

Revised October 17, 2011

**TULANE UNIVERSITY POLICIES AND PROCEDURES
FOR PURCHASING AND EXPENSE REIMBURSEMENT
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**TULANE UNIVERSITY
Purchasing Authority**

RESPONSIBLE UNIVERSITY OFFICIAL: SENIOR VICE PRESIDENT FOR
OPERATIONS AND CHIEF FINANCIAL
OFFICER

RESPONSIBLE OFFICE: CONTROLLER'S OFFICE

COORDINATING DEPARTMENTS: MATERIALS MANAGEMENT, ACCOUNTS
PAYABLE, FINANCIAL SERVICES, GRANTS
AND CONTRACTS ACCOUNTING,
OF RESEARCH

**OFFICE
ADMINISTRATION**

ISSUE DATE: January 1, 2010

REVISION DATE:

EFFECTIVE DATE: January 1, 2010

WHO NEEDS TO KNOW THIS POLICY: ALL UNIVERSITY DEPARTMENTS

Purpose of the Policy

This policy establishes purchasing authority and responsibility for obtaining goods and services. Purchasing authority is the ability to incur expenses on behalf of Tulane University.

Policy Statements

1. All employees must take reasonable steps to obtain the best price, quality and delivery terms for any purchase commitments of university resources.
2. The Materials Management Office (MMO) is responsible for executing the university's orders for supplies, equipment, maintenance contracts and many services. That office is charged with obtaining the best prices and other terms that are available. MMO works with the ordering department to bid specifications where appropriate. That office maintains contracts to obtain the best price possible for significant purchases of commodities and other items.
3. Authorization to commit university resources rests with its officers. The Board of Administrators delegated purchasing authority to the President as necessary to support the mission, goals and objectives of the university. No other person has the authority to authorize an obligation on behalf of the university except as described in this policy.
4. Authorization/Approval thresholds: The President and Senior Vice Presidents have purchasing or contracting authority for commitments of \$100,000 and above. The purchasing authority for commitments up to \$100,000 is set forth as follows: Division Head up to \$100,000, Department Head up to \$10,000.
5. Division Heads: Division Heads include Vice Presidents and Deans. Certain employees with roles such as Assistant or Associate Vice President may be defined as a Division Head for these purposes
6. Excluded transactions: Certain transactions are excluded from Division and Department Head authority. Such exclusions include real estate acquisitions, modifications to fixed property,

vehicle purchases and legal services. These transactions will be approved by the President, Senior Vice President for Operations/CFO, or the General Counsel as applicable.

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7. Existing supply/service contracts: If the university maintains one or more contracts for the provision of supplies/services, it is expected that purchases will be made under such contracts unless a compelling reason for accessing alternate sources can be documented.
8. Structuring purchase commitments into multiple transactions to circumvent purchasing authority threshold limits is prohibited.
9. No personal benefit: Regardless of the amount, no employee can request or approve a purchase that results in a personal benefit accruing to such employee. The supervisor of the highest-level employee involved in a purchase must approve that expense reimbursement. For example, a dean, department head and faculty member have a business meeting over lunch. The correct procedure is for the dean to pay the restaurant and submit an employee reimbursement request for vice president approval. The incorrect procedure would be if the department head pays the restaurant, submits the expense request to the dean, who approves the request without the vice president's approval. The Dean cannot approve his own expenses. This restriction also applies to transactions with departmental Purchasing or Travel + Entertainment cards. The cardholder cannot make a purchase for his/her supervisor because the supervisor approves the cardholder's expenses. University resources are only for official university purchases. Under no circumstances may university funds be used for personal expenditures and/or personal benefit.
10. Purchasing compliance: Employees with purchasing authority have an obligation to stay current in their knowledge of, and act in compliance with policies, laws, regulations, contract terms, grants and donor restrictions applicable to purchases made in their operating units or areas.
11. Sales Tax Exemption: Purchases directly for the university are exempt from Louisiana and local sales and use tax. Use all reasonable steps to avoid paying such taxes. Other states also grant tax exemption. The exemption documentation is available at the Materials Management Office website.
12. Reporting Fraud, Waste, Abuse: Employees are responsible for reporting matters that could negatively affect the university. If the matter: appears dishonest, fraudulent or unethical or violates or may violate established university policy, local, state or federal law. Employees can report the matter directly to the Internal Audit Department by calling the Hotline number at 314.CALL (2255) or through the Internal Audit website.
13. Payment of authorized, approved transactions: The accounts payable office is responsible for payment of invoices that have been processed under: university purchase orders, purchasing card arrangements, corporate card arrangements, travel and entertainment reimbursements, and for invoices that have been processed directly by departments.
14. Minimum specifications: It is understood that these are the minimum specifications concerning purchasing authority. Should a department or officer wish to extend more restrictive

requirements, the university will use its resources to support such restrictions to the extent that it is practical to do so.

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Purchasing Authority

Purchasing and Payment Methods

1. For purchases up to \$2,500, the purchasing card is the preferred method. The purchasing card program streamlines administrative efforts and maximizes negotiated discounts. Refer to the Purchasing Card website for policies and procedures that apply to use of the card.
2. Petty cash funds may be used to settle individual transactions with transaction value of up to \$100. Such funds may be established through the Controller's Office.
3. For material, supplies, and equipment purchases and payments of certain recurring services that are over \$2,500, a purchase requisition submitted to the Materials Management Office is the required method. A purchase requisition is required for all equipment purchases greater than \$2,500. Computers must be purchased with an IT or Purchasing Card from the Tulane Technology Connection (the one campus computer store).
4. For Travel and Entertainment expenses, the Tulane Travel and Entertainment card is the preferred method. Refer to the Travel and Entertainment policy for further details.
5. All employee reimbursements or advances must comply with the Internal Revenue Service Accountable Plan requirements. Compliance allows the university to exclude the reimbursement from an employee's taxable earnings; protect the tax-exempt status of the university and minimize the risk for penalties and fines levied on those who benefit from or authorize purchases that might provide personal benefit.
6. Payment for consulting, other services and other incidental items that are not under a purchase order may be requested through an automated process (Concur) that features appropriate approval workflow. The actual ordering authority rests with management of the originating department, as described above.

