

Business Expense Policy

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I: Policy Statement

The purpose of this policy is to provide a clear and consistent understanding for all members of the Worcester Polytechnic Institute (“WPI” or “University”) community regarding expenses incurred while conducting business on behalf of the University, to establish equitable standards across all departments of the University and to comply with IRS Business Expense treatment.

II: Scope

This policy applies to:

- All WPI faculty, staff, and students regardless of employment status, as well as any other affiliated parties paid or reimbursed by WPI
- All expenses incurred that support operations or the conducting of business on behalf of the University regardless of the funding source
- All WPI funds, including, but not limited to general operating, capital, restricted gifts and grants, overhead return, professional development, faculty start-up funds, and all other discretionary funds.

III. Definitions

“Business Expense” means ordinary and necessary expenses required to conduct University business consistent with the University’s mission. This would include payments to suppliers and consultants, and reimbursed travel and Business Expenses related to University business. The list of common expenses can be found [here](#). Allowable business expenses must meet the definition of Reasonable Expense.

“Competitive Bidding Process” refers to WPI’s process for selecting an External Service or Goods Provider. Bid records contain the specifications of the project or details of the products and services to be purchased. WPI’s Competitive Bidding Process is described [here](#).

“Affiliate” means, for purposes of this policy, faculty, staff or students authorized to purchase on behalf of the University, as well as any other external party paid or reimbursed by WPI.

“Independent Contractor” means a self-employed individual in an independent trade, business, or profession who offer their services to the general public under a Contract. Typically, Independent Contractors supply their own workplace and tools, are not supervised, control their own work schedule, and have a particular set of skills not found elsewhere within WPI. These individuals are not eligible for employee benefits and are not covered under WPI’s workers’ compensation program. WPI may require a proof of adequate insurance from Independent Contractors. An Independent Contractor must maintain such status throughout the entirety of the services being performed.

“Personal Expense” means expenses that provide a personal benefit to an individual and do not support the University’s mission. These expenses are not reimbursed by the University.

“Punch-Out Catalog” is a mechanism by which WPI Workday e-Procurement application used by a buyer to access a supplier’s website pre-loaded with WPI specific negotiated pricing per approved contracts for a variety of goods and services.

“Reasonable Expense” means a cost incurred reflecting the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. Major considerations involved in the determination of the reasonableness of a cost are: whether the cost is of a type generally recognized as necessary and appropriate for the operation of the institution or the performance of the sponsored agreement. (Reference: OMB Circular and Guidance A-21, Cost Principles for Educational Institutions (<https://www.govinfo.gov>)).

“Receipt” means evidence that an expense occurred and the business purpose of the expense. A valid acceptable Receipt (per IRS regulations) must provide:

- Date of the transaction/purchase
- Name and address of the establishment/supplier
- Itemized purchase(s)
- Final amount paid
- Method of payment
- If credit card used - last 4 digits of the credit card number

IV. [Roles](#)

All Affiliates

- Understand and comply with all sections set forth in this policy, including any supplemental or more restrictive WPI policies listed, but not limited to:
 - [Business Ethics Policy](#)
 - all purchases are subject to Business Ethics Policy
 - [Cellular Device Purchasing Policy \(WPI Managed\)](#)
 - obtaining and maintaining WPI-Managed Cellular Device

Competitive Bidding Process

- purchase over \$10,000 and sole source supplier guidelines

Computer Systems Purchasing Policy

- purchase and maintenance of any Computer Systems

Discretionary Funds

- expenditures funded by discretionary funds including, but not limited to professional development, overhead return, startup, professorship, etc.

PCard Policy/Guide

- University issues credit card (PCard) holder's guide explaining responsibilities of cardholders and processes surrounding PCards

Professional Services Policy

- contracting an Independent Contractor, consultant, or External Service Provider to perform services for the University

Remote and Flexible Work Policy

- purchases made while working remotely

Sponsored Program Accounting Policies

- grant and other externally funded expenditures

Travel Policy

- travel related purchases, including lodging, airfare, food and other

- Seek prior approval for expenditures through [Spend Authorization](#) or [Requisition](#) process as outlined within Purchasing Limits section of this policy prior to purchase being made or Contract signed.
- Ensure that all expenditures are consistent with the business needs of the University and contractual terms.
- Provide a legitimate business purpose, appropriate documentation, and substantiation for Reasonable Expenses.
- Ensure all expenditures are accurately coded and corrected as necessary using the University [Expense Items and Spend Categories Glossary](#).
- Repay to WPI any Personal Expense, paid on a PCard, accidental or otherwise within thirty (30) days.
- Submit all remaining expense reports, WPI PCard and Travel Advances to WPI promptly upon termination.

Approvers

- Ensure all Affiliate and/or contractual responsibilities are met and expenditures charged to the University are reasonable, appropriate, conservative, accurate and contain the necessary documentation for compliance and audit purposes.
- Ensure operating budget or non-operating funding availability.
- Ensure all expenditures are accurately coded.
- Ensure any/all exceptions are adequately and reasonably explained.
- Communicate any violations of this policy to the WPI Controller.

