



**Responsible Department:** Business and Financial Affairs

**Recommended By:** SVC Business and Financial Affairs

**Approved By:** Chancellor

**Policy Number**  
FINA 2.30.11

**Effective Date**  
6/28/2021

## I. INTRODUCTION

The purpose of this policy is to govern expenses made using any University funding source. All expenses made using University funds shall comply with the criteria for determining an allowable expense.

This policy sets requirements that apply to all faculty, staff, students, and affiliates when generating expenses using University funds (restricted and unrestricted).

Related policies:

- Reimbursement Policy
- Travel Expense Policy
- Charts of Allowable Expenses ([the Shared Services Knowledge Base](#))

## II. POLICY OVERVIEW

**A.** To be an allowable business expense, the expense must be:

1. Necessary to perform a valid business purpose fulfilling the mission of the University; and
2. Reasonable in that the expense is not extreme or excessive, and reflects a prudent decision to incur the expense; and
3. Appropriate in that the expense is suitable and fitting in the context of the valid business purpose; and
4. Allowable according to the terms of any federal regulation, sponsored contract, or University policy.

**B.** Failure to mention an item of unallowable expense in this document does not imply that it is allowable; rather, determination of allowance in each case will be based on the treatment provided for similar or related expense items.

**C.** University employees shall conduct their duties ethically, professionally, and reasonably to avoid the appearance of impropriety (See Policy 3.20.060 *Conflict of Interest*). Individuals involved in any transaction that violates University

policies, laws, regulations, rules, contracts, grants, and donor restrictions will be held personally liable regardless of when the approval occurred. Departments and/or grants may impose restrictions in addition to those listed in University policies and procedures.

- D. Alcohol** -The purchase and use of alcohol places significant legal exposure on the University. Therefore, the use of alcohol for business meals and entertainment purposes should be kept to a minimum. Alcohol may never be charged to federally sponsored projects. Any meals being charged to a federal grant must have all alcohol clearly itemized on the expense report and must be charged to a non-federal funding source.

### **III. PROCESS OVERVIEW**

#### **A. Documenting Expenses**

To maintain compliance with IRS regulations and the University of Denver's Accountable Plan, a statement of business purpose must be recorded for all transactions processed using University funds along with detailed receipts as required.

The business purpose statement provides a clear and concise explanation of how each transaction is necessary and beneficial to the University. To substantiate the expense, the following should be documented:

1. What was purchased or what services were provided;
2. Who the expense is for or who was in attendance (University affiliation should be included);
3. When and where the expense took place; and
4. Why the expense is reasonable and appropriate for University business.

Expense approvers are responsible and accountable for verifying the necessity and appropriateness of all business purchases.

#### **B. Receipt Requirements**

The chart below details the documentation required for business-related purchases processed using a University-issued P-Card or personal funds with a reimbursement request.

When a purchase is processed using University funds, whether via reimbursement or P-Card, the University is assuming ownership for those products or services, as well as the receipt. It is the responsibility of the individual processing the payment to obtain acceptable receipt documentation for submission when applicable. Submission of receipt documentation must

satisfy the following guidelines:

<b>Expense Type</b>	<b>University Purchasing Cards</b>	<b>Personal Funds</b>
Lodging (Room accommodation expense)	Receipt required	Receipt required
Other Travel/Non-Travel	If less than \$75, no receipt is required. If \$75 or more, standard receipt specifications apply.	Receipt required

The standard specifications required for all submitted receipts include:

1. Merchant name
2. Transaction date
3. List of items purchased or services provided (itemized receipt)
4. Total amount paid
5. Method of payment

### **C. Sales Tax**

The University reserves the right not to reimburse sales tax for a transaction that would have qualified for a sales tax exemption. Tax exemption information can be found in [the Shared Services Knowledge Base](#) (log-in required).

### **D. Exceptions**

The Chancellor, the Provost, or the Senior Vice Chancellor for Business and Financial Affairs may grant exceptions to these policies on an individual basis if the exception is in the best interest of the University, is not in violation of any statute, regulation, or other law, and is consistent with all other applicable University policies and procedures.

### **E. Allowable Expense Guidance**

With the authority of the Senior Vice Chancellor of Business and Financial Affairs, Shared Services maintains a chart of allowable expenses in [the Shared Services Knowledge Base](#).

## **IV. GIFTS**

Employees are expected to be good stewards in verifying the following for all gift purchases:

- Infrequency
- Appropriate usage of unit resources
- Appropriateness from an internal or external audit standpoint (not excessive)
- Benefit to the University

All gifts to employees purchased with University funds are subject to tax in accordance with federal tax laws and regulations. Gifts in the form of gift cards and gift certificates are allowed, but are always taxable and must always be reported to Payroll Services on a Taxable Gift Documentation Form regardless of the dollar value. All non-cash gifts over a \$100 value must also be reported to Payroll Services on a Taxable Gift Documentation Form in [the Shared Services Knowledge Base](#).

Gifts to non-employees that exceed \$600 in one calendar year or gifts that are provided on a repetitive/routine basis are taxable to the recipient and must be reported to the Payments Team in Shared Services. To ensure proper reporting, the gift documentation must include a completed W-9 form, as well as an acknowledgement from the recipient that the gift was received.

## V. DEFINITIONS

- A. Affiliate** – Any party acting on behalf of the University, such as contractors, consultants, volunteers, alum, donors, etc.
- B. Authorized Approver** – The individual responsible for ensuring that each transaction is completed in accordance with the appropriate policies and procedures and that each transaction is appropriate in terms of scale, budget, and relation to the mission and goals of the unit and the University.

A transaction Authorized Approver cannot report to a transaction Requestor; nor can a transaction Authorized Approver also be the transaction Requestor. In the case of a Dean or Director as the requestor, the Authorized Approver must be the Dean or Director's supervisor.

- C. Gift** – Cash/non-cash item as a gesture of goodwill, appreciation, or in connection with a holiday season or some other purpose not specifically related to a regular job performance.
- D. Original Receipt** - The original merchant receipt or invoice issued by the supplier or service provider to document and substantiate the business transaction. A digital image of the original receipt is allowable if it is legible; once the digital image has been attached to the expense report, the paper receipt must be destroyed.
- E. University Funds** – Includes all funds controlled or administered by the University of Denver. This includes, but is not limited to, base operating budget funds, endowment funds, gift funds, grant funds, investment funds, etc.

<b>Revision Effective Date</b>	<b>Purpose</b>
<i>6/28/2021</i>	<i>Minor revisions</i>