Applicability

This policy applies to all purchases and commitments incurred on behalf of the university. Employees who make an unauthorized purchase or approve an improper purchase may lose their purchasing authority, face administrative disciplinary action including termination of employment and be held personally liable for any costs incurred. A purchase involving university funds for personal benefit could result in fines and penalties imposed by the Internal Revenue Service on employees who benefit, authorize and/or approve such purchases.

Definitions

Division Head is an academic or administrative officer of the university as defined by the President. This includes Deans, Vice-Presidents and Executive Directors.

Department Head is an employee who reports directly to a Division Head.

**TULANE UNIVERSITY
EXPENSE REIMBURSEMENT PROCESSING**

RESPONSIBLE UNIVERSITY OFFICIAL:	SENIOR VICE PRESIDENT FOR OPERATIONS AND CHIEF FINANCIAL OFFICER
RESPONSIBLE OFFICE:	CONTROLLER'S OFFICE
COORDINATING DEPARTMENTS:	ACCOUNTS PAYABLE, FINANCIAL SERVICES, ACCOUNTING, GRANTS AND CONTRACTS ACCOUNTING, OFFICE OF RESEARCH
ISSUE DATE:	January 1, 2010
REVISION DATE:	
EFFECTIVE DATE:	January 1, 2010
WHO NEEDS TO KNOW THIS POLICY:	ALL UNIVERSITY DEPARTMENTS

Purpose of the Policy

This policy provides guidelines and responsibilities when an employee has incurred expense on behalf of the university and requests reimbursement

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1. Accountable Plan
2. Expense Reporting Standards
3. Roles and responsibilities within the Expense Reimbursement/Payment Process
4. Expense Report Exceptions
5. Ineligible expenditures
6. Business Associates

Policy Statements

1. Accountable Plan

Reimbursements to employees for purchases made with out of pocket funds, or with the Tulane Travel and Entertainment card, are based on the Internal Revenue Service Accountable Plan requirements unless grant requirements are more restrictive. The following are the three requirements for an Accountable Plan.

- There must be a business connection and the expense must be reasonable
- There must be a reasonable accounting for the expense
- All excess advances must be repaid in a reasonable time

Tulane has established standard Expense Report processing requirements to meet the IRS Accountable Plan requirements as set forth in IRS Publication 463. University Approvers are responsible for reviewing Expense Reports for compliance with the requirements. When the requirements are met, the expenditures will be approved, coded as business expense and reimbursed to the employee. If the requirements are not met, the exception will be evaluated on a

TULANE UNIVERSITY EXPENSE REIMBURSEMENT PROCESSING

case-by-case basis by the University's Approvers. Based on the facts and circumstances, the expenditures may be coded as reimbursable business expense, wages to the employee or a personal liability of the employee. An employee may appeal the Approver's decision to the Controller. The decision of the Controller is final.

2. Expense Reporting Standards

- **Eligible expenses:** Only eligible expenses will be reimbursed. Business purpose must be clear for each expense item although clarity may be conveyed within the context of a trip explanation or other business setting.
- **Proper supporting documentation:** See the separate policy statement on adequacy of supporting documentation. Documentation is used to "prove" expenses.
- **Fair and reasonable cost:** Costs incurred must be fair and reasonable in order to be reimbursed. Excessive markups or prices that aren't customary are unreasonable.
- **Timely submission:** The expectation is that travel advances and expense reports will be filed monthly or promptly after the conclusion of foreign travel.

3. Roles and responsibilities within the Expense Payment Process defined

- a. **Report preparer:** Employee who compiles the expense report on behalf of a faculty or staff employee who incurs business expenses. Role is to create the expense report and notify the Payee when the report is available for review and submission. Preparers will use system tools that guide toward accurate report completion. The form cannot be advanced without completing certain required fields and a system of flags will warn the preparer that parameters may be outside expectations.
- b. **Payee or traveler:** Faculty or staff employee, acting in an authorized capacity who acquires goods and services for business purposes from suppliers using out of pocket funds or a Travel and Entertainment Card. The role is to certify that the goods/services are
 - a. Acquired with the knowledge of a Tulane official who is authorized to approve such purchases on behalf of the university,
 - b. Received and billed consistent with the authorized terms, and that the
 - c. Transaction is documented accurately, completely and timely in the expense report.

The Payee's requirements for the expense report are

- a. Perform duties assigned by an authorized Tulane purchase approver
- b. Confirm delivery of goods and services for Tulane use
- c. Obtain receipts proving the essential elements of the expense type
- d. Submit properly completed expense report timely
- e. Resolve exceptions.

When multiple employees attend a meeting and the cost is paid out of pocket, the highest ranking employee must pay and submit an expense report for reimbursement. No employee may approve their own expense.

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- c. **Supervisory approver:** This official is the payee's supervisor (or acts expressly on his/her behalf) in checking the accuracy and completeness of purchase documentation to ensure that disbursements to payees are substantiated, supported and correctly coded and make business sense within the context of department operations. The supervisory approver is typically a department head or an express delegate like a department administrator in a large department. When the payee is the department head then this approval will be done by the department head's direct supervisor or his/her express delegate. The role is to certify that the expense report was reviewed and complied with payment approval requirements unless explained in the comment section.

The supervisory approver must verify

- a. Timely submission
 - b. Essential elements of expense types
 - c. Proof of essential elements
 - d. General ledger coding
 - e. Exceptions are properly documented and resolved.
- d. **Grant Approver.** This official has the authority to control the use of third-party funds in accordance with grant or contract spending requirements. This role is to certify that the expense report was reviewed and grant/contract expenditures complied with third-party requirements unless explained in the comment section.
- e. **Secondary Purchase Approver.** Division or department management with the authority to control the use of university capital and operating funds in accordance with budget and policy expectations. Generally, these officials include department heads, deans or vice presidents, and senior vice presidents with threshold levels up to \$10,000, up to \$100,000 and over \$100,000, respectively. Role is to certify that the expense report was reviewed and complied with purchase approval requirements unless explained in the comments section. **It is expected that secondary purchase approvals within the context of EXPENSE reimbursement processing will be required at levels beyond the department head only in relatively rare instances.**

Secondary purchase approvers will verify

- a. Business connection/purpose
- b. Business relationship of attendees
- c. Eligible and ineligible expenditures
- d. Budget control
- e. Reasonable and fair cost, without conflicts of interest
- f. Exceptions are properly resolved.

