

BELOIT COLLEGE

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| Policy: | Advances for Business Expenses |
| Source: | VPFP |
| Date: | November 4, 2013 |
| Purpose: | To establish policies regarding advances for business expenses |

Beloit College pays for the reasonable, documented expenses incurred by employees while performing official College activities. All reimbursable expenses shall be properly reported, approved, and reimbursed in accordance with requirements of the Internal Revenue Service and policies set forth by Beloit College. These guidelines apply to payments from all sources of funding, including grants. In cases where guidelines from the grantor agency are more restrictive, those grantor guidelines take precedence.

The College uses an accountable plan in accordance with Internal Revenue Code Sec. 274 (explained in IRS Publication 463) that requires:

- Reimbursed expenses to have a business connection
- Expenses to be adequately accounted for within a reasonable period of time, and,
- Any excess reimbursement or allowance to be returned within a reasonable period of time.

Employees and students who request advances for business expenses should be familiar with the following specific policies and procedures.

1. Eligible Costs

Cash advances may be paid for necessary, reasonable, allowable costs for business expenses that will be incurred during travel and student group activities and cannot be paid before the trip begins.

Cash advances (and reimbursements) are not available for travel expenses for spouses or dependents who accompany College employees unless there is a business reason for their presence. Cash advances are not available for the purchase of goods (except for student group activities when purchase orders cannot be used) and they must not be used to compensate individuals for services.

Cash advances may only be used for business expenses incurred and paid by the person who received the advance.

2. Eligible Amount

Advances will only be issued when funds of \$150 or more are needed.

3. Requesting an Advance

Requests for advances must be made using the Beloit College Advance Voucher. The amount of the cash advance will be based on estimated expenses as reported on the form. Cash advances are authorized as follows:

- Student groups: approved by the Director of Student Activities

- Athletic Group travel: approved by the Athletic Director or Designee
- All others: approved by the appropriate Vice President or Designee

4. Processing the Check

Advances for travel may be issued within 14 days of travel or incurring the cost; checks are printed according to the same schedule used for other payments. Checks will only be issued more than 14 days prior to travel or incurring the cost if there are unusual circumstances and if approved by the Controller.

5. Recording the Advance

Departments will not see the advance payment in expense accounts until the expense report and receipts are turned in. Individuals approving advances are responsible for making sure that the expense accounts will not be over-budget when the expense is recorded.

6. Multiple Advances

An employee may normally have only one outstanding travel advance at a time, but the Controller may approve exceptions when there are extenuating circumstances. The College will not process permanent or revolving cash advances.

7. Reporting on the Use of an Advance

As soon as possible but no later than 45 days from the latter date of (a) incurring the cost or (b) returning from travel, the individual should:

- Submit a completed Employee Expense Reimbursement Form with substantiated expenses, and
- Refund the portion of the advance that was not used for documented expenses. The check should be made payable to “Beloit College” and should be attached to the reimbursement form.

If the advance has not been substantiated or refunded within **60** days from the latter of the date the cost was incurred or the date of return from a trip, any outstanding balance may be deducted from the employee’s paycheck. If reimbursed later, the payment will be treated as taxable income--unless there are documented substantial extenuating circumstances. Please use the Late Reimbursement Request Form to explain the reason for the late report and submit it along with the reimbursement form to the Vice President for Finance and Planning for approval. Individuals who do not report on the use of advanced funds in a timely manner may be denied future advances at the discretion of the Vice President for Finance and Planning.

Student advances are charged to the student’s A/R account upon receipt of the advance. The advance amount must be substantiated within **60** days from the latter of the date the cost was incurred or the date of the return from a trip. Upon reconciliation of the advance, the amount will be removed from the student’s A/R account.

8. Personal Liability

Individuals receiving an advance are personally responsible for the funds. If the cash is lost or stolen, the employee must follow all processes necessary to mitigate the loss of the funds for the College. These steps will include reporting the loss or theft to the proper authorities and following any instructions by the authorities to facilitate the return of the funds.

Please contact the Controller if you have questions.

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FAQ: Policy for Advances for Business Expenses

1. I want an advance check more than 14 days before travel starts. How do I request an exception?

Please send the [Beloit College Advance Voucher](#) to the Controller and include a brief explanation of why you need the check early.

2. I received an advance check for travel but it doesn't show up as a travel expense yet. Why?

Advances are an amount due to the College and are recorded in an accounts receivable object code (object code 12030). When an expense report and/or reimbursement is received, the amount due is reduced to zero and the actual expenses are recorded. The amount shown as available on the Portal will not change when an advance is paid—it will be reduced when the receipts are turned in.

3. What are some examples of times that multiple advances might be allowed?

Most people have enough time to report on one advance before getting another one. However, the College recognizes that there could be circumstances under which that is not possible. Examples include:

- People who travel on successive trips and have no time between to submit a report;
- People planning extended trips abroad.

4. I travel a lot as part of my job. Why can't I have a permanent advance to help with the costs?

The IRS does not allow interest-free loans to employees; a permanent advance would have to be reported as taxable income.

5. If we are not supposed to pay cash for services, how do we pay for translation or tour guide services in a foreign country?

If at all possible, please negotiate the contracts before leaving the U.S. and contact the Controller to discuss the payments. If this is a last-minute arrangement when you are in a foreign country, please try to get an invoice and request that the individual complete a Substitute W-9 or W-8BEN—and please contact the Controller when you return.

6. If cash advances may only be used for business expenses incurred and paid by the person who received the advance, how are students or other employees on the same trip reimbursed?

Each individual should submit reimbursement requests to the College for their own expenses and explain the business purpose for the costs. An employee may not reimburse another employee or a student and then turn in another person's receipts as if they were his or her own expenses.