

BELOIT COLLEGE

Policy:	Expense Reimbursements: Employees
Date:	November 4, 2013
Source:	VPFP
Purpose:	To establish policies regarding the reimbursement of expenses to employees under the College's accountable plan

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. 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.

1. Reimbursable Expenses

In general, employees may pay and be reimbursed only for costs that cannot be billed to the College. These include travel and entertainment costs, items that have to be purchased over the internet, and emergency purchases of supplies. The College will not reimburse payments for services.

2. Reasonable Period of Time for Reimbursement

Original completed Employee Expense Reimbursement Forms should be submitted to Accounts Payable within 45 days from the latter of (a) incurring the cost or (b) the conclusion of a business trip.

Reimbursement requests submitted more than **60** days after incurring the costs or the conclusion of a business trip may be denied. If paid, the reimbursement will be treated as taxable income--unless there are extreme 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.

When travel occurs in late May, the expense reimbursement report should be submitted before June 15 so it can be recorded in the correct fiscal year.

3. Business Purpose

All expenses to be reimbursed must include an explanation of why the cost was necessary in order to conduct College business or how it was related to the employee's job. The explanation must be specific and must have enough detail to be understood by a third-party auditor.

4. Substantiation

Costs to be reimbursed should be supported by original, itemized receipts showing proof of purchase and proof of payment, along with all other information as described in the policies for specific types of expenses. Cancelled checks and credit card statements alone are not considered adequate support for reimbursement, although they may be used to provide proof of payment.

5. Missing Receipts

The College expects that a good-faith effort will be made to obtain all receipts. If an employee repeatedly omits receipts, the College may refuse reimbursement at the discretion of the Vice President for Finance and Planning.

If the reimbursement is to be paid from a government grant, no reimbursement will be made unless there is a detailed receipt.

For funding sources other than government grants, if an employee did not get a receipt and is unable to obtain a copy after the fact:

If the expense is less than \$5: All of the information necessary to substantiate the expense should be provided on the Employee Expense Reimbursement Form. The Missing Receipt Affidavit is not necessary.

If the expense is \$5 or more: The employee must include a completed Missing Receipt Affidavit with the Employee Expense Reimbursement Form. To be reimbursed tax-free, itemized receipts are required for all lodging and for costs of \$75 or more for gifts, meals, entertainment and travel (other than mileage reimbursed at \$.42/mile).

6. Foreign Currency

Reimbursement requests must be submitted in U.S. dollars. Conversion rates should be supported with documentation showing the rate on the day cash was converted, the rate used to charge a credit card, or the average rate for the trip.

7. Sales Tax

Employees will not be reimbursed for sales tax unless the tax was unavoidable. If the purchase could have been made by the College directly or handled through a College account, sales tax will not be reimbursed.

Please contact the Accounts Payable Clerk or Controller with questions.