It is understood that department heads will in many cases discharge the role of both supervisory reviewer and purchase reviewer for transactions up to \$10,000.

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- f. **Payment Processor.** Maintain payment documentation and processing systems, post payment transactions to university records and issue checks or ACH bank transfers. The Payment Processor must:
- a. Validate Payment Approvals
 - b. Test transactions for policy compliance
 - c. Treat/Handle payment exceptions

This role is discharged by personnel in the Accounts Payable Office.

g. **Long-term assignment of approval roles:**

A Payment, Grant or Purchase Approver may be unable to perform their duties on a long-term basis due to schedule conflicts, time constraints, leave of absence or sabbaticals. In that case, the supervisor of the approver must notify the Controller in writing (e mail is preferred) with an effective date and recommendation for a suitable replacement. The replacement will not serve as a delegate but instead will have the authority and accountability related to the approver's role. Accordingly, the Controller will evaluate whether the replacement meets internal control requirements and is at a level in the organization with the knowledge and skills to assume approver accountabilities. The Controller will initiate the removal of the existing approver and substitution of the qualified replacement.

h. **Short-term delegation of approver roles:**

A Supervisory Approver may be unable to perform his /her duties on a short-term basis due to vacation, conference attendance, illness or other schedule conflicts. On a short term basis, the role may be delegated to another departmental official or to an alternate employee in the school or division. If this delegation is not performed, the report record will be routed on an automated basis to the next level of supervision.

It is expressly understood that employees cannot delegate their underlying responsibilities to subordinate employees though they may rely on subordinate employees to temporarily complete certain approval functions. Supervisors are responsible for actions taken by their subordinates.

4. Expense Report Exceptions

a. **Untimely submission affidavit**

The IRS Accountable Plan rules (IRS Publication 463) require timely settlement of expense advances (where applicable) and reimbursement.

The following are the rules when an expense report is not submitted within 45 days of the expense. The Payee must complete the [Expense Exception Form](#) and submit with the expense report. Acceptable justifications include foreign travel hardships, emergency medical absences, unexpected non-routine work conflicts or severe weather. The link is:

<http://www.tulane.edu/~tams/concur.htm>

The general requirement is that employees with expenses report on them once a month.

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The Exception Form documents the facts and circumstances for late submittal. In addition it discloses any lost opportunity or additional cost resulting from the late submission. Examples of lost opportunities include grant disallowance, lost purchase price discounts, contract penalties, surcharges or fines. Additional costs may be treated as a personal benefit and not reimbursed if the payee caused the delay. Approvers may accept the exception and submit the report, or reject and return the report to the payee with comments and follow up instructions.

b. Inadequate supporting documentation

The Payee must complete the [Expense Exception Form](#) and submit with the expense report. The Purchase Approver can accept the exception and submit the report, or reject and return the report to the Payee.

c. Conflict of Interest affidavit

Payees and Approvers must follow the [Conflict of Interest Policy](#) posted by the Office of General Counsel. It is the responsibility of the Purchase Approver to be aware of any potential conflict of interest within their area. For transactions involving a potential conflict of interest that exceeds \$2,500, contact the Controller to determine if additional documentation is necessary to demonstrate fair value. Conflicts of interest are expressly excluded within a grant or contract where there is an external sponsor.

5. Ineligible expenditures

The following are examples of ineligible expenditures not permitted by policy as ordinary or necessary for the mission of the university. This is not a complete listing of expenses that may be ineligible.

a. Personal extension of business travel:

If a traveler extends a business trip to take a vacation, he/she may claim the travel costs as a business reimbursement **as long as no additional costs** are incurred as a result of the extension. Trip and lodging costs that are primarily for personal reasons (such as a vacation) are not allowable and business reimbursement cannot be claimed.

b. Incidental meeting expenses:

Expenses associated with incidental meetings at cocktail parties, coffee shops, sporting events, social events, etc. do not qualify as business expenses and are not reimbursable by the university.

c. Club dues:

Country club dues, athletic club dues or clubs operated to provide meals (for example the City Club) are not reimbursable under the Accountable Plan.

d. Traveler's spouse accompanies a Tulane traveler on a business trip:

Such expenses are generally not reimbursable unless approved in advance and the business purpose for the spouse's attendance is very clearly documented. Spousal expenses are prohibited under sponsored funding arrangements. Also, the university requires that such costs

be expressly approved in advance and in writing by a senior officer in order to be considered for reimbursement.

TULANE UNIVERSITY EXPENSE REIMBURSEMENT PROCESSING

e. Not allowed by grant or contract terms:

The Payee must be aware of exclusions within the specific grant, as well as the Office of Research Administration policies such as [Indirect Cost Recovery](#) and [Unallowable Costs](#). Generally, meeting and travel expenses must be expressly budgeted to be allowed as a direct charge on a grant. Although ineligible under a grant, an expense item might be reimbursed by the department if it otherwise complies with university policy.

f. Local meals on or off university property for employees:

Meals provided to employees are not reimbursable unless substantial business discussion or effort is present. The provision of meals by the employer must be for the employer's convenience and the business purpose explanation must include why the meal costs facilitated the business discussion or objectives. Attendees must be documented and the meeting agenda submitted with the expense report.

g. Flowers, gifts or snacks for employees:

Employees will not be reimbursed for flowers, gifts or snacks purchased for other employees. These costs are considered personal and are not ordinary or necessary for university mission purposes.

h. Alcoholic beverages:

Alcoholic beverages are not to be reimbursed except within the context of business entertainment that is sanctioned by a Division Head or Senior Officer. Alcohol is never permitted for grant transactions unless expressly authorized by the sponsor. Again, the approval must be given in advance before the costs are incurred.

i. Employee commuting versus local transportation cost:

