

Doc. T92-031, Appendix C, as amended

Passed by the Board of Trustees

June 3, 1992

Revised: 9/18/2013

**UNIVERSITY OF MASSACHUSETTS
BUSINESS EXPENSE POLICY**

PURPOSE

This policy has been developed to clarify the requirements for Business Expenses made on behalf of the University. The Policy will allow the University to comply with federal and state law, to comply with Internal Revenue Service (IRS) guidance regarding expense reimbursements under an “accountable plan” made pursuant to IRS Publication 463 “Travel, Entertainment, Gift and Car Expenses”, and to satisfy restrictions imposed by funding agencies. As a public institution, the University must demonstrate appropriate use of funds entrusted to it by various constituencies and assure that these expenditures do not personally benefit University employees.

I. INTRODUCTION

The *Business Expense Policy* applies to business expenses incurred by a duly authorized University of Massachusetts employee, student, Trustee or associate who incurs business expenses in the process of conducting University business irrespective of the method of payment and source of funds. Specific criteria defining Business Expenses are provided in the Standards as defined by the President.

II. POLICY STATEMENT

- A. Expenditures must be a necessary business expense of the organization, be directly related to the goals and mission and an allowable charge to the funding source or sponsor.
- B. Expenses must have a clear and documented business purpose.
- C. The expenses must be reasonable, allowable, and allocable under governing laws, regulations, and University policy.
- D. An individual’s travel status does not affect reimbursement for business expenses.
- E. All expenses must be fully documented in compliance with IRS or regulatory requirements.
- F. Individuals with approval authority for the department or grant to which the expense will be charged are responsible for compliance with this policy.
- G. Expenses that are not directly for business related transactions will not be reimbursed. Personal expenses of any type will not be reimbursed.

- H. Individuals may be held personally liable for a transaction that is made in violation of policies, laws and regulations including the areas of contracts, grants and donor restricted funds. Employees violating this policy may be subject to disciplinary action, up to and including termination.
- I. Employees, associates, affiliates and other authorized individuals (including students) incurring expenses using University funds have an obligation to act in compliance with, applicable system policies, laws, regulations and rules.

III. STANDARDS

The President, in consultation with the Vice President(s) and Chancellors, will issue administrative standards to implement this policy.

Campuses may establish guidelines within the scope of the University policy regarding business and entertainment expenditures. Campus guidelines may be more, but not less, restrictive than the standards. Campuses must establish written procedures regarding business and entertainment expenditures.

**UNIVERSITY OF MASSACHUSETTS
ADMINISTRATIVE STANDARDS FOR THE BUSINESS EXPENSE POLICY
(Doc. T92-031, Appendix C)**

I. INTRODUCTION

Business Expense Standards apply to business expenses incurred by a duly authorized University of Massachusetts employee, student, Trustee or associate who incurs business expenses in the process of conducting University business irrespective of the method of payment and source of funds. Campuses may establish guidelines and procedures within the scope of University policies regarding business and entertainment expenditures. Campus guidelines may be more, but not less, restrictive than the President's Administrative Standards. Business expenses are generally not covered under the University's Procurement Policy.

II. STANDARDS STATEMENT

The Business Expense Policy of the University (T92-031, Appendix C) and its associated standards establishes general documentation and reporting requirements. This section further defines the standard for satisfying the requirements of the policy.

- A. Expenditures must be a necessary and appropriate business expense of the organization, and is directly related to the goals and mission and be an allowable charge to the funding source.
- B. Expenses must have a clear and documented business purpose.
- C. Expenses must be reasonable, moderate in nature, allowable and allocable under governing laws, regulations and University policy.
- D. Expenses associated with attendance at a business function must be reasonable and relative to the nature of the business function.
- E. An individual's travel status does not affect reimbursement for business expenses.
- F. All expenses must be fully documented in compliance with IRS documentation rules for accountable plans or regulatory requirements.
- G. Individuals with approval authority for the department or grant to which the expense will be charged are responsible for compliance with this policy and standards.

III. SPECIFIC CRITERIA

A. Proper Expenditures

The following are examples of the type of expenditures that may be paid/reimbursed subject to the general policy.

1. Expenditures for the purpose of recruiting potential employees and students, soliciting prospective donors or sponsors, and hosting official guests when necessary for the conduct of University/campus business.
2. Expenses for meetings of regular University/campus committees, which may involve only participants from a single location, and which are documented as part of a working session necessitated by travel requirements, schedule conflicts or other unavoidable circumstances solely for the benefit of the institution.
3. University/campus events qualifying under IRS Publication 15-B, "Employer's Tax Guide to Fringe Benefits", as having a substantial business purpose, such as recognition/morale activities, public relations, development/fund-raising events, conferences/retreats/seminars, and activities in conjunction with various ceremonial and official events. These events may be either campus-wide or on a smaller scale and require prior approval. Such approval must be obtained through normal administrative channels. University and campus policy regarding budgeting, approvals, purchasing and documentation shall apply.
4. Tickets for sports, theater, charitable/civic and other events for the entertainment of institutional donors, alumni, guests and visitors. In all cases the expenses must be shown to benefit the mission of the institution or directly support its programs.