- Review and approve expense statements in Workday within fourteen (14) days of Receipt.

University

- Reimburse an Affiliate for all Reasonable Expenses on authorized University business in a reasonably timely manner. The University assumes no obligation to reimburse an Affiliate for expenditures that are not in compliance with this policy.
- Review and audit to determine whether expenses comply with this policy.
- Evaluate unusual expenses on a case-by-case basis based upon prudent business decision making, substantiation through documentation and fairness to determine if the expense is permissible. Respond to appeals using appeal process outlined in this policy.
- When required, reserves the right to request additional supporting documentation for expenditures submitted for reimbursement for validation purposes.
- Communicate updates to this policy.
- Regard personal information as confidential and to only use this information for valid business reasons.

V. Policy

This policy supersedes all previous policies. Any policies and procedures mandated by federal and state regulations, donors, or departments, where more restrictive, take precedence over this University policy.

- It is the University's policy to reimburse Affiliates conducting authorized business on behalf of the University for necessary, reasonable, and approved costs and activities not reimbursed from another source.
- Affiliates are expected to exercise prudent business judgement regarding expenses, and neither lose nor gain financially from these transactions.
- Because it is not possible to anticipate all of the circumstances that Affiliates may encounter in conducting University business, it is expected that those requesting reimbursement or incurring business expenses and individuals preparing and approving expenses for payment will follow this policy in a manner that keeps expenses to a minimum and fairly assigns the costs of business-related activities to the University.
- Any purchase on behalf of WPI must meet the definition of a Reasonable Expense and be consistent with the WPI mission.
- Items that are available through one of the University's existing supplier agreements should be purchased through the [online Punch-out Catalog](#) or by engaging directly with a WPI [preferred supplier](#). A PCard should not be used for these purchases.

- The University's [procurement processes and procedures](#) should be adhered to for all non-travel expenditures to ensure available discounts from preferred suppliers and tax exemption of purchases are obtained.
- Reasonable Expenses incurred by University Affiliate using a personal credit card or other method of payment will be reimbursed using expense report. The process for personal credit cards or other method of payment is to be used primarily for small incidental Business Expenses.
 - An [expense report](#) is used to request reimbursement of out of pocket expenditures and record expenses made with a WPI PCard.
 - Based on the accountable plan maintained by the University, the business purpose of the reimbursement request must be clearly documented and Receipts must be attached in accordance with this policy. In the case that the guidelines are not followed, a particular item may, according to Internal Revenue Service ("IRS") regulations, "be treated as salary". This means that the reimbursement would be reportable as income and subject to tax withholding.
 - Expense Report is to be submitted within thirty (30) days of incurring the expense.
- The purchase of Personal Expenses using WPI funds or on a WPI PCard is strictly prohibited. To the extent permitted by law, WPI reserves the right to deduct monies from the employee's final payment for any amounts owed to WPI for non-Business Expenses.
- Expenditures pertaining to a fiscal year should be reported prior to the officially published fiscal year closing date to ensure that the expense is appropriately captured in the financial statements and in the department's budget for the appropriate fiscal period.
- Expenditures considered excessive in amount or non-compliant with this policy will be subject to denial and/or reduction.
- Intentional falsification of expense reports that results in the benefit of the affiliate, including manipulation of related Receipts, is considered fraud and in violation of the University's Business Ethics Policy. Any employee who engages in fraud will be subject to disciplinary action up to and including termination.
- **Purchasing Limits** apply to all expenses incurred on behalf of WPI:
 - Expenditures of **\$75.00 or more** must be ***supported by a Receipt***. The Affiliate is expected to exercise due diligence and secure a receipt whenever possible, regardless of the amount of the expense. University PCard electronic transactions imported into Workday do not take the place of actual detailed Receipts. When required Receipts are lost or not obtained, a [Missing Receipt Form](#) is required.

- **Advance approval** in the form of a Workday [Spend Authorization](#) (for PCard/expense report) or [Requisition](#) (for invoice) is required for purchase of **\$10,000 or more**.
- All purchases **\$10,000 or greater** must go through a [Competitive Bidding Process](#). The competitive bids or justification for a legitimate sole source supplier must be submitted as required by federal or institutional guidelines. The [Supplier Selection Form – Federal Funds ONLY](#) or the [Supplier Selection Form \(PDF\)](#) for other funds must be completed and uploaded as an attachment to the Requisition in Workday.
- Certain **Business Expenses** follow **additional guidelines** not described in other policies:
 - **Building Renovation** - Any desired building modification that would involve hiring an external service provider (i.e., modifying walls, electrical/plumbing/mechanical work) shall be managed by a facilities project manager to assure compliance with applicable building codes and safety standards.
 - **Gifts** - Gifts for life-changing events (wedding, birth, death) and work-related occasions (retirement, anniversary) are allowable up to \$75. Amounts greater than \$75 require advanced approval by the Dean or Vice President/Provost. Retirement gifts should be coordinated with the Office of Talent & Inclusion. Employees and Affiliates should review and be aware of the Foreign Corrupt Practices Act (FCPA) regarding gifts for international guests. Careful selection of a gift for an international guest is required to avoid any potential situation that could possibly violate compliance of US and International law.
 - **Gift Cards/Certificates** - Cash or a cash equivalent (i.e. gift card/certificate) is not allowed as gifts or tokens of appreciation. Gift cards are only allowable for pre-approved recognition programs and certain participation studies. Gift cards issued to:
 - students must be pre-approved by Associate Dean of Students
 - grant participants must be pre-approved by Institutional Review Board (irb@wpi.edu)
 - **Furniture or Equipment** - As part of planning for new furniture or office renovation, all furniture orders greater than or equal to \$5,000 or involving activities such as furniture removal, painting, carpet, small repairs, and electrical evaluations will be coordinated with Facilities with all costs incurred being the responsibility of the receiving party. The facilities project managers are responsible for assessing furniture reuse and coordinating removal. For furniture requests less than \$5,000 departments may work independently to identify furniture needs, however departments are still responsible for removal and