Local travel for business purposes that is beyond the daily commute to work can be reimbursed with the approval of the employee's supervisor. Travel between uptown and downtown campuses and between home and local airports is normally not reimbursed though supervisors may make exceptions to eliminate hardship conditions.

j. Business gifts: The University does not make business gifts to vendors. There are some occasions when students are recognized by way of minor gifts such as gift cards. Such gifts cannot be in recognition of service to the university as the gift would have to be made by way of the payroll office. Gifts made to students by way of the accounts payable function will generally be taxable to the students.

k. Gifts to Employees/Departing Employees: University funds cannot be used to make gifts to employees or departing employees.

l. Donations: The University does not make donations to other charities unless it is approved in advance by the President.

m. Moving expenses: Moving expenses will be processed for approval by the payroll office of WFMO.

n. Independent contractor: The University will not reimburse an employee for expenses of a non-employee when the expense is covered by contract. The contractor should submit an invoice for all expenses with work under contract. Employees must not pay these costs directly.

o. Office supplies, minor equipment and computers: Only minor purchases of supplies (less than \$100) may be reimbursed. Supplies, minor equipment and computers cannot be purchased directly by employees with the expectation that the university will reimburse the employee. These purchases must be made directly by the university using the Purchasing

Requisition/Order and Purchase Card processes. Computers must be purchased with an IT or Purchasing Card from the Technology Connection (on campus computer store).

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- p. Home office costs:** The University provides work space. University policy does not allow for the equipping or maintenance of a home office. Such costs are considered for the convenience of the employee, not the employer unless the university expressly sanctions such costs. Only senior officers may authorize such costs and only if the university's business purpose is clearly documented.
- q. First class airfare:** University travelers may not travel in the "first class" cabin without advance written approval by the senior officer that supervises the business unit. Business class is allowed.
- r. Departmental celebrations:** Departmental funds may not be used to pay for departmental holiday, retirement, or other celebrations.

6. Business Associates

The automated expense reimbursement process is only available to employees. A student, recruit or visiting professional are not employees but may have a special association with the university. The following are the procedures for processing their expenses.

a. Student, recruit or guest speaker/panelist

As a general rule, the university employee supervising the student activity, such as the faculty advisor, should incur business travel or entertainment costs on behalf of these business associates. Those costs are claimed in the expense report under "Business Associate" categories. Any out of pocket cost incurred by the business associate must be pre-approved by the employee supervising the activity. When this occurs, the associate must submit an invoice that includes proof of the authorization and proper supporting documentation.

b. Visiting professional

A visiting professional is a member of another institution working/teaching temporarily for the university. Tulane reimburses the other institution for the payroll cost of that professional. Any other business expense of the visiting professional may be reimbursed by the contracting department through an employee expense report, direct payment or an invoice from the visiting professional. The employee records the expenses under the "Visiting Professional" categories. A Purchase Approver may authorize the direct payment by Tulane Travel and Entertainment Card or check where conditions warrant.

TULANE UNIVERSITY
POLICY on SUPPORTING DOCUMENTATION FOR PAYMENTS TO SUPPLIERS AND
REIMBURSEMENT OF EXPENSES

RESPONSIBLE UNIVERSITY OFFICIAL:	SENIOR VICE PRESIDENT FOR OPERATIONS AND CHIEF FINANCIAL OFFICER
RESPONSIBLE OFFICE:	CONTROLLER'S OFFICE
COORDINATING DEPARTMENTS:	ACCOUNTS PAYABLE, ACCOUNTING, FINANCIAL SERVICES, GRANTS AND CONTRACTS ACCOUNTING, OFFICE OF RESEARCH ADMINISTRATION
ISSUE DATE:	January 1, 2010
REVISION DATE:	
EFFECTIVE DATE:	January 1, 2010
WHO NEEDS TO KNOW THIS POLICY:	ALL UNIVERSITY DEPARTMENTS

Purpose of the Policy

This policy provides guidelines and responsibilities for documenting all expenditures incurred on behalf of Tulane University. The university pays or reimburses expenses that have appropriate documentation that includes all essential elements.

Policy Statements

Original itemized vendor receipts or invoices must be attached to all payment or reimbursement requests. Receipt or invoice essential elements must include:

- Vendor name and address
- Date(s) of charge/service
- Amount
- Description of each charge/service

To be an invoice, the document should have the word "invoice", a unique invoice number and date. Other documents, such as packing slips, quotes, and statements are not invoices and generally cannot be the only supporting documentation. While packing slips can be used to prove "delivery" the university does not generally base payments to vendors based on packing slips, quotes or statements. In addition to the vendor documentation, the employee must document the business purpose of the expense unless it is evident from the vendor documentation.

Generally, the university requires boarding passes and an invoice to prove air travel. Travel can otherwise be proved but these documents provide the best evidence.

The university requires that itemized hotel or other housing related invoices be submitted with expense reports.

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POLICY on SUPPORTING DOCUMENTATION FOR PAYMENTS TO SUPPLIERS AND
REIMBURSEMENT OF EXPENSES

The university requires that detailed restaurant or meal receipts be submitted with expense reports. Credit card payment documents are insufficient.

If payments are being made on the basis of progress against a contractual amount, it is expected that the reviewer will not approve an invoice for payment unless he/she has obtained a satisfactory understanding that the work has been completed and accepted. Specialists such as architects, construction managers, etc. may be necessary to provide the assurance.

Travel, business meetings or entertainment require additional information, regardless of the reimbursement method. The additional elements include business purpose, name of attendees and business relationship of attendees. The staff and faculty handbooks support the use of per diem arrangements for out of town travelers but employees still have to “prove” the expenses. Expenses can be proved by providing documentation like hotel bills, itineraries, etc. See the attached worksheet that provides basis for providing proof in lieu of receipts.

Mileage is reimbursed at the federal rates in effect at the time the expenses are incurred or at alternative rates required by contractual arrangements. Generally odometer readings should be used though other means may be used to determine mileage as long as such means produce an objective, accurate result.

If an itemized receipt or invoice is not available and the amount is over \$25, it is expected that a missing receipt affidavit will be completed and filed with the payment request.

