

Business Expense & Reimbursement Policy

I. POLICY STATEMENT

Auburn University (“the University”) will pay for reasonable, appropriately documented, and properly authorized business expenses in accordance with Internal Revenue Service Accountable Plan rules (IRC Section 62) and within the guidelines of the University’s [Spending Policies and Procedures](#), [Travel Policies](#), and [Purchasing Card Policy](#).

II. POLICY PRINCIPLES

“Gross income” includes all items of value received by an employee. When an employee receives a reimbursement from their employer for business expenses incurred, the reimbursement could be considered income unless it is made pursuant to an “accountable plan.”

In order to qualify under an “accountable plan,” business expenses should be ordinary and necessary, have a bona fide business purpose and otherwise qualify as a deductible expense. Further, business expenses must meet all three requirements of IRS Regulation §1.62-2:

1. Employees, students, or outside parties must pay or incur business expenses while performing services as a University employee.
2. All expenses must be substantiated to the University within 60 days after the expense was incurred or within 60 days after the completion of travel, whichever is later.
3. All amounts in excess of substantiated expenses (unused money from advances) must be returned to the University within 60 days.

If appropriate documentation for allowable expenses is not submitted to clear an advance, submitted for reimbursement, or submitted through the purchasing card reconciliation process, and/or any excess advance monies are not returned within these guidelines, these amounts will be included in taxable income or deducted from the paycheck of the employee who received the advance or incurred the expense on the University purchasing card. Similarly, if the University pays for an expense which is later determined to not meet the accountable plan requirements, the amount will be added to the employee’s taxable income on Form W-2.

III. EFFECTIVE DATE

April 16, 2020

IV. APPLICABILITY

All staff, faculty, students and outside parties who incur business expenses for or on behalf of the University.

V. POLICY MANAGEMENT

Responsible Office: Procurement & Business Services

Responsible Executive: Assistant Director, Payment Services

Responsible Officer: Assistant Director, Payment Services

VI. DEFINITIONS

Accountable Plan

A plan that follows IRS regulations for reimbursing employees for business expenses in which reimbursements are not included in the employee’s income.

Appropriate expense

An expense that is suitable or fitting for a particular valid business purpose.

Allowable expense

A necessary, reasonable, and appropriate expense incurred for the primary benefit of University business and therefore permitted to be reimbursed or directly charged based on the permission of the University or by the terms of federally or privately sponsored agreements.

Necessary

Minimum purchase or service required to achieve a particular business objective.

Reasonable

An expense that is ordinary and reflects a prudent decision to incur the expense on behalf of University business. Not extreme or excessive.

Substantiation

Documentation to support an incurred business expense that includes the original receipt, documentation of business purpose, names of persons in attendance, and appropriate expense report for the incurred cost.

VII. POLICY PROCEDURES

The following outlines the responsibilities and procedures of various parties under this Policy:

Employee

The individual submitting a travel or expenditure voucher or purchasing card reconciliation will:

- Verify that all expenses required to be paid or reimbursed by the University are valid and conform to this Policy, and the University's [Spending Policies and Procedures](#), [Travel Policies](#), and [Purchasing Card Policy](#).
- Attest that expenses submitted for reimbursement have not been previously paid through a prior submitted expense report, cash advance, University purchasing card, by any outside agency, or other third party.
- Submit all reimbursement vouchers to Payment Services within 60 days after the expense was incurred or 60 days from the completion of travel, whichever is later.
- Remain accountable for ensuring that all expenses are incurred, and all requests for payment or reimbursement of such expenses are submitted, in accordance with this Policy even though the employee may delegate responsibility for a voucher's preparation to another person.

Authorizer/Approver

Individuals authorized to approve the business expenses of others will be responsible for administering this Policy. Approvers must:

- Attest that the purpose of the expense is valid and directly related to University business.
- Request further documentation or explanation of expenses that appear to be excessive or unusual. Explanation of such expenditures will be included on the travel or expenditure voucher.
- Submit the approved travel or expense voucher to Payment Services on a timely basis.
- Understand that while Payment Services may review the travel or expenditure voucher, the primary responsibility for determination of the appropriateness of expenditures rests with the individual seeking reimbursement and the individual responsible for approval and authorization.

Payment Services

The Payment Services unit within Procurement & Business Services (PBS) is responsible for reviewing travel and expenditure vouchers prior to processing to verify that expenses are reasonable and meet the following criteria:

- Information supplied on the travel or expenditure voucher is supported by accompanying documentation, which is both complete and in accordance with this Policy, and the University's [Spending Policies and Procedures](#), [Travel Policies](#), and [Purchasing Card Policy](#).
- Expenses have been reviewed and approved by the appropriate Authorizer/Approver.
- Expenses have been reviewed for compliance with other applicable University Policies.

Internal Audit

University Internal Audit personnel routinely audit travel and expenditure vouchers to monitor compliance with University Policies and regulatory agencies.

VIII. SANCTIONS

Violations of this policy will result in the following outcomes:

1. Allowable expenses may not be reimbursed.
2. Allowable expenses may be reimbursed, but will be considered income and reported to University Payroll to be included in wages with the appropriate tax withholding.
3. As appropriate, such as in cases of willful misuse of University funds, deliberate disregard of policy, or repeated violations, other sanctions up to and including dismissal.

IX. EXCLUSIONS

There are no exclusions to this policy.

X. INTERPRETATION

Assistant Director, Payment Services