

9.8 **ACCOUNTS PAYABLE**

9.8.1 **Overview**

The Accounts Payable department is responsible for the implementation of and compliance with the Purchasing Policy (c.f. 9.4). Accounts Payable assists in determining other areas' compliance. To this end, it is necessary for the Accounts Payable department to process payments (herein described) on a timely basis, effectively and efficiently. These policies and procedures are also necessary to comply with the Federal tax law.

9.8.2 **Check Requests**

The Check Request form is used when requesting a check for an advance for travel, memberships, dues, subscriptions, honorariums, and casual labor payments as already documented in Section 9.4.4.2 of the Purchasing Policies. Check Requests are audited for the approved authorized signature and account number. They all should have supporting documentation attached, such as a time card, membership renewal, subscription invoice, or dues invoice. The check request should be completed by the originating department in its entirety. The Request for Check may be entered online via the accounting software and will route for the required approvals automatically. Backup documentation needs to be faxed or sent to Accounts Payable if a request for check is entered online.

9.8.2.1 **Advance**

An advance for University-approved travel is permitted by the University. Expenses must be adequately accounted for, regardless of the source of funds, within 60 days after the advance was paid or incurred, and these expenses must be accounted for in accordance with the Board approved policies and procedures. The responsibility to conform to the policies and procedures associated with travel is held by the traveler and the budget administrator who approves the expenditures. Expenses should be reasonable and customary to the purpose of travel.

If advances are not adequately accounted for or excess advances not returned within a reasonable period of time as defined by the Federal tax laws, the amount must be treated as having been paid under a non-accountable plan. The University must combine the amount of any reimbursement or non-accounted for advance of funds as wages. The payment will be reported on the Form W-2 in box 1.

If the non-accountable advance is accounted for via payroll for the reason of exceeding the 60 days reporting requirement, the employee will be assessed the applicable FICA taxes for the employee portion and the university portion.

Endorsement of the check issued by Accounts Payable for the Advance denotes agreement to the *Advance* policy and procedures of accounting for the advance under the IRS accountable plan.

Refusal to follow the policies relating to advances may jeopardize a faculty or staff member's ability to receive future advances.

9.8.3 Travel and Entertainment Policies and Procedures

The policy of Bellarmine University is to reimburse its employees for ordinary, necessary, and reasonable travel and entertainment expenses incurred in the course of conducting University business. Bellarmine University's travel meets the IRS definition of an "accountable plan." As a result, travel reimbursements do not have to be reported as income to the traveler. Under the accountable plan, travel advances and reimbursement of expenses must meet three requirements:

1. Advances must be made for business expenses only and must be reasonably related to the expenses the employee is expected to incur.
2. Travelers must submit a *University Expense Claim Form*, substantiating the amount, time, use, and business purpose of expenses within a reasonable time (not to exceed 60 days), after the expenses are incurred. Original receipts must be attached to the statement.
3. Employees must return any advance amounts in excess of substantiated expenses within ~~30 days~~ a reasonable period of time after completion of the trip.

If an employee does not substantiate expenses and/or return any excess advance within a reasonable period of time (<60 days), this amount must be treated as if it were paid under a non-accountable plan and must be treated as salary, subject to withholding, on the employee's Form W-2. If the University Expense Claim Form contains expenses for which reimbursement is requested due to mileage, meals, etc. and is paid via payroll for the reason of exceeding the 60 days reporting requirement the employee may be required to reimburse the University for the employment taxes related to the violation of the 60 day requirement.

In order for business travel expense reimbursements to remain tax-free to the employee, the policies and procedures that follow must be adhered to.

Outlined below are guidelines as to which expenses are reimbursable and the required documentation that must accompany the request for reimbursement. Failure to submit this information may result in reimbursement being denied. On occasion, satisfaction of the requirements may be waived as a result of extenuating circumstances beyond the employee's control.

9.8.3.1 Transportation

All reasonable transportation costs incurred on University business will be reimbursed. These costs include air and taxi fares, rental car fees, and the cost of other modes of travel. These expenses must be substantiated by the documentation discussed under Section 9.8.3.8. In the case of gratuities, tips, and parking fees, a de minimus rule of \$4.00 per transaction shall apply.