If gift cards are used as patient study incentives or for similar reasons, it is understood that it is incumbent on the department to maintain appropriate control over these items and that the documentation be provided or maintained

All employee reimbursements or advances must comply with the Internal Revenue Service Accountable Plan requirements. Compliance allows the university to exclude the reimbursement from an employee’s taxable earnings; protect the tax-exempt status and minimize the risk for penalties and fines levied on those who benefit from or authorize purchases that might provide private benefit. Refer to IRS publication 463 for further details.

Applicability

This policy applies to all individuals making purchases or commitments on behalf of the university. Employees consistently not providing proper supporting documentation may face administrative disciplinary action including termination of employment and be held personally liable for any costs incurred. A purchase involving university funds for private benefit could also result in fines and penalties imposed by the Internal Revenue Service on employees who benefit, authorize and/or approve such purchases.

**TULANE UNIVERSITY
EXPENSE REIMBURSEMENT EXCEPTION PROCESSING**

Tulane University Expense Exception Processing Form.

What to do if receipts aren't available	
INADEQUATE SUBSTANTIATION OF ESSENTIAL EXPENSE ELEMENTS	POSSIBLE RECEIPT ALTERNATIVES
I am <u>unable</u> to provide a receipt proving the essential element(s) of an expense type meeting the conditions below: Check all that apply.	
<input type="checkbox"/> The expense type is meals, or meals and incidentals.	Claim federal per diems rather than actual costs. No receipt is necessary if you can identify the essential elements.
<input type="checkbox"/> The expense type is not lodging and the cost/amount is less than \$25. These will include tips, and other minor costs	No receipt is necessary if you can identify the essential elements.
<input type="checkbox"/> The expense type is transportation (and over \$25) and a receipt was not readily available from the supplier/vendor (such as taxi, etc.)	No receipt is necessary if you can identify the essential elements.
2A. I am <u>unable</u> to provide a receipt proving the essential element(s) below for an expense type that does not meet the conditions listed in (1): Check all that apply.	
<input type="checkbox"/> Amount/Cost	Other direct evidence may be substituted.
<input type="checkbox"/> Name of the Vendor/Supplier	Other direct evidence may be substituted.
<input type="checkbox"/> Place/Address	Other direct evidence may be substituted.
<input type="checkbox"/> Time/Date(s)	Other direct evidence may be substituted.
<input type="checkbox"/> Number of Attendees	Other direct evidence may be substituted.
<input type="checkbox"/> Business Purpose	Circumstantial evidence may be substituted.
<input type="checkbox"/> Business Relationship of Attendees	Circumstantial evid can be added

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<p>2B. I am able to provide other direct or circumstantial proof of the essential element(s) of the expense type to supplement inadequate receipts: Check all that apply.</p>		
	Other direct evidence	Written statements from you and other witnesses or guests setting forth specific details of the elements can supplement incomplete receipts.
	Circumstantial evidence	A written statement from you setting forth specific details of the element may supplement incomplete receipts if the element is clear from the surrounding circumstances, such as the nature of your work or job position. The degree of proof varies according to the circumstances in each case.
<p>3. Exceptional circumstances exist as described below preventing use of the receipt alternatives listed in (1) – (2): Check any that apply.</p>		
	No receipt was available from or provided by the supplier/vendor because of the nature of the situation in which an expense was made.	You can present other evidence for the element that is the best proof possible under the circumstances. This option is intended for use for “cash only” purchases such as food booth vendors, service tips, or street car tokens.
	The receipt was destroyed and cannot be replaced due to reasons beyond my control such as a flood, fire, hurricane or other casualty.	You can prove an element of expense by reconstructing your records or expenses.

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<p>4. I am unable to prove the essential element(s) of the expense type by any of the means described in (1) – (3) yet I spent out of pocket funds or incurred T&E credit charges on behalf of Tulane University. Check all that apply.</p>		
	<p>The expense was authorized in advance by a Purchase Approver but I lost the receipts and/or did not file my Expense Report timely for reasons I can explain and justify.</p>	<p>If the Purchase Approver certifies these circumstances, you may be reimbursed as income included in your W-2 wages.</p>
	<p>The expense was not authorized in advance by a Purchase Approver.</p>	<p>You are liable for these costs because they were not incurred consistent with Tulane purchase or payment policies.</p>

**TULANE UNIVERSITY
PURCHASING AND REIMBURSEMENT POLICY QUESTIONS AND ANSWERS**

Policy Questions and Answers:

- 1. I'm traveling to the airport to depart for Boston. My wife is dropping me off and picking me up. Am I allowed to claim the mileage to and from the airport?**

Generally local travel is not reimbursed though your supervisor may approve it if he perceives that such travel would otherwise create a hardship for you.

- 2. I park my car at the airport. Is this parking reimbursable?**

Yes.

- 3. I take a cab to the airport. Is this reimbursable?**

The university will reimburse the value of cab fare or parking costs incurred.

- 4. I work uptown/downtown and I'm traveling to the Primate Center for a meeting. Is the mileage reimbursable?**

Yes. The mileage between the uptown/downtown campus and the Primate Center is reimbursable. Even if you make the first stop the PC, the university will only reimburse the mileage between the uptown/downtown and the PC.

- 5. I work uptown/downtown and I'm traveling to downtown/uptown for a meeting. Is the mileage reimbursable? Travel between uptown/downtown and Elmwood?**

No, unless your supervisor approves it.

- 6. I already pay to park uptown. Can downtown parking for a business purpose be approved for reimbursement?**

Yes.

- 7. I was working in Europe this summer on a teaching abroad assignment on behalf of the university for two weeks and incurred costs for meals but I didn't retain receipts. Can I be reimbursed?**

Yes, claim per diem for meals and incidentals. Remember that you only claim meals and lodging per diem (or actual expenses for that matter) for days worked. See publication 463 for allocation rules and for information about days worked. See page 7 under the heading "Travel Outside of the United States." Days not "worked" are personal and should not be reimbursed. Also if your trip is for 75% business (as defined by business vs. personal days), you will be 100% reimbursed for your travel costs.