B. Improper Expenditures

The following are examples of the type of expenditures which should not be paid/reimbursed:

1. Excessive or extravagant costs.
2. Political contributions.
3. Personal violations or fines including speeding or parking tickets.
4. Gifts or any type of compensation to University employees other than those provided through official recognition programs authorized by the Human Resources Department.
5. Any expense of a personal nature will not be paid or reimbursed.
6. Meals during working hours, including "working meals", where one employee takes another employee to breakfast, lunch or dinner.
7. Purchase of alcoholic beverages is highly discouraged due to the expense and potential liabilities involved. However, when written authorization is obtained prior to the event, or when specific campus policies are followed, the purchase may be allowed.
8. Expenses for spouses except as allowed in the Executive Compensation Policy (when approved) or as part of an institutional event, which has received prior approval.
9. Any unexplained or undocumented expenses.

IV. DOCUMENTATION

All expenditures must be accompanied by an original receipt; documentation must include:

- A. The date, location and description of the expenditure.
- B. The name(s), title, company, affiliation and business relationship of the person(s) in attendance.
- C. Business purpose for incurring the expense.
- D. Approval of the expenditure through normal administrative channels.

V. REPORTING REQUIREMENTS

Campuses/locations should identify business and entertainment expenditures in the Financial System (or approved alternative system) in a manner which will allow for regular reporting to the Board of Trustees.

UNIVERSITY OF MASSACHUSETTS
ADMINISTRATIVE STANDARDS FOR CHIEF EXECUTIVE OFFICER
BUSINESS EXPENSE AND TIME REPORTING
(Doc. T92-031, Appendix C)

I. INTRODUCTION

Business Expense and Time Reporting Standards apply to business expenses incurred by the President or any Chancellor of the University of Massachusetts who incurs business expenses in the process of conducting University business in addition to the process to approve leave time for the Chancellors.

II. STANDARDS STATEMENT

The Business Expense Policy of the University (Doc. T92-031, Appendix C) and these standards establish the general documentation and reporting requirements. This document further defines the standard for satisfying the requirement effectively for chief executive officers of the University.

III. SPECIFIC CRITERIA

- A. There will be one annual authorization for domestic Travel and Business Expenditures, submitted by the President's Office and approved by the Chairman of the Board of Trustees, for the President and by the President for the Chancellors to travel and incur business expenditures on behalf of the University in accordance with all existing University policies.
- B. There will be individual authorizations for International Travel and Business Expenditures, submitted by the President's Office and approved by the Chairman of the Board of Trustees, for the President and by the President for the Chancellors to travel internationally and incur business expenditures on behalf of the University in accordance with all existing University policies.
- C. There will be individual authorizations for spousal travel submitted by the President's Office and approved by the Chairman of the Board of Trustees, for the President and by the President for the Chancellors in accordance with all existing University policies.
- D. The President will delegate specific authority for the review and approval of a Chancellor's leave time to the Vice Chancellor for Administration & Finance at each campus.
- E. The processing of business expenses for the President and Chancellors will not require secondary approval from the Board or President. Rather, a designated administrator within President's/Chancellor's department will review, process, and reconcile each expense incurred by the President/Chancellor to assist with ensuring accuracy and compliance with University policy. A final review and approval will be performed by an appropriate individual within the Campus Controller's Office.
- F. A President's Office administrator designated by the President will remit a quarterly report to the University Controller for further submission to the Chairman of the Board of Trustees. This report will detail the travel and entertainment expenses incurred by the President of the

University. This report should also contain purchase information with regard to other items of a personal nature not covered by the employment agreement. A summary of leave time taken (vacation, personal, etc.) for that reporting period should also be included.

- G. For each of the campus Chancellors, a designated campus administrator will remit a quarterly report, in the same format, to their respective campus Controller for review. The report will also include a summary of time taken (vacation, personal, etc.) during that reporting period. The report will be submitted in accordance with the quarterly schedule below to the University President. The report shall be delivered via email indicating the quarter being reported with a carbon copy to the University Controller.
- H. A copy of the quarterly reports described above, along with supporting documents thereof, shall be retained by the President's and Chancellor's Office administrators.
- I. The essence of this Standard is to capture travel and entertainment expenses incurred by the President and the Chancellors and other expenses that can be viewed as personal in nature. Expenses associated with University or campus events should not be detailed in this report. Sources for these expenditures can be from any departmental account or other related entity, from which the President/Chancellor expends funds for business purposes. Examples of items deemed to be personal in nature includes mobile device apps, books, DVDs, licenses, insurance, dues, memberships and licenses. Items which are personal in nature are subject to inclusion in this report.
- J. At a minimum, the following data elements are to be included in the quarterly travel and business expense report:
 - 1) Date of Event/Expense
 - 2) Vendor Name/Description of the activity
 - 3) Amount
 - 4) Description of Expense
- K. The University Controller in consultation with the Campus Controllers will have ultimate responsibility for the quarterly report. The report will reconcile with the University's official records.
- L. The following are the dates for submission of the quarterly reports described above to each respective Controller with final submission to the President/Board Chairman:
 - 1) July-September – due to Controller by December 1st with final submission to the President by December 15th.
 - 2) October–December – due to Controller by March 1st with final submission to the President by March 15th.
 - 3) January-March – due to Controller by June 1st with final submission to the President by June 15th.
 - 4) April-June – due to Controller by September 1st with final submission to the President by September 15th.

M. Campuses may establish guidelines and procedures within the scope of University policies and standards regarding business and entertainment expenditures. Campus guidelines and procedures may be more, but not less restrictive than the President's Administrative Standards.