

BELOIT COLLEGE

Policy:	Unallowable Expenses
Source:	VPFP
Date:	November 4, 2013
Purpose:	To establish policies regarding unallowable expenses

The general mission of Beloit College is to promote education, research and public service in a liberal arts setting. There are some expenses that do not support that mission and are normally considered to be unallowable regardless of the source of funds.

1. Expenses must be both ordinary and necessary in relation to the conduct of the College's business. They should also be reasonable in amount and in relation to the purpose of providing higher education. Expenses that do not meet these standards are generally unallowable.
2. Expenses incurred by an individual that do not qualify as business expenses will normally be considered unallowable. These are considered personal expenses and if paid by the College, will be treated as taxable income. Payments of personal expenses may only be made (a) with permission from the supervisory Vice President/Provost and the Vice President of Finance and Planning or (b) as part of contractual compensation.
3. Personal expenses may not be charged to College accounts and reimbursed later. College resources are to be used for the benefit of the College—they may not be used to assist individuals or entities in obtaining goods or services unless those goods or services are (a) offered to the general public through normal College retail operations or (b) approved as a benefit for employees in official written policies.
4. Expenses charged to grants and other restricted accounts may be subject to additional limitations imposed by the grantor or donor. In cases where those instructions differ from general College policies, the more restrictive policies or instructions take precedence.
5. The Budget Manager of an account has primary responsibility for ensuring that only allowable costs are charged to the account.

Please contact the Controller if you have questions.

BELOIT COLLEGE

FAQ: Unallowable Expenses

1. What are some examples of costs that would usually be considered excessive?

These examples are meant to be representative, not comprehensive:

- Airline/hotel/car rental upgrades;
- Credit card delinquency fees/finance charges/annual fees;
- Duplicate insurance on rental vehicles;
- Excessive tipping (above 20%);
- First class or charter travel;
- Helicopter services for airport transfers;
- “No show” charges for hotel and car service;
- Phone call expenses while traveling by air;
- Sales tax (if the purchase could have been made directly by the College and the sales tax could have been avoided).

2. What are some examples of costs that would usually be considered personal expenses?

These examples are meant to be representative, not comprehensive:

- Airline/health/ or social club membership dues or initiation fees;
- Babysitting or childcare costs;
- Bodyguard;
- Butler;
- Car repairs/routine maintenance or locksmith charges/AAA;
- Chauffeur;
- Chef;
- Clothing. However, clothing that is (a) required or essential for employment, (b) not suitable for general wear, and (c) not worn for general or personal purposes may be reimbursed. Reimbursable examples include uniforms with the College logo, lab coats, and clothing required for safety purposes.
- Employee assistance with personal errands;
- Entertainment or social activities that are not directly connected with College functions and purposes;
- Expenses for travel companions or family (who are not also employees traveling on College business) unless that person’s presence provides a benefit to the College and is approved in advance in writing by the supervisory Vice President;
- Expenses related to vacation or personal days taken before, during, or after a business trip;
- Financial planner (other than the services offered to all employees as part of the TIAA-CREF plan);
- Fines, such as library fines, traffic fines, or parking tickets;
- Health club facilities, saunas, massage;
- Home office costs that are not part of an official arrangement with an appropriate business purpose;
- Hotel recreational activities (spas, athletic facilities, etc.), safe deposit boxes, movies;
- House-sitting fees;
- Insurance costs such as life insurance, flight or travel insurance, personal automobile insurance, trip cancellation or baggage insurance, personal accident, property insurance;
- Kennel fees and pet care for pets while on travel status;
- Landscaping;
- Laundry service (unless the trip exceeds 7 days);
- Lawyer;
- Loss/theft of cash or personal property (lost baggage, etc.);
- Maid/cleaning service;

- Maintenance and repair service (not connected with College property);
- Masseur/masseuse;
- Meals when the individual is not on travel status (out of town long enough to need sleep or rest) and the meal is not part of a business meeting. This includes meals consumed alone during short trips—the IRS considers these to be personal expenses. For example, a meal consumed alone while traveling from the College to New York City for a conference would qualify as a reimbursable business expense because the individual will be out of town overnight. On the other hand, an individual eating alone in the car on the way to Madison for an afternoon meeting is incurring a personal expense and cannot be a non-taxable reimbursement.
- Medical expenses (outside of the College’s health insurance plan);
- Personal advisor;
- Personal grooming/gifts/souvenirs/magazines/books/newspapers/movies;
- Personal trainer (other than through the Wellness Program);
- Purchase of luggage or briefcases;
- Tax preparation.

3. What are some examples of purchases of goods or services that would be unallowable because they are not provided to the general public through normal retail operations at the College?

These examples are meant to be representative, not comprehensive:

- Using Transportation Services for a shuttle to the airport for personal travel;
- Purchasing building materials or plant material through the College’s maintenance department;
- Purchasing cookware through Hospitality Services;
- Using office supplies purchased by a department for personal purposes;
- Sending personal mail and charging it to a College account;
- Charging items for personal use to a departmental account at the bookstore.

The examples above are not allowable even if the employee intends to promptly reimburse the College. On the other hand, employees are encouraged to patronize the Turtle Creek Bookstore and other centers that sell to the public.

4. Why is there a problem if a College employee takes office supplies purchased for their department and then gives the College a check to reimburse the cost?

These reimbursements don’t take into account the hidden costs the College had to purchase the supplies or to process the reimbursement check and usually don’t include the correct amount of sales tax. They use resources and time that should be devoted to the mission of the College.