disposal of existing furniture/equipment. Procurement is available to assist with preferred furniture supplier selection.

- **Honorarium** – Additional documentation and withholding may be required for payments to international persons.
- **Leases and rentals** - A lease is an agreement conveying the right to use property for a specified time and for a specific amount of money. All forms of lease, lease-purchase or rental agreements exceeding thirty (30) days must be reviewed in advance by the University Office of General Counsel and Executive Vice President/CFO.
- **Printers** - Coordination with Procurement Services for the purchase or lease of any printer is required.
- **Relocation Expenses** - An employee may receive a benefit for the reimbursement of relocation expenses under an employment agreement. Per the IRS, all relocation expenses paid by the University either directly to an employee or on behalf of an employee (directly to a supplier) are defined as a taxable benefit and will be reported as income at year end and reflected on the employee's W-2. Employees may request reimbursement of expenses through the submission of an expense report up to the dollar amount allowed under the employment agreement. After completing the audit of the expense report, Finance will forward the expense report and related supporting documentation to Payroll for final payment to the employee on the next regularly scheduled Payroll cycle. Relocation expenses must be coordinated with Vice President of Talent and Inclusion.
- **Sales Tax** - Employees must inform all suppliers that the University is tax exempt when making purchases. When placing an order online the Affiliate should ensure sales tax is not applied to the final purchase amount or should place the order over the phone and/or request an invoice without sales tax. When sales tax is charged on a purchase, the supplier should be contacted to request a credit for the sales tax. Any credit given for sales tax should be included on the expense report for original PCard expenditure. Purchases under \$75 or travel-related expenses are excluded from the sales tax requirement. WPI tax exemption number is located on the front of the PCard. Contact the Finance department for the copy of the tax exemption form.
- **Sponsorships** – payment and reimbursement of external sponsorships must be approved by the Office of External Relations and Strategic Partnerships.
- **Subscriptions, memberships and dues** - The University may allow for the payment and reimbursement of dues and fees if they meet the criteria of the Business Expense. The University does not reimburse for optional contributions or donations.
- **Surplus equipment transfer, sale or disposal of equipment** - Equipment and materials acquired with University funds, Grant funds or donated to the University are the property of WPI. The University will dispose of surplus property in an environmentally and fiscally responsible manner in accordance

with local, state and federal regulations. For the transfer or sale of any University property please contact [Procurement Office](#) for assistance.

- **Vehicles** - All vehicle acquisition or disposal must receive advance approval and assistance from the [Procurement Office](#).

- **Non-Reimbursable Expenses**

An Affiliate must use good judgement and prudence to ensure all transactions meet the definition of a Reasonable Expense. Non-allowable expenditures include, but are not limited to, the following list of items that may or may not have been covered in other policies:

- Annual fees for personal charge or credit cards
- Car washes for personal or rental vehicles
- Charitable and Political Contributions/Donations
- Childcare charges
- Clothing
- Bonuses or awards to employees using invoice or reimbursement request (bonuses/awards to employees must always be processed through payroll)
- Expenses related to vacation or personal days while on a business trip
- Gift cards (only allowable for pre-approved recognition programs and certain participation studies)
- Home office expense except for those allowed under [Remote and Flexible Work Policy](#)
- Kennel and pet charges
- Medical bills
- Memberships in airline clubs, country clubs, civic clubs, gyms, or other social clubs
- Non-work related magazines, books, newspapers, and subscriptions
- Over the counter and prescription medications
- Personal expenses including but not limited to: credit card delinquency fees/finance charges, entertainment, including sports events, toiletries – sundries, immigration fees and expenses (including legal fees) when WPI is not the petitioner
- Traffic citations, parking tickets or other cited violations of applicable traffic regulations
- Unexplained or unsupported expenditures

VI. Appeals

To appeal the denial of a reimbursement or payment of an expenditure, please submit an appeal form using the link [here](#).

VII. Questions

If you have any questions about this policy, please contact accountspayable@wpi.edu.

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Policy Sponsor: Chief Financial Officer

Responsible Department: Office of Finance and Operations
Effective Date (i.e., date of Presidential Approval): March 30, 2022