



Title: Business Expense Policy and Guidelines
Prepared by: Controller's Office
Administrator: University Controller
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Policy Statement

The basic principle governing business expenses is that the expenditure occurs to support the mission of the University (education and research). This policy applies to all business expenses funded by restricted gifts and grants as well as general operating, overhead return, professional development and faculty start-up funds. More restrictive policies and procedures mandated by federal and state regulations, donors, or departments take precedence over University policy.

The purpose of the business expense policy is to provide guidelines for reasonable business expenses that will enable the University to monitor and control costs effectively, while complying with federal and state regulations.

Definitions of Terms Used

Business expense - The ordinary and necessary expenses of carrying on the University's mission. This would include salaries, payments to vendors and consultants, and reimbursed travel and business expenses related to University business. The expense is required to conduct University business.

Financial manager – The faculty or staff member with budgetary responsibility over funding sources. For federally sponsored projects, this would be the Principal Investigator.

Honorarium – A voluntary payment that is given to a person for services for which fees are not legally or traditionally required.

Independent contractors - An individual or organization having no connection or relationship with the University, engaged to perform a specific service not readily available from within the University workforce. An independent contractor (a.k.a., consultant, freelancer, etc.) is bound by contract to perform services as the master of her/his own time, with full liability for job-related actions, and has responsibility for all aspects of the means and methods of the service to be performed. The University may require proof of adequate insurance from independent contractors. Business expenses incurred by independent contractors are to be included on their bill for services. For additional information regarding independent contractors, please see the University's [Independent Contractor Policy](#).

Official visitors – Visitors to campus who are not bound by contract with the University and do not charge for their services, (i.e. interview candidates, volunteers and visiting lecturers and instructors.) Official visitors may receive honorarium.

Personal expense - Expenses that provide a personal benefit to one individual and do not support the University's mission. These expenses are not reimbursed by the University.

Substantiation – Evidence that an expense occurred and the business purpose of the expense. Invoices and receipts are to include appropriate detail to determine what was purchased and why. If the receipts are travel-related, the documentation is to include who attended and why. Only original invoices and receipts will be accepted for payment. If originals are not provided, a written explanation is needed to explain why. For reimbursement of expenses paid by faculty or staff, substantiation would include the method of payment. No receipts are required for reimbursement for travel-related expenses \$75 and under (i.e. meals, conference fees, tolls, bus fare, etc.). This threshold also applies to purchases using PCards.

Unallowable expense – In accordance with OMB Uniform Guidance, unallowable expenses are direct or indirect costs that cannot be charged to federal grants and contracts. Unallowable expenses meeting the definition of a business expense may be reimbursed by the University but cannot be paid with federal funds or included in the University's indirect cost rate (Facilities & Administrative cost rate) charged to federal grants and contracts.

Responsibilities

University faculty and staff are responsible for ensuring that any expense to be submitted for payment by the University meets the definition of a business expense and adequate funds are available for payment. The expense must be necessary to carry on the University's mission of education and research; complies with federal and state regulations, donor restrictions and University policy; and is properly substantiated. All business expenses submitted for payment must be approved by the Financial Manager of the funds being charged. All business expense reimbursements paid directly to a faculty or staff member also need to be approved by the subordinate's supervisor (i.e., an expense report). In the event that the Financial Manager and the subordinate's supervisor are not the same, two approvals are required for reimbursement. The Financial Manager or supervisor approving the expense is responsible for reviewing the reasonableness and business propriety of the expense; proper substantiation of the expense; budget availability and compliance with University policy.

The Controller's Office is responsible for enforcing the University business expense policy and reviews requested payments accordingly.

How to Process Payments

The University's preferred method of payment is direct payment by check or Pcard to vendors providing goods or services for the University. When paying by check, the [Check Request Form](#) is to be completed with the original invoice and packing slip attached. For payment by Pcard, please refer to the University's [Pcard policy](#). **For agreements greater than or equal to \$10,000, three competitive bids or a sole source justification will be required and** the [Vendor Justification/Price Verification Form](#) must be completed in advance of the purchase.

Petty cash can sometimes be used in place of the University purchasing process where appropriate. For example, for small incidental department expenses when it is infeasible or impractical to use normal purchasing means. Petty cash should be used in this manner only when absolutely necessary. Please refer to the University's [Petty Cash Procedures](#).

