Expense Reimbursement Policy

Introduction
Expense reimbursement is a method for paying employees back when they spend their own money on business-related expenses. These expenses include travel, hospitality, and small business related purchases.

Policy Statement
Brown University’s expense reimbursements plan follows the requirements of the Internal Revenue Service Code Section 62 on Accountable Plans.

An Accountable Plan is any reimbursement or other expense allowance arrangement that meets all of the following requirements:

- **Business connection:** The arrangement provides reimbursements of an employee’s business expenses paid or incurred in the performance of services as an employee.
- **Substantiation:** The employee must submit information to the payer sufficient to satisfy the “adequate accounting rules” with respect to travel, entertainment, or other business expenses. For other reimbursed expenses, information must be submitted that is sufficient to enable Brown University to identify the specific nature of each expense and to conclude that the expense is an employee business expense. Each of the elements of an expenditure or use must be substantiated. Expenses must be substantiated within 60 days of expense. (See FAQs for additional information.)
- **Return of excess amounts:** The arrangement must require that an employee return to the payer within a reasonable time the amount of the reimbursement or allowance that exceeds the substantiated expenses. A reasonable period of time is defined under a safe harbor as an expense or advance substantiated within 60 days and any excess advance returned within 120 days of when the expense is paid or incurred. If an employee fails to return amounts in excess of the substantiated amounts within a reasonable time, only the amounts not in excess of the substantiated amounts are excludable from gross income. The unsubstantiated amounts are considered gross income subject to withholding and must be reported on Form W-2.

Certain transactions will not be reimbursed under Brown’s Accountable Plan:

- Transactions that are determined to be of personal use or personal benefit will not be reimbursed.
- Payment of independent contractor services (including guest speaker), by an employee, will not be reimbursed.
- Payment of travel expenses for individuals not employed by or enrolled at Brown, by an employee, will not be reimbursed.
- Items that are restricted purchases, as defined on the Insurance and Purchasing Services website, are not reimbursable.

Requests for the reimbursement of purchases that do not comply with Brown’s Accountable Plan rules may, with the approval of the employee’s manager and/or Senior Officer Approval, be processed as a payroll adjustment. The payment may be grossed-up if department funds are available for the additional payment.

Expense reimbursement is not intended for the routine purchase of office supplies or other business related expenses. The Office of Insurance and Purchasing Services’ strategic sourcing initiative lists...
acceptable methods of ordering University goods and services. In summary:

- Goods and services $3,000 or more, and goods that are restricted purchases require a purchase order,
- Goods under $3,000 should be charged to a PCard,
- The Workday Punchout is the acceptable method to purchase office supplies (OfficeMax), scientific supplies (Fisher Scientific), and computers (Dell),
- Amazon Business is available for a wide variety of purchases included books and supplies not available from on the Workday Punchout.

The University is a tax exempt organization. Every effort must be made to avoid paying sales tax. Purchases for University business should be made through one of the acceptable methods to avoid paying sales tax and support the University’s strategic sourcing initiatives. Please review the list of states where Brown University is exempt from sales tax.

Responsibilities
All Employees: All employees seeking reimbursement of business related expenses need to be familiar with Brown’s reimbursement policies located on the Administrative Policies Website, maintain required receipts, and provide a complete business purpose for the purchase/reimbursement. Employees must submit expenses for reimbursement within 60 days of the expense. (See FAQs for additional information.)

Manager: Managers are responsible for reviewing and approving staff expense reimbursements. This review includes approving the purchase and the business purpose of the transaction.

Cost Center Manager: Cost Center Managers are responsible for reviewing and approving the worktags used on a reimbursement transaction. They are also responsible for ensuring the business purpose complies with the requirements in the Business Purpose Policy and that receipts supporting the transaction are attached.

Accounts Payable: Accounts Payable reviews all transactions to ensure compliance with Brown University’s Accountable Plan.