8. I'm teaching in Greece. We're staying with friends so I'm incurring no lodging costs. Can I claim per diem for lodging?

No. You must have actually incurred the cost in order for it to qualify as a business expense. If your host charged you, then have that person render an itemized billing or contract and pay it. Since you know your host, there may be a conflict of interest and you should document why the charged rates are fair and reasonable. If rates charged are not excessive, then such housing costs would qualify for reimbursement provided you can demonstrate you paid such costs. You cannot claim per diem if you have no underlying costs. University policy requires that you prove your housing costs.

IRS Publication 463 has specific rules regarding the allocation of travel costs between business and personal purposes. Also, lodging and per diem costs are subject to allocation rules. The university expects that its employees will read and understand these materials and make the proper allocations.

9. I'm at Best Buy and I purchase a computer for my home office on my Best Buy card. Reimbursable?

No, the university does not reimburse the costs of a home office and you are not authorized to be reimbursed for computer equipment, office equipment, software, etc. It must be purchased directly by Tulane.

At this time Tulane is maintaining a computer store in house, and it is required that all purchases of computers be completed through the Technology Connection.

10. I pay for my traveling costs on my personal credit card and significant benefits accrue to me in the form of frequent flier airline miles. Am I required to "turn over" these miles to the university?

Generally employees are not allowed to benefit from the conduct of business on behalf of the university. Significant travel should be paid for with the university's T & E card.

11. I'm afraid of flying so I drive to a meeting in Atlanta. Is the mileage reimbursement allowed?

Yes, up to the value of the coach airfare. The university does not generally pay for 1st class seats.

12. My boss asks me to go to lunch to discuss various specific topics. I pick up the receipt and turn it in for reimbursement. I explain the business purpose. Would this reimbursement be allowed?

Generally, no. Since your boss would be approving his own expenses the costs are not reimbursable. The correct procedure is for your supervisor to pay for the meeting costs and then have his supervisor approve the costs.

- 13. I use my personal cell phone to conduct business on behalf of the university. Can I be reimbursed for the fractional use of the phone?**

Yes, assuming that your supervisor agrees that such cell phone use was necessary, but you must maintain detailed records and calculations to support the business use and the amount reimbursed.

- 14. A co-worker's wife passed away and I want to express the department's condolences. Am I authorized to send flowers on behalf of the department?**

Generally, you are not. Flowers and other such expressions are personal in nature. When you send them, you represent yourself. The President's Office can authorize exceptions.

- 15. I am being solicited for donations on behalf of a worthy, notable charity. Am I authorized, as a university dean, to make a donation on behalf of the university?**

No. The university is a recognized charitable organization in its own right and does not make donations to other charities.

- 16. I'm a department head. I established a deadline for my staff to complete a project by a certain date. My staff procrastinated some and had to scramble to get the work done on time. They decided to work late in order to meet the deadline and presented me with a bill for dinner at a local restaurant. They took a break at 5 and went to dinner. Am I authorized to pay for their dinner?**

No. The dinner was for the convenience of the employees, not the employer. If it can be demonstrated that the expenses were for the convenience of the employer, then the cost may be evaluated as business expenses. The reasons for such convenience must be documented. Also, such expenses need to be approved in advance.

- 17. I'm a department head and I'm going to an important meeting in Little Rock to give a presentation. My wife accompanies me to help me keep the names of my acquaintances straight. I submit her airfare and travel expenses for business reimbursement and document the business purpose as social secretary type work. Will I be reimbursed?**

No. Your wife's expenses would be considered personal in nature. There is not sufficient business substance in your description to justify the costs as necessary business in nature. Also, you did not obtain your supervisor's approval in advance.

18. In the expense policy it says that employees must prove the essential elements of expenses in their expense reports. What does this mean?

In Chapter 5 on page 26 of IRS publication 463 (Travel, Entertainment, Gift and Car Expenses), there is a grid that explains how to prove certain business expenses (travel, entertainment, lodging, etc.). Basically, you need to prove AMOUNT, TIME, PLACE/DESCRIPTION, AND BUSINESS PURPOSE. Tulane maintains an automated system (and for non employees, paper forms processing) to support itemization of the required information. Basically, any time you seek reimbursement you need to explain/prove these elements to the extent they apply.

19. Why must we prove expenses in order to be reimbursed?

It is an essential business practice and one that is required by the IRS. If you don't prove your expenses to your employer in a manner acceptable to the IRS, then your employer must report payments to you as taxable income.

20. I have a recruit (speaker, or student) who has incurred expenses that I need to reimburse him for. How do I accomplish this since the automated system is only for employees?

You document the expenses on the existing paper forms, attach the receipts, approve it and submit it to the department head for approval. If you are the department head, route it to the AP department for processing. If the expenses are less than \$100, you may settle these through the petty cash process.

Alternatively, you (as an employee) can incur or pay for some (but perhaps not all) travel and lodging expenses directly and process these for reimbursement in the automated system. In the automated system, such requests are made under the heading of "business associates".

21. I need to purchase a significant quantity of supplies (or equipment, or furniture, or routine services). The purchase transaction values are expected to exceed \$2,500. How do I accomplish this?

You need to requisition these items/services through the Materials Management Office. This office will obtain your specifications and assist you in the purchasing process. They will issue a numbered purchase order at the time the order is made. This order will represent Tulane's authorization to the vendor to supply the ordered items. Payments and receipts will be processed against such order. Materials Management maintains lists of preferred suppliers for computers, equipment, chemicals, lab supplies, office supplies, furniture, staffing services, etc. Nearly all purchases of goods or materials should be processed by way of purchase orders. The exception would be minor purchases that are less than \$2,500 in value. These can be processed or paid for with a purchasing card. To comply with federal and state reporting requirements, even minor values for certain chemicals must be processed through the purchase order system. See question # 9 about the requirement that computers be purchased through the Technology Connection.