A signed [Form W9](#) is required to be on file for payments to United States companies and independent contractors. When using a vendor for the first time, it is the responsibility of the individual procuring the goods and services to notify the vendor that this form is to be provided with their invoice and attached to the [Check Request Form](#).

For payments to vendors located outside of the United States or if payment by wire or ACH is needed, please contact the Accounts Payable department at 1-508-831-5524 or Carlson@wpi.edu in advance of completing the [Check Request Form](#).

Business Expense Reimbursement

Necessary and reasonable business expenses incurred by University faculty, staff, students and official visitors for bonafide University business will be reimbursed. The reimbursement process is to be used primarily for travel expenses and small incidental business expenses. It is not to be used for the purchase of goods and services such as lab equipment and supplies, office supplies, furniture, computer equipment and software or payments to individuals. The [Expense Report](#) is completed to request reimbursement.

The University maintains an "accountable plan" for business expense reimbursement. An accountable plan meets three criteria:

1. You must have paid or incurred expenses that are deductible while performing services for the University;
2. You must adequately account to the University for these expenses within a reasonable time period, and
3. You must return any excess reimbursement or allowance within a reasonable time period.

Accordingly, when requesting reimbursement, the business purpose of the request must be clearly documented and **original receipts** are required to be attached. Receipts need to include the appropriate detail to determine what was purchased, why, and how it was paid. Expense reports with photocopies of receipts or credit card statements will not be processed. Reimbursements are to be submitted within 60 days of incurring the expense. No receipts are required for travel expenses and business meals \$75 or less.

In the case that the guidelines for an accountable plan 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.

Payment of salaries is not addressed by this policy. Please contact the University's Human Resources department at 1-508-831-5470.

Business Expense Matrix

This is a list of common expenses submitted for direct payment or reimbursement. The list is not intended to be all inclusive. For items not specifically listed, please consult directly with the appropriate Dean or Vice President/Provost and contact the Controller's Office for any questions.

Type of Expense	Business Expense	Account Number	Additional Information
Advertising	Yes	7225	
Air travel	Yes	7311 Domestic 7312 Foreign	<ul style="list-style-type: none"> ▪ Reimbursement generally limited to coach fare. ▪ See Travel Policy for additional guidelines. ▪ Airline ticket insurance will be reimbursed.
Alcohol	Yes	7319 Unallowable 7111 Supplies (for research)	<ul style="list-style-type: none"> ▪ Limited to certain events and purchases exceeding \$250 must be approved by the Dean or Vice President/Provost. ▪ Unallowable expense unless used in formal research.
Automobile rental	Yes	7311 Domestic 7312 Foreign	<ul style="list-style-type: none"> ▪ Limited to situations where other means of transportation are not practical, economical, or unavailable, and to emergency situations. ▪ The most economical car should be used. ▪ Fines for automobile violations or personal misconduct will not be reimbursed. ▪ See Travel Policy for additional guidelines.
Automobile travel	Yes	7311 Domestic	<ul style="list-style-type: none"> ▪ When using personal vehicle to travel on University business. ▪ Reimbursement limited to the prevailing IRS mileage reimbursement rates. ▪ When traveling directly from home, subtract your normal commute from the total miles associated with the trip. MapQuest directions required for reimbursement. ▪ Gas, oil, insurance premiums, repairs or other costs presumed included in the mileage rate will not be reimbursed.

			<ul style="list-style-type: none"> ▪ Fines for automobile violations or personal misconduct will not be reimbursed. ▪ Costs to commute to/from work daily are not valid business expenses.
Books and journals	Yes	<p>7171 Library books</p> <p>7172 Library periodicals</p> <p>7111 Supplies (all other)</p>	
Business meals	Yes	7325	<ul style="list-style-type: none"> ▪ Must provide detailed description of the business purpose, the type of meal (breakfast, lunch, dinner), and who attended. ▪ The University does not reimburse on a per diem basis. Reasonable expenses incurred will be reimbursed. General guideline is that the meal should not exceed \$10 for breakfast, \$20 for lunch, and \$30 for dinner.
Cell phone/smart phone	Yes	7523	<ul style="list-style-type: none"> ▪ Must be approved by the Dean or Vice President/Provost. ▪ Purchase is to be through the Office of Information Technology. ▪ Will not be reimbursed on an expense report. ▪ Phones will not be upgraded until eligible by contract (typically after 2 years). If requested upgrade is at a higher cost than the average for the University, approval by the Dean or Vice President/Provost is required.
Child care	No		
Cloud services	Yes		<ul style="list-style-type: none"> ▪ Contract to be reviewed in advance of purchase by Chief Information Officer and University Compliance Officer
Computer equipment, software and related media	Yes	<p>71860 Computers, media & IT equipment <\$5,000</p> <p>71865 Software < \$5,000</p>	<ul style="list-style-type: none"> ▪ Must be approved by department manager. ▪ Purchase must be coordinated with the Office of Information Technology. ▪ Replacements to be in accordance with the Office of Information Technology replacement policies.

