

Texas Wesleyan Business Services

Expense Policy

Overview and Purpose

Employees at Texas Wesleyan University have a fiduciary responsibility to use tuition, gifts to the University, and other sources of revenue, wisely and carefully in furtherance of the University's educational mission. The University expects employees to diligently manage expenses and to utilize defined processes to use departmental and/or restricted funds to purchase goods and services within the scope of their available budget. The primary responsibility for adherence to these guidelines' rests with the budget officer for the department or grant.

The purpose of this Expense Policy ("Policy") is to outline guidelines for defining allowed versus disallowed expenses for University funds. This Policy is not intended to cover every situation. This policy is not intended to address the best use of allowed expenses within the budget for each department. Questions about expenses, best and appropriate use of expenses, and requests for exceptions should be brought to your Division Vice President for discussion. If your Division Vice President decides an exception might be appropriate, final approval must be obtained from the Vice President for Finance and Administration. Approval exception must be received PRIOR to the expense being made, and in the case of a reimbursement or purchasing card charge, that approval should be in writing and attached to an expense form or purchasing card record. In addition, some grants and gifts are subject to rules that are more stringent than these guidelines, and some departments may have more restrictive policies and procedures due to budget constraints and/or other reasons as determined by the department head. Employees should follow more restrictive policies and procedures in the event of a conflict with this Policy.

Whenever possible, employees should expend funds using University approved purchasing methods such as the purchase order process or the University issued purchasing card. Only as a rare exception should an employees' personal funds be utilized and submitted for reimbursement using the reimbursement process. If an employee or their department does not have a University issued purchasing card, a vendor does not accept purchase orders, and the expense is pre-approved, personal funds may be used and reimbursement will be issued after the submission of a signed Request and all receipts.

Scope

This Expense Policy applies to all University faculty and staff. Texas Wesleyan University may unilaterally modify, suspend, update, or otherwise change this Policy as necessary.

Criteria for Determining an Allowable Expense

In order to be paid directly by the University or reimbursed to an individual, a business expense must be:

- **Necessary** to perform a valid business purpose fulfilling the mission of the University
An expense is necessary if there is a valid business purpose required to fulfill the mission of the University. The primary benefit of a necessary business expense is the University, not the individual. A necessary expense is a minimum purchase or service required to achieve a valid business objective.
- **Reasonable** in that the expense is not extreme or excessive and reflects best value for the University
Reasonable means the amount that normally would be spent in a specific situation. An expense is considered reasonable if it is not extreme or excessive and reflects a prudent decision and action to incur the expense. This policy does not define a precise dollar amount because the reasonableness of an expense depends on many factors including the purpose, context, location and circumstances surround the expenditure.

- Appropriate in that the expense is suitable and fitting in the context of the valid business purpose
Costs are appropriate if they are suitable or fitting for a particular business purpose. This presumes that there is a valid business purpose, which is normally the responsibility of the department or program to determine.
- Allowable according to the terms of any federal regulation, sponsored contract, or University policy
If an expense is necessary, reasonable, appropriate, and there are budgetary funds available to support the decision to make the purchase, the University considers it an allowable expense. However, Federal regulations contain categories of expenses that are unallowable as either direct or indirect costs. For example, while certain entertainment costs may be allowable as University expenditures, these costs may be expressly prohibited by regulation on federal grants and contracts, and therefore, would be unallowable for use by those funds. For this reason, employees using grant and sponsored program funds must do so in accordance with allowable and unallowable expenses outlined in the Texas Wesleyan Grants Manual.

Allowable Expenses

The list below highlights commonly allowable expenses, but is not intended to identify every allowable business expense.

- Advertising – recruiting employees and other activities surrounding the promotion of the University.
- Appliances in common areas: These are allowable if they are available to all of the department and do not require special installation conditions.
- Awards for student achievement, athletic achievement, employee achievement
- Books: Books associated with employee/departmental professional development or academic preparation may be purchased with the approval of your budget officer.
- Fuel, maintenance and annual registration costs for University owned or leased vehicles.
- Conferences and meetings hosted by the University: Expenses for food and beverages during a University hosted conference or meeting are allowable when associated with business activities. The cost should be reasonable based on the number of people attending.
- Facilities Modifications: Any expense related to the long-term modification of University Facilities may only be done in accordance with the Facility Operations Policy Statement. All such expenses must be done only after consultation with the Executive Director of Facilities Operations or their designee and using vendors approved by the Facilities Department and Purchasing.
- Food – Business Meeting meals and Office Social Events:
 - Business meetings between University employees: As a general rule, meetings between employees of the University should take place during normal office hours if at all possible. If schedules require that the only time to hold a meeting is over a meal time, the cost of the meal is an allowable expense, but should be an exception rather than the rule. The concept of reasonableness should apply to all food costs. Whether meeting on or off campus, the normal guideline for allowability would be the average cost of a comparable meal at a University facility or from Dining Services catering. If the meeting is inter-departmental, the most senior member of the staff should pay for the charge.
 - The primary beneficiary of expenditures for food and entertainment should be the University. If the food/entertainment is used as a reward or morale booster, these situations must not be excessive in nature.
 - Coffee service, soft drinks and bottled water: When made available to all members of a department and visitors, these expenses may be incurred at the discretion of the department
 - Social events: Occasional office parties, picnics, retreats, or other social gatherings for faculty, staff and students are acceptable. The costs of food and the venue should be reasonable.