22. What transactions can be processed outside of the purchase order system?

Invoices for professional services, major contractors, subscriptions, catering, grants subcontracts, utilities, advertising, employee benefit payments, garnishments, debt service payments, rents, settlements, refunds, insurance, and other items where essential management control does not require the creation of a purchase order may be processed without a purchase order. The existence of many invoices indicates a need to process through the purchase order system. Expenses being processed outside the purchase order system would typically be one invoice per month or one time only such that creation/maintenance of a purchase order wouldn't be necessary or meaningful.

23. I have a travel and entertainment card issued by the university. How will transactions under this card be settled?

These transactions will be directed to the automated travel and entertainment expense reporting system where you will complete your accounting for these items on behalf of the university. Your report will be submitted to your supervisor for approval and he/she will submit the approved report to TAMS for posting to the general ledger.

24. I need to process an award payment to a student. The payment doesn't have anything to do with employment and is not financial aid.

The payment may be processed through the automated invoice system. A purchase order is not required.

25. I need to purchase incentives for participants in a university sponsored study arrangement. How do I do this?

To purchase gift cards, the PI or employee responsible for disbursing the gift cards should request an advance (on a paper Request for Travel Advance/Reimbursement Form) through Accounts Payable. The person who receives the advance should purchase the gift cards, document them (make copies) and place them in a safe or lock box in the office, where there is limited access. As the gift cards are distributed, have the subject sign and date a log sheet, which proves that they have received the card. Once the cards are distributed, prepare the paper Travel Advance/Reimbursement Form to clear the advance and to charge the grant or gl account. The paper Travel Advance/Reimbursement Form should be fully approved and submitted to the appropriate Grants Office for approval (if required) and then to Accounts Payable for final processing. Attached to the Travel Advance/Reimbursement Form should be distribution log sheet(s) with all of the recipients signatures (proof of distribution). This must be done in a timely manner (within 30 days of the card distribution) to ensure that we are accounting for the expenses in a timely manner and billing the sponsor(s) for the cards that have been used. Therefore, we are being reimbursed for the cards as quickly as possible. This is critical!

Ultimately, the person who receives the advance and purchases the gift cards is responsible for this entire process. Who that person gets to support them administratively is up to the department. Please keep in mind that gift cards are like cash and should be treated with the same security that you would treat a petty cash box in your office.

Alternatively, a petty cash fund can be requested for purchasing gift cards for participants in a university sponsored study. The petty cash method is an efficient way to manage the purchase of gift cards for participants in a long term study that will require replenishing of the gift cards over a longer period of time. To request a petty cash fund fill out the Petty Cash Fund Request/Change form and submit it to the

VP for Finance and Controller for approval. The form can be accessed on the TAMS Forms website. Once the petty cash fund is established, the petty cash custodian will use the fund to purchase the gift cards, document them (make copies) and place them in a safe or lock box in the office, where there is limited access. As the gift cards are distributed, have the subject sign and date a log sheet, which proves that they have received the card. Once the cards are distributed, prepare the paper Petty Cash Reimbursement Form to charge the grant or gl account and replenish the petty cash fund. The paper Petty Cash Reimbursement Form should be fully approved and submitted to the appropriate Grants Office for approval (if required) and then to Accounts Payable for final processing. Attached to the Petty Cash Reimbursement Form should be distribution log sheet(s) with all of the recipients signatures (proof of distribution) as well as petty cash vouchers for each grant or gl account that is going to be charged. The petty cash custodian will then be issued a petty cash reimbursement check that will be cashed and used to replenish the petty cash fund. The total cash and receipts at any given time should balance back to the petty cash fund total that was approved by the VP for Finance and Controller. The petty cash fund should be balanced by the petty cash custodian on a weekly basis.

- 26. I'm a department head. I'm going on a trip to L.A. and may need cash to pay for minor expenses like taxi and tips. Can I get a travel advance?**

No. The university does not issue travel advances for domestic travel. Seek reimbursement on your expense report for out of pocket expenses.

- 27. I like to save up my business receipts and submit them for payment once a year. Is this permissible?**

No. A timely accounting of your expenses must be made. Generally, a monthly accounting will satisfy the requirements.

- 28. I have moving expenses that I need reimbursed. How should these be processed?**

These should be processed through the WFMO payroll office to determine taxation issues.

- 29. I'm a department head and I want to recognize an employee for outstanding work by giving him a check for \$100. Am I authorized to do so?**

You are not authorized to request a check through the invoice payment system for employee compensation. The accounts payable office cannot process items of employee compensation. These should be processed through the WFMO payroll office.

- 30. I'm a department head and I want to sponsor a departmental celebration for the holiday season, or a retirement party. Can I be reimbursed? Can I pay these costs directly?**

No. The university does not sponsor holiday celebrations, retirement parties, etc. Departmental funds cannot be used for departmental celebrations.

- 31. I'm a department head and was routed a bill from Garrity Printing by the Publications Office. Publications placed my order with Garrity but didn't use a purchase requisition. The amount was \$1,500. How should I process this bill?**

The one time purchase was less than \$2,500 and can be paid on purchasing card or by automated payment request via Concur system. Printing specifications with values greater than \$2,500 should be sent to Materials Management.

- 32. I was at Office Depot with my Tulane purchasing card. I purchased a number of items. They charged me tax. How do I avoid this?**

The store associates the Tulane Purchasing Card number with Tulane's account number. Some retail outlets are prepared, others are not. You might have to go to the customer service desk. The Purchasing Card Office can assist you in this regard. The preferred manner of ordering with Office Depot is to order online for overnight delivery with payment to be made by PCARD.

- 33. I'm confused in that I thought the university allowed employees to claim lodging per diem but I'm required to provide the hotel receipts? Doesn't this defeat the purpose of the lodging per diem?**

The faculty handbook includes the following option:

“Reimbursement utilizing CONUS Per Diem for both lodging and meals/incidentals. Proof of travel and lodging is required even though per diem is requested. Receipts, however, are not required for meals/incidentals. In no instance shall reimbursement for lodging exceed the actual lodging cost. All other approved trip related expenses are reimbursable with receipts.”

Effectively, faculty and staff are limited to actual costs for lodging and must provide receipts to prove the expenses.