Procedures

- All employee expense reimbursements are initiated in the Workday Expenses worklet.
  - There are specific policies for reimbursements related to travel, business meals and hospitality, moving, gifts, etc. Review those specific policies for additional requirements.
  - Visitor travel reimbursements are not initiated in the Workday Expenses worklet but instead as a supplier invoice. Review the Visitor Travel Reimbursement Policy for more information regarding those payments.

- Expenses older than 60 days
  - Initiate expense report in Workday using the Workday Expenses worklet.
  - Accounts Payable will review the transaction for policy compliance.
  - Accounts Payable will code the expense transaction for payment in the employee’s paycheck.
  - Expenses will be submitted to the Payroll Office by the payroll cut-off date and processed in the last payroll of each month.
  - Both the employee being paid and the cost center manager who approved the expense report will receive an email notification from Workday stating that the expense will be paid in the employee’s payroll check.
What happens if an expense report is submitted past the 60 day deadline?

An expense not substantiated within 60 days is considered gross income subject to tax withholding and will be processed through payroll and reported on the employee's W-2 form. The accounting for the taxable expense will be defaulted to the employee’s home cost center in Workday. The gross expense will be recorded as follows, dependent upon the employee’s full time or part time status:

- **Full Time Status** - The expenditure will appear in ledger account 52010: Payroll Taxable Expense – Full Time with spend category Taxable Payroll Expense – Full Time (5201); or
- **Part Time Status** - The expenditure will appear in ledger account 52020: Payroll Taxable Expense – Part Time with spend category Taxable Payroll Expense – Part Time (5202)

In addition, the part time fringe rate will be applied to the gross expenditure. The accounting for the fringe will be in ledger account 52030: Taxable Payroll – Fringe, with spend category Taxable Payroll Expense – Fringe (5203).

These ledger accounts will appear in the “Travel and Business” expense category within most Manager Reports.

If needed, the gross expenditures recorded in ledger account 52010: Payroll Taxable Expense – Full Time or ledger account 52020: Payroll Taxable Expense – Part Time Ledger can be reallocated to other organizational worktags by submitting a journal entry. If the reallocation is to a sponsored project, the Cost Transfer journal source must be used.

For the Cost Transfers departments must include the below statement to use as justification for Question #1 on the cost transfer form:

“Transferring expense(s) that were approved on ER-XXXXXX to appropriate grant(s). Because these expenses were not substantiated within 60 days they were required to be processed through payroll. This journal transfers the direct expenses onto the appropriate grant(s).”

The fringe recorded to ledger account 52030: Taxable Payroll – Fringe CANNOT be reallocated to a different ledger account.

I purchased my airline ticket several weeks prior to my business travel to get the best price. Do I have 60 days from the date of this purchase or 60 days from the last travel day to submit my expense report?

Brown University will reimburse airline tickets, train tickets, and conference registration prior to the travel event so that employees do not have to carry those expenses on their credit card. All expenses need to be substantiated and expense reports submitted within 60 days of the completion of travel.

Alternatively, you can submit this airline ticket purchase with your other expenses at the end of your business trip. All expenses must be submitted in Workday within 60 days of the end of the trip.

I will be away conducting research for the semester. Do I need to submit expense reports monthly?

If an expense is incurred during extended travel, the 60 days begins on the last day of travel. Extended travel is defined as trips lasting more than 30 consecutive days (but less than one year).

What date is used to determine timely submission?

The date an expense is submitted in Workday is the date used to determine timely substantiation.
Expense Reimbursement Policy
Published on Policies (https://www.brown.edu/about/administration/policies)

Related Information
- Payroll cut-off schedule
- Travel and Reimbursement Policies

Policy Owner
- Approved by Vice President for Finance & Chief Financial Officer

Contact(s)
- Doreen Burgers
  Director of Administrative Services & Outreach
  401-863-7579
  Doreen_Burgers@brown.edu

Revision Date:  Mon, 2018-05-07 13:58

Source URL (retrieved on 2018-Jun 10):
https://www.brown.edu/about/administration/policies/node/653