		<p>79360 Computers, media & IT equipment ≥ \$5,000</p> <p>79365 Software ≥ \$5,000</p>	<ul style="list-style-type: none"> ▪ University property, unless purchased with federal funds and terms of the agreement provide that title remains with the federal government. ▪ Additional accounts for Capital funded IT purchases are available upon request. ▪ Contact OSP and SPA for accounts to be used for sponsored contracts.
Construction services	Yes	<p>79100 Projects - Land</p> <p>79105 Projects - Land improvements</p> <p>79110 Projects - Buildings</p> <p>79115 Projects - Building improvements</p> <p>79120 Projects - Lab equipment</p> <p>79130 Projects - Furniture and fixtures</p> <p>79140 Projects - Office equipment</p> <p>79150 Projects - Athletic equipment</p> <p>79160 Projects - Computers, media & IT equipment</p> <p>79165 Projects – Software</p>	<ul style="list-style-type: none"> ▪ Must be in approved Capital Budget and coordinated with the Assistant Vice President for Facilities. ▪ Competitive bidding (at least 3 bids) is required for purchases \$10,000 and over. ▪ Major projects require separate approval by the Board of Trustees. ▪ Activity codes are available upon request for detail cost tracking of projects exceeding \$1 million.
Consulting services	Yes	7211	<ul style="list-style-type: none"> ▪ See Independent Contractor Policy
Donations	No	7319	<ul style="list-style-type: none"> ▪ Exceptions to be approved by the Executive Vice President/CFO. ▪ Unallowable expense.
Dues, memberships, and subscriptions	Yes	<p>7611 Subscriptions</p> <p>7612 Memberships</p>	<ul style="list-style-type: none"> ▪ Must provide business purpose.

Employee recruitment costs	Yes	7632 Relocation	<ul style="list-style-type: none"> ▪ Must coordinate with Vice President of Human Resources and also with the Provost's Office for faculty hiring.
Entertainment	Yes	7322	<ul style="list-style-type: none"> ▪ Official University events only. ▪ Entertainment expenses when traveling on University business will not be reimbursed (i.e. in-room movie rentals, theater, sporting events and "side" trips). ▪ Unallowable expense. ▪ See Travel Policy for additional guidelines.
Equipment rental	Yes	7185	<ul style="list-style-type: none"> ▪ Includes copiers, printers, vehicles, and athletic equipment.
Fellowships	Yes	7639	<ul style="list-style-type: none"> ▪ No work requirements ▪ Paid by Check Request ▪ Tax withholding to be determined by the HR dept. ▪ Includes SURF (summer undergraduate research fellowships.) ▪ Tax withholding requirements for NRAs (nonresident aliens)
Flowers, gift baskets, cakes, etc. for birthdays, condolences, get-well, or work – related congratulations	Yes	7319	<ul style="list-style-type: none"> ▪ Amounts greater than \$250 must be approved by the Dean or Vice President/Provost. ▪ Unallowable expense.
Food service – employee recognition, recruitment, holiday parties and department morale	Yes	7325	<ul style="list-style-type: none"> ▪ Must use Chartwell's for all functions on campus. ▪ Cost to be limited and approved in advance by the Dean or Vice President/Provost.
Foreign travel	Yes	7312	<ul style="list-style-type: none"> ▪ Preapproval required by the Dean or Vice President/Provost. ▪ See Travel Policy for additional guidelines.
Fund raising expenses	Yes		<ul style="list-style-type: none"> ▪ Costs to raise support for the University.
Gifts/tokens of appreciation for employees or students	Yes	7319	<ul style="list-style-type: none"> ▪ Must be approved by the Dean or Vice President/Provost. ▪ Cannot exceed \$75 per person. ▪ Cannot be paid in cash.
Holiday greeting cards	Yes	7111	<ul style="list-style-type: none"> ▪ Must be approved by the Dean or Vice President/Provost.
Home internet access	No		