- 34. I was traveling overseas in March and had obtained a travel advance. I got back in April but didn't work to clear the travel advance until September. They told me they had processed the advance to my payroll? What's this all about?**

You didn't settle your advance within a reasonable period of time (45 days) of returning from overseas. If an employee does not timely substantiate expenses or return excess advances, the advance is includible in wages and subject to income and employment taxes no later than the first payroll period following the end of the reasonable period. *Reg. §1.62-2(h)(2)*

- 35. I pay a service provider on a retainer or schedule based on a contract. I negotiated the contract within my scope of authority. What is the recommended way to pay the contract?**

You may process an invoice for payment through the automated payment system. Alternatively, you may request a purchase order and process you payments against the order.

- 36. How will we handle the foreign nationals that require reimbursement? Will you be able to one up the expense report to the International Tax Office (the ITO) so the processors will know how to tax them or will the foreign nationals be done on paper like the students?**

Foreign Nationals that are not employees will be paid through the Invoice Module. The department can “one up” the request to the ITO for approval. If the department does not forward it to the ITO, the AP processor can route it to the ITO prior to release into TAMS.

- 37. Will there be a hard stop if the end user is requesting a new vendor and they do not attach the W9 or the Independent Contractor form? If not, what will happen to the new vendor request? Will it be sent back to the preparer?**

Vendors will be reviewed by AP Supplier Entry Clerk prior to entry into TAMS. The AP Supplier Entry Clerk will use the information provided by the department on the "new vendor request form" in Concur. If documentation is missing the AP Supplier Entry Clerk will notify the department of missing documentation.

- 38. Will someone be able to get an additional cash advance if they already have one and haven't done their expense report within the required 45 days? What happens to all the cash advances on the books that the users haven't done expense reports for?**

A Cash Advance Administrator is assigned in Concur to approve all travel advances. This role will be assigned to one of the AP employees. This administrator will be able to deny or issue an advance on a case by case basis. Employees will generally not be allowed to get a second advance if the first is still outstanding. Advances that are not cleared will be brought to the attention of the Department Head for follow-up.

- 39. A department wants to make a gift to a departing chairman and requests university funds for this purpose. Should the request be honored?**

No. University funds may not be used to pay for gifts to faculty and employees.

New Questions and Answers for the Tulane University Purchasing and Reimbursement Policy

I am traveling to Denver for a conference and I bought a cup of coffee and a snack while waiting for my flight. Can I be reimbursed for this expense? No. The University reimburses for breakfast, lunch and dinner. Exceptions may be made if the snack replaces one of the main meals on that day.

I am attending a conference in Houston for 3 days. Will I be reimbursed for items taken out of the minibar (that is, items other than alcoholic beverages which are clearly not reimbursable) in my hotel room? No. The University reimburses for breakfast, lunch and dinner. Exceptions may be made if the snack from the minibar replaces one of the main meals on that day.

I am attending a work related conference that does not require overnight accommodations. Can I be reimbursed for my meals or use meal per diem for that day? No. The University reimburses for meals when the work related function is away from home. IRS publication 463 states the following requirements for qualifying for away from home status:

You are traveling away from home if:

- Your duties require you to be away from the general area of your home substantially longer than an ordinary day's work, and
- You need to sleep or rest to meet the demands of your work while away from home. This rest requirement is not satisfied by merely napping in your car. Your relief from duty must be long enough to get necessary sleep or rest.

I am a department head and I would like to sponsor an off campus retreat for my department. Is this allowable? The Dean or VP of your area must approve this event prior to the event as well as on the reimbursement or payment request. A detailed business purpose, meeting agenda, and list of attendees is required as a part of the backup for the payment request.

I am a department head and I would like to order flowers and have lunch with my staff to celebrate Staff Appreciation. Is this allowable? No. The University supplies a holiday to all staff in honor of Staff Appreciation.

Can flowers purchased for a coworker in congratulations on a new baby be reimbursed? No. Flowers and other such expressions are personal in nature. When you send them, you represent yourself.

My department wants to be able to purchase supplies at Sam's Club but Sam's Club does not take the University's T&E card. What should we do? The University suggests that you find other vendors and or stores that do honor the T&E card or University purchase orders. University policy specifies that only minor purchases of supplies (less than \$100) may be reimbursed. Supplies, minor equipment and computers cannot be purchased directly by employees with the expectation that the university will reimburse the employee. These purchases must be made directly by the university using the Purchasing/Requisition/Order and Purchase Card processes. Computers must be

purchased with an IT or Purchasing Card from the Technology Connection (on campus computer store).

I'm an approver inside Concur. I have 6 direct reports that turn in expense reports but since it's a waste of my time, I don't always look at the receipts that back up these reports. Is this okay? No, it is not okay. The expectation is that you will inspect receipts in discharging your approver role. Since receipts are typically needed in order to prove the expense elements, you must inspect receipts in your approver role. It is understood that you may have already seen the receipts or know that amounts are reasonable when the report is for di minimis amounts that are known to you. If you looked at the receipt, before it was scanned into Concur, then leave your initials on the documents. For purposes of determining minor amounts, receipts less than \$100 do not have to be reviewed if you are otherwise knowledgeable about the nature of the expense. The internal audit team will be evaluating whether approvers are inspecting receipts. Concur logs this information.

REWORDING OF EXISTING QUESTION AND ANSWERS

- 24. I need to process an award payment to a student. The payment doesn't have anything to do with employment and is not financial aid.**

Existing answer: The payment may be processed through the automated invoice system. A purchase order is not required.

Revised answer: The payment must be processed through TAMS on a request for payment form. A purchase order is not required.

- 30. Existing Question: I'm a department head and I want to sponsor a departmental celebration for the holiday season, or a retirement party. Can I be reimbursed? Can I pay these costs directly?**

Revised Question: I'm a department head and I want to sponsor a departmental celebration for the holiday season, staff appreciation, or a retirement party. Can I be reimbursed? Can I pay these costs directly?

Existing answer: No. The university does not sponsor holiday celebrations, retirement parties, etc. Departmental funds cannot be used for departmental celebrations.

Revised answer: No. The university does not sponsor departmental holiday celebrations, staff appreciation, retirement parties, etc. Departmental funds cannot be used for departmental parties or celebrations.