Travel by common carrier (airplane, train, bus, boat, etc.) will be reimbursed at the **normal economy rate**, plus the necessary expense to and from the place of departure of the common carrier. When airfare and taxis (or car rental) are less costly than the use of personal auto, the University will reimburse only the lower amount. However, airfare and taxis may be used in lieu of personal auto, even if higher, in order to conserve time.

9.8.3.1.1 Car Rental

The use of a car rental should be justified as a business necessity. All rentals should be at the lowest possible rental rate per day. A mid-size or smaller vehicle is required for an authorized charge to the University.

All persons requesting a car rental must contact the Facilities Management Department for pre-approval. At this time, Facilities Management will advise if the car insurance offered by the rental company should be waived.

9.8.3.2 Lodging

Employees are entitled to reimbursement for reasonable lodging expenses supported by a detailed hotel bill for each day of lodging incurred while on University business and it is necessary to be away from home overnight, provided that the expense is not lavish or extravagant. Reasonableness of lodging costs will be judged in reference to the lodging allowances reflected in the Governmental Travel Allowance Rates published by the Internal Revenue Service and other significant factors. The justification of questioned lodging expenses rests with the claimant. These costs must be substantiated by the documentation under Section 9.9.3.8.

9.8.3.3 Entertainment and Meals

Reimbursement will be made for the costs of entertainment and meals incurred in the course of conducting University business, provided, however, they are ordinary, necessary, and reasonable. These expenditures must be substantiated by the documentation discussed under Section 9.9.3.8. A de minimus rule of \$4.00 shall apply to tips and gratuities.

Frivolous, lavish, and extravagant expenditures for entertainment and meals are to be avoided at all times. Judgment must be exercised when selecting an entertainment facility, restaurant, and menu. Excessive expenditures are subject to question by the Accounts Payable Department and may result in the denial of reimbursement, either in its entirety or partially. The reasonableness of meal expenses will be judged by reference to the Governmental Travel Allowance Rates published by the Internal Revenue Service and other significant circumstances. The justification of questioned expenses rests with the claimant.

Should an employee be required to travel for an extended period of time, i.e., four or more consecutive days out of town, it is permissible for the employee to enjoy a more expensive meal once or twice per week, provided the aggregate meal costs for the period traveled is reasonable.

For entertainment within a University area (e.g., an office Christmas party), the University should not be expected to pay for the total cost; however, some reasonable supplemental support is allowable.

Breakfast, lunch, or dinner meetings and golf outings between University employees normally are considered personal expenses and, therefore, are not reimbursable by the University. However, there will be some occasions where reimbursement of the costs by the University would be appropriate, and in these **rare** instances, justification for reimbursement rests with the claimant, and is subject to scrutiny and question by the Accounts Payable Department. Should meetings between employees of the University be reoccurring and the employee(s) believe that they have justifiable reason to receive reimbursement, the burden rests with them to obtain the approval of the President, in writing, and to submit the written approval **with** the University Expense form.

9.8.3.4 Alcoholic Beverages

Alcohol expenses may not be charged to federal grants and contracts.

9.8.3.5 Mileage Allowances

Employees will be reimbursed for the use of their personal vehicles for University business at a rate per mile, which is established by review of the Internal Revenue Service (IRS) mileage allowance, and recommendation by the Vice President of Administration and Finance to and approved by the President.

Those individuals furnished a University-owned vehicle will be reimbursed at a lower rate per mile to cover the cost of gasoline. The rates per mile and applicable mileage limitations are reflected on the reverse side of the University Expense Claim form, and that information is incorporated into and considered a part of this policy. Miles traveled for University business purposes do not include personal commuting miles between home and Bellarmine University.

9.8.3.6 Personal Expenses and Payment

The University will not make any reimbursement of personal expenses incurred while on University business. These include such items as personal phone calls, movies, or other entertainment, lodging and meals for family members and guests.

If you are authorized to sign the hotel bill at checkout using a University purchase order, you must pay any personal expenses reflected on the bill at check-out time. Accordingly, the bill received by the University will reflect only the balance owed by the University. In other cases, the amount of personal expenses must be deducted from the bill prior to submission for reimbursement.

9.8.3.7 Request for Reimbursement (University Expense Claim Form)

The University Expense Claim form is to be used for all reporting of travel and entertainment expenses, including advances for travel. This form must be accompanied by all original receipts and the additional documentation recited above. The absence of any of this information may result in reimbursement being delayed or denied.