- Gratuities should not exceed 20%.
- Gifts for employee recognition:
 - Gifts for departing employees may be given and the amount should be reasonable, equitable and in keeping with length of service and the nature of the position and condition of the departure. Because of IRS regulations, cash or cash equivalents (such as gift cards or certificates) must be treated as compensation and are not considered as appropriate for this type of expense. In addition to the gift, it may be appropriate to have a celebratory recognition event in keeping with the guidelines above.
 - Gifts for professional and personal accomplishments. Gifts such as flowers or fruit baskets may be appropriate to recognize a personal event such as the birth of an employee's child, extended illness or death of a close family member. These should be from a department or the University rather than an individual.
- Gifts to non-employees
 - Gifts of modest value may be given to individuals not employed by the University in recognition of events. An example of this would be a gift to a donor that has participated in a special University event. Shows of appreciation should be consistent with University policy and ideally would represent the University or the State of Texas or City of Fort Worth in some way.
- Licensing Fees: Licensing fees required to perform one's University duties are allowable at the discretion of individual departments.
- Memberships:
 - Individuals: Memberships in professional organizations related to one's position at the University are allowable expenses at the discretion of individual departments.
 - Institutional Memberships: These are allowable, but should be made either through the Office of the President or the Divisional Vice President's offices
- Mileage: Mileage will be reimbursed by the University for use of the employee's car for approved activities. Miles should be computed based on distance from the University to the destination unless the activity is happening during non-work hours or unless the distance from your residence is closer to the approved activity. Mileage will be reimbursed based on the current rate per mile as posted by Business Services based on IRS rates. All reimbursement for use of a personal vehicle should be through the mileage reimbursement process using the Local Mileage and Reimbursement form for travel within the Dallas Fort Worth area, or on the Employee Travel Reimbursement form for overnight travel. The University purchasing card should NOT be used to purchase gas for the employee vehicle in lieu of the mileage reimbursement process. Mileage is designed to cover all costs associated with the use of the employee's vehicle EXCEPT for parking and tolls as outlined below.
- Office Furniture: Office furniture should meet standards set by the Purchasing Office and should be suitable for commercial use in an office setting. Please see the Purchasing website for approved furniture sources.
- Office Supplies and equipment: Office supplies and equipment should be purchased through the approved office supply contract whenever possible. Check Purchasing website for current preferred vendors.
- Parking: Necessary charges for parking while in a University owned vehicle or in an employee vehicle on an approved trip may be paid. Parking tickets WILL NOT be paid or reimbursed.
- Subscriptions: Appropriate publications and journals relative to the employee's responsibilities and intended to increase business or educational knowledge are appropriate
- Technology: Computer hardware and software should only be purchased after consultation with the University IT department. As a general rule these charges are not allowed on the purchasing card, so must go through the Purchase Order process.
- Tolls: Tolls will be reimbursed for charges applied to the employees account when the employee vehicle is used for travel to approved activities (only tolls between the University and the destination are allowed unless travel is done outside of working hours).

- Training: Training expenses on-site, off-site and those utilizing online strategies related to the employee's responsibilities or needed skill-sets are appropriate

Unallowed Expenses from University Funds

The listing of unallowed expenses is not intended to be all inclusive, but rather reflects examples of commonly asked about unallowable expenses for both University and federal funds. If there is any doubt (i.e. they are not on the allowable list above), check with Purchasing, Business Services or the Office of Grants and Sponsored Programs (in the case of grants and sponsored program funds).

