense report needs to be clarified, or documentation is incomplete, the Business Office will contact and/or return the Business Expense Report to the employee to obtain the necessary documentation. Expense reports cannot be processed unless accompanied by all the necessary documentation and receipts for the expenses. Receipts are required for all expenses over \$25.

All Business Expense Reports require his/her direct supervisor's signature and the Budget Manager of the department being charged (if different from the supervisor). Business Expense Reports totaling over \$5,000 require an additional Executive Team member's signature. Appropriate signatures are required for each department charged, incomplete forms will be returned.

I. Expense Report Form Documentation

- A. **Receipt/Mileage Date:** Date the item/service was purchased or the billing date on the invoice.
- B. **Receipt:** All expenses over \$25 must be documented by turning in the original receipt attached to the report, copies will not be accepted in order to prevent duplicate submissions. Fill out the report by inputting expenses in date order, oldest to most recent, then attaching receipts to correspond to the order of receipts on the expense report with the amount being reimbursed highlighted on each receipt.

C. **Who**: Who was involved: the name of employees and/or guest(s). Please include first and last names.

D. **What**: Simple, specific explanation of what was purchased

E. **Why / Destination**:

“Why” - should include a brief statement of how the expense relates to WJU’s business purpose. You do not have to go into great detail, but assume that an outside person reading the expense report is not familiar with the activity. “Training/Equipment/Travel/etc.” is not an adequate purpose statement. Employees must describe how this expense relates to a specific WJU function in conjunction with the **“What”**. For mileage reimbursements, include starting and destination addresses.

“Destination” should include the starting and ending destinations for your mileage reimbursement. Please include city and state for each destination.

F. **Account #**: Choose appropriate expense account. Questions should be directed to budget managers first, and then to Business Office for further clarification.

G. **Department #**: Choose appropriate department to charge the expense. Appropriate signatures are required for each department charged, incomplete forms will be returned.

H. **Amount**: Amount in US Dollars

I. **Mileage**: Must list the beginning city/state and destination city,state. Attach a Google Maps, etc. printout of actual miles driven. Refer to Exhibit A below for the full mileage policy.

II. **Travel and Entertainment/Guest Meal Expenses Documentation**

IRS requirements for substantiating travel and entertainment expenses are more stringent and require the following additional elements:

A. **Travel**: Dates, # of days spent on business/personal, destination, business purpose/benefit gained.

- a. Travel expenses may be entirely reimbursable if the trip is entirely job related. If employees extend their stay for vacation, make non-job related side trips, or engage in other personal activities during the trip (i.e. sightseeing excursions, free time activities), these additional expenses are considered to be personal and are not reimbursable. Lodging invoices/folios/receipts must be submitted regardless of the amount.

B. **Entertainment/Guest Meal**: Date, Name and Location/Address of place of entertainment, type of entertainment, business purpose/benefit gained, nature and duration of discussion, and identities of persons who took part in both business discussion and entertainment/meal.

III. **Thoroughness and Reasonableness of the Information**

Each expense report must stand on its own, and should include all the necessary information apart from any other report. An outside auditor or third party (not familiar with WJU or an employee’s job related duties) should be able to understand the written details on each individual report, and the

reasonableness of the expense for the duty. More information is better than less. On each report, if several expenses relate to the same event or trip, it may be explained once and then referred to in subsequent purpose/explanation lines.

If acronyms are used in the report, please spell out the whole item the first time along with the acronym. Then the acronym may be used for the remainder of the expense report. This is true for each expense report.

4. Items for Reimbursement

A comprehensive but not exhaustive catalog of expenses that are allowed and disallowed is available in the Expense Reimbursement Fact Sheet under EXHIBIT A. Many answers to specific issues can be found there.

Employees may be reimbursed for ordinary and necessary expenses that have been originally paid by cash, check, or credit/debit card. Employees cannot be reimbursed for using credit card rewards (or airline miles) or store credit used to pay expenses.

Until a Business Expense Report is submitted, employees will be considered personally liable for all WJU related purchases made with University issued credit and debit cards, as well as purchases made with personal cash, check, and credit card. See WJU business card policy and agreement.

5. Copies of Expense Reports

Employees should keep a copy of all expense reports and documentation that has been submitted. Please do not submit the same item on multiple expense reports.

6. Getting Help

Please call or email the Business Office at businessoffice@jessup.edu to receive help or further clarification on policies and procedures.

EXHIBIT A:

EXPENSE REIMBURSEMENT FACT SHEET

- A. **Books** Books relating to an employee's business role with WJU are reimbursable. Books purchased for personal interest are not a reimbursable expense. The book title and business purpose needs to be clearly explained on the expense report.
- B. **Dues and Subscriptions** Dues and subscriptions for professional organizations and publications are reimbursable if related to a business purpose role with WJU.
- C. **Entertainment & Meals** The IRS allows the reimbursement of meals and entertainment expenses only if they are ordinary (commonly accepted in the employee's line of work), necessary (helpful and appropriate), and directly related to the WJU business. Meals exclusively with immediate family (like husband and wife going out to dinner) are not reimbursable, even if business-purposes are discussed. Occasional lunch meetings with employees and team meals are allowable only if they serve a defined business purpose, meaning that the purpose of the meal is business related. Employees must provide the name, address or location of the place of entertainment, type of entertainment (if not otherwise apparent), business purpose of the expense or business benefit gained or expected to be gained. Employees must provide the names of the participants and their business relationship.
- D. **Gifts to University Donors** Gifts to donors need to be approved by Chief Development Officer and cannot be used in quid pro quo for a donation, as it will reduce the tax deductibility of the donation. Please provide a description of the gift, the business purpose, and the business relationship of the recipient to the employees on the expense report.
- E. **Gifts to Employees** Gifts to employees may be reimbursed if given for a clear business purpose. Any cash equivalent or gift card, regardless of the amount will be added to the receiving employee's W-2 taxable amount. For further clarification as to when gifts to employees will be recorded on the recipient employee's W-2, please review the following IRS policy.
<http://www.irs.gov/Government-Entities/Federal,-State-&-Local-Governments/De-Minimis-Fringe-Benefits>
- F. **Honorarium** (*payments to non-WJU employee*) Honorarium payments are considered a 1099 amount by the IRS and need to be paid directly by the Business Office to the recipient in order to track the 1099 amounts. Honorarium may not be paid directly by employees or by University credit/debit card to recipients and are not reimbursable. Both a Payment Request Form (PRF) and accompanying W-9 form must be submitted before the honorarium payment can be processed.
- G. **International Travel** For reconciling international expenses where a foreign currency is used, a credit card statement/currency exchange receipt must be turned in to clearly document the exchange rate, then convert foreign currency expense back to US dollars. If the exchange rate is not clearly recorded, this website will convert foreign currencies into US dollars based on historical foreign exchange rates: <http://www.oanda.com/currency/historical-rates/>. Choose the correct currency, Range: Dates of Travel, Price: Midrange, Values: Rate, Frequency: Daily, Choose Table tab, and look off of Period Average to record the average currency exchange rate for the dates of purchase.
On the rare occasions that a receipt is unavailable, employees must immediately document on the day of the purchase [date of purchase, amount spent, location/store, what was purchased, and why] to be turned in with the reconciliation as substitute receipt.

- H. **Lodging** Lodging is reimbursable for overnight travel related to business. If employees are traveling with dependents and require a second room, the additional expense related to the dependents is not reimbursable. The dates of the travel, destination, and business purpose must be provided on the expense reimbursement form. For lodging expenses to be reimbursable, a receipt must be provided regardless of the amount of the expense, even if the expense is under \$25.
- I. **Lodging Provided for Guests** Actual costs incurred for housing business related guests may be reimbursed if substantiated; however, a flat rate or estimated cost is not sufficient documentation for reimbursement.
- J. **Meals** (*Personal Meals While Traveling*) Meals for employees while on a work-related overnight trip are reimbursable. Meals during non-overnight travel are allowable only if the meal is business-related (business meeting, donor visit, etc). See the documentation requirements under entertainment. Meals for dependents are not reimbursable under any circumstance.
- K. **Mileage** may never exceed the cost of available alternate transportation, e.g. the reimbursement for mileage cannot exceed the lowest train or airfare available. In cases where the employee elects to drive rather than travel by plane or train, the lower of the available alternatives will be reimbursed to the employee.
- WJU reimburses at the IRS's Standard Mileage rate.
 - Employees cannot request mileage reimbursement *and* charge for gas or other vehicle related expenses (extra Toll charges are allowed). The mileage rate paid by WJU includes reimbursement for such expenses.
 - Employees must break out the mileage per trip on the Business Expense Report listing starting and destination addresses and submit a Google/Yahoo/etc. map to substantiate miles driven. For travel between the Rocklin campus and Bay Area campus, maps do not need to be attached and 150 miles can claimed each way. Also refer to Section 3, II., B. for additional requirements.
 - Personal commuting expenses are not reimbursable (i.e Transportation expenses between home and primary office). Any employee that has a work space at the university must count the university as their primary office even if work is done from home. Employees that qualify for a "home office" must note "Home is primary office" on the Business Expense Report when they submit the request. Normal commuting mileage may reduce the allowable mileage for a trip if the employee leaves from home.
- L. **Professional Services** (*consulting, legal, website development, referee, etc.*) The reimbursement of professional service fees may only be paid directly by the Business Office to the recipient in order to track the IRS 1099 amount. Professional service payments may not be paid directly by employees or University credit/debit cards to recipients and are not reimbursable. Both a Payment Request Form (PRF) and accompanying W-9 form must be submitted before the service payment can be processed.
- M. **Rent** (*team office space, business facilities, event location, etc.*) Please submit a Payment Request Form with an accompanying W-9 form so that WJU can issue a 1099 at year end.
- N. **Rental Cars** The cost of renting a car (including gas and rental insurance) is a reimbursable expense if used for business-related travel. If the travel is not entirely business-related, then only the portion of the rental car expenses related to business travel is reimbursable. Please provide a breakdown of the expenses on the Expense Report, allocating what is business and what is personal. Mileage is not reimbursed on borrowed or rented cars, only the cost of gas.
- O. **Travel-Non-Overnight:** Expenses related to commuting to a main job location are considered personal and are not reimbursable. However, travel expenses (transportation costs, tolls, parking, etc) from a main job location to other locations for business purposes are reimbursable.

This fact sheet applies to all current WJU employees. This fact sheet is not exhaustive. For specific questions or additional help please contact the Business Office.