Lab and office equipment	Yes	79320 Lab equipment \geq \$5,000 79330 Furniture and fixtures \geq \$5,000 79340 Office equipment \geq \$5,000 71820 Lab equipment $<$ \$5,000 71830 Furniture and fixtures $<$ \$5,000 71840 Office equipment $<$ \$5,000	<ul style="list-style-type: none"> ▪ Must be approved by department manager. ▪ Competitive bidding (at least 3 bids) is required for purchases \$10,000 and over ▪ University property, unless purchased with federal funds and terms of the agreement provide that title remains with the federal government. ▪ Contact OSP and SPA for accounts to be used for sponsored contracts.
Lab supplies	Yes	7117	
Legal costs	Yes	7214	<ul style="list-style-type: none"> ▪ Must be approved by Executive Vice President/Provost/CFO.
Liability insurance (i.e. property, general liability, educators' liability, etc.)	Yes		<ul style="list-style-type: none"> ▪ Must be approved by University Compliance Officer, if other than for travel. ▪ See Travel Policy for additional guidelines.
Lodging	Yes	7316	<ul style="list-style-type: none"> ▪ When overnight stay is required. ▪ Must be preapproved by the Dean or Vice President/Provost. ▪ Generally, trips of less than 50 miles one way do not qualify for reimbursement for an overnight stay. ▪ See Travel Policy for additional guidelines.
Meetings and conferences	Yes	7321 Faculty and staff 73210 Students	<ul style="list-style-type: none"> ▪ See Travel Policy for additional guidelines.
Moving expense reimbursement	Yes	7632 Relocation	<ul style="list-style-type: none"> ▪ Must be preapproved by the Provost and Executive Vice President/CFO. ▪ Must coordinate with Vice President of Human Resources.

			<ul style="list-style-type: none"> Certain expenses may be taxable to employee.
Office supplies, including department beverage service (coffee, tea, water)	Yes	7111	<ul style="list-style-type: none"> Supplies for a home office will not be reimbursed.
Parking fines and tickets	No		<ul style="list-style-type: none"> Traffic fines, parking violations and court costs will not be reimbursed.
Parking, taxi fare and tolls	Yes	7311 Domestic 7312 Foreign	<ul style="list-style-type: none"> Transport to and from hotels and terminals Includes gratuities. On-campus parking will not be reimbursed.
Political expenses	No		
Prizes and awards	Yes	7634	<ul style="list-style-type: none"> Official University events only.
Professional development	Yes	7633	<ul style="list-style-type: none"> Job-related webinars, seminars, study courses, etc. Does not include tuition assistance for degree-granting programs. Refer to Human Resources Benefits & Policies for Faculty, Staff & Administration.
Sales tax - Mass	No	7736	<ul style="list-style-type: none"> The University is tax-exempt in the state of Massachusetts. The University reserves the right to not reimburse sales tax submitted on employee business expense reimbursement reports.
Sales tax – other states	Yes	77361	
Scholarships	No		<ul style="list-style-type: none"> See the Office of Financial Aid for additional information.
Spousal travel	No		<ul style="list-style-type: none"> See Travel Policy for additional guidelines.
Stipends	Yes	6185 WPI Students 7621 Outside Participants	<ul style="list-style-type: none"> Work requirement WPI Students paid by HR Includes REU and RET (Research experience for undergrad/summer camps) Outside participants paid by Accounts Payable

Telephone	Yes	7191	<ul style="list-style-type: none"> ▪ Campus land lines are managed by IT. Use of these lines for personal long distance calls is prohibited.
Training functions	Yes	7321 Faculty and staff 73210 Students	<ul style="list-style-type: none"> ▪ Must provide business purpose, agenda and who attended.

Questions

Questions regarding this policy and/or the procedures contained in it should be addressed to the Controller's Office or to the Office of Sponsored Programs for transactions under federal grants, contracts, or other externally funded agreements.

- Charlene Bellows, Controller, ext. 5577 or cbellows@wpi.edu
- Heather Bilotta, Director, Sponsored Programs Accounting, ext. 5422 or hbilotta@wpi.edu