- Food: Casual meals with colleagues aside from the specific items mentioned above are not reimbursable and not allowed on the purchasing card. Meals or snacks while running errands locally for the University are not allowed.
- Commuting costs: Employee travel to and from work is not reimbursable.
- Credit card fees: Annual fees or late fees on personal credit cards are not reimbursable even if the personal credit card has been used for University purchase.
- Gifts to employees: Individual gifts are not allowable except in the cases specifically identified above. This includes holiday gifts paid for by University funds.
- Goods for personal use: These would include such items as an individual coffee maker or other personal small appliances.
- Parking tickets or traffic violations: These are not allowable even if incurred while conducting University business.
- Political contributions: These are not allowable either as a University representation or on behalf of an employee's political viewpoint.
- Payment of student expenses: Books, housing deposits and other student expenses are not allowed to be paid from University operating funds or on the University credit card. All payments benefiting students other than programmatic (for example, travel expenses for conferences, paper presentation, or athletic travel) should be processed through Financial Aid.
- Sales tax: Sales tax will not be reimbursed.
- Stolen lost or damaged personal property: These are not replaceable out of University funds even if incurred while on University business or property.

Expenses from Grants or Sponsored Program Funds

All expenses made using funds provided by grants or other sponsored programs should be made in accordance with the policies and procedures outlined in Section V of the Texas Wesleyan Grants Manual. Any questions about allowability of expenses should be directed to the Office of Sponsored Programs PRIOR to the expense being made. Failure to follow those policies may result in the expense being denied and could jeopardize the grant status.

Approved Methods for Expending University Funds

- Purchase Orders – This is the preferred method for purchases that are higher in dollar value, or where there is a policy and standards that involve another department such as Facilities or Technology, or for services performed by individuals and for vendors that do not accept credit card payments. The use of a purchase order involves the creation of a requisition by the department initiator which is subsequently approved by the department budget officers. In most cases, the purchase order process should be completed prior to the shipment of the goods or the performance of the services.

- Purchasing cards – Purchasing cards are typically used for small dollar purchases (typically \$1000 or less) where the goods have less permanent value (such as office supplies or other departmental consumables), or where there is an emergency purchase that must be made immediately, or where a vendor for the selected best product does not accept payments on account. The purchasing card is the preferred use for travel expenses if the employee has been approved for a purchasing card.
- Local mileage and reimbursement form – This form is used when an employee is being reimbursed for the use of an individual's car for University business. The form should be filled out per the instructions on the form and in the case of local reimbursement, receipts must be submitted. This form must be submitted within 30 days of the expense.
- Employee travel and reimbursement form – This form is used to reimburse a university employee for travel expenses if they do not have a purchasing card or for expenses where the purchasing card was not accepted. Receipts should be submitted to substantiate ALL travel expenses

Sales Tax

Texas Wesleyan University is a tax-exempt institution for tax imposed by the State of Texas for almost all categories. For this reason, when a University vendor is set up for purchase order use, they are required to honor our tax exemption. An employee who uses a purchasing card must present the appropriate University tax exempt form to the vendor from which they are purchasing. If purchasing from an internet site, the cardholder must contact the vendor to determine how the sales tax exemption will be honored. Employees who submit receipts for reimbursement on will NOT be reimbursed for sales tax. The responsibility for making sure the University does not pay sales tax rests with the employee.

Substantiation of Expenses

“Substantiation” describes the set of written documents that support an incurred business expense. Such documentation consists of the original receipt for reimbursement forms or receipt upload in allocation software for purchasing card charges, notation of business purpose, names of persons in attendance (when applicable) and the appropriate report for the type of incurred cost (Expense description in allocation software for purchasing card charges and Local Expense and Mileage Reimbursement Form or Employee Travel and Reimbursement Fund for reimbursement of personal funds). Allowable business expenses must be properly substantiated and approved in order to be paid or reimbursed. If a required receipt has been lost, a missing receipt affidavit which has been signed by the employee's supervisor must be submitted.

Timeliness of Submission

Purchasing card documentation must be submitted by the deadlines required by Purchasing Department. Failure to allocate by those deadlines and to submit the appropriate documentation for approval by the deadlines may result in card revocation. Reimbursement forms should be submitted as soon as possible, but in all cases within 60 days after the expense is incurred. Failure to submit forms in a timely manner may result in the expense reimbursement being denied.

Ethics and Conflicts of Interest

Employees of the University have an obligation to avoid activities or situations that may appear to be, or could result in, a conflict of interest. Employees must not use their University positions to influence outside organizations or individuals for the direct financial, personal, or professional benefit of themselves or members of their families. Any potential conflict of interest between a Texas Wesleyan employee and a potential vendor should be disclosed at the time of vendor set up.

Selection of vendors should always be based on best value to the University and not influenced by any special treatment or favors offered by an outside company.

Exception Approval

The Division Vice President must submit any requests for Policy exceptions approval to the Vice President of Finance and Administration and if approved, that approval must be submitted in writing to Business Services with the expense documentation.