The form must be completed in date order and completed in the online form. Included on the form is a section for deductions if the University was charged directly or a travel advance was requested. **The individual and his/her supervisor must sign the University Expense Claim form before** Accounts Payable Department approval is given. Processing of University Expense Claim forms may take ~~three or four~~ up to ten business days provided all documentation and required signatures accompany the request. Checks are issued twice weekly. New employees should contact the Accounts Payable Department for information on Direct Deposit.

9.8.3.8 Required Substantiation and Documentation

A Bellarmine University Expense Claim Form must be completed for documentation and reimbursement of the expenses incurred. All expenses for which reimbursement is requested must be supported by original receipts and the additional documentation required by the University and/or the Internal Revenue Service Regulations in order to substantiate the business purpose of the expense.

The following support for documentation of an advance and reimbursement requests will be required for all expenses:

1. Air transportation - Airline ticket “receipt” coupon and copy of invoice
2. E-tickets - Airline “receipt/itinerary” and charge card receipt
3. Car rental - Car rental agreement and charge card receipt (if applicable)
4. Personal Auto Miles driven or original gas receipts
5. Lodging – Itemized hotel bill and charge card receipt (if applicable)
6. Meals, Hotel bill – charge card and restaurant receipt (if applicable, name(s), position(s), company of the person(s) entertained and business purpose). If the detailed meal receipt is omitted, you may be reimbursed 75% of the total meal costs, including tip, rather than total denial of reimbursement for the meal.
7. Conference – Agenda (meeting schedule) and paid receipt.
8. Entertainment – Charge card receipt with name(s), position(s), company of the person(s) entertained and business purpose.
9. Telephone, Fax, Internet – Hotel bill or other connection charges
10. Taxi, Other - Receipt or bill

For transportation and lodging expenses, the following additional information must be submitted along with the original receipts:

1. Dates of departure and return for each trip away from home.
2. Destination and locality of travel.
3. Business reason of travel.

When airfare is the chosen method of travel, required documentation includes the original receipt reflecting payment.

For entertainment and meals, the following additional information must be submitted along with the original receipts:

1. Amount of each separate expenditure.
2. Date of the entertainment or meal.
3. Name of the restaurant or facility, address, and type of facility if not apparent from the name.
4. Business reason for the expenditure.
5. Identification of the persons in attendance, including name, title, business affiliation, and nature of business relationship to the University.
6. The entire guest check shall be submitted along with the other required documentation. If the guest check (detailed meal receipt) is omitted, you may be entitled to 75% of the total meal costs as reimbursement versus denial of the request for the meal reimbursement.

The supporting documentation enumerated above may be noted on the University Expense Claim form or the individual receipts if adequate space is available and, if not, on a separate sheet attached to the University Expense Claim form. This information must be concise and descriptive.

9.8.3.9 Moving Expenses

The University is required to report all reimbursements for moving expenses to the Internal Revenue Service on the employee's W-2.

9.8.3.10 Procurement Card

Bellarmino does permit certain staff to carry a procurement credit card. Approval must be granted by the Vice President for Administration and Finance and the President.

Use of the procurement card must be in accordance with existing policies and procedures. **Personal charges are strictly prohibited** and will result in the termination of the card utilization if this situation occurs.

Each card issuer must sign a cardholder agreement prior to issuance of the procurement credit card.

A monthly statement will be mailed to the employee from the banking institution each month. Original receipts are to be attached to the statement for each transaction giving the details of each transaction, including the account number to be charged for each transaction. The required form for documentation is the *Credit Card Documentation* Form available on the Purchasing website. The signatory of the budget authority on each account number must affix his/her signature to the report of expenditures. The statement and all supporting documentation must be submitted to Accounts Payable for payment processing in a timely manner.

9.8.4 Direct Deposit

Bellarmino Accounts Payable department began offering direct deposit to employees as of April 10, 2009, for any accounts payable payments (including advances, expense reimbursements, and stipends, to name a few). The payments will be deposited into the employee's overflow account on file with the Payroll department. If the employee wants a separate bank account used by the Accounts Payable department, the Direct Deposit form would need to be completed, available on www.bellarmino.edu/purchasing website, and returned to Accounts Payable.

The Accounts Payable personnel will process direct deposit of all payments (including advances, expense reimbursements, and stipends, to name few) every Tuesday and funds should be available on Wednesday.