

 <b>UNIVERSITY of DENVER</b>	<b>UNIVERSITY OF DENVER POLICY MANUAL REIMBURSEMENT POLICY</b>	
<p><b><u>Responsible Department:</u></b> Business and Financial Affairs</p> <p><b><u>Recommended By:</u></b> SVC Business and Financial Affairs</p> <p><b><u>Approved By:</u></b> Chancellor</p>	<p><b><u>Policy Number</u></b> FINA 2.30.017</p>	<p><b><u>Effective Date</u></b> 8/31/2022</p>

## I. INTRODUCTION

University funds should be spent in a responsible and reasonable manner. If an individual incurs a University-related business expense, they can be reimbursed for the expense if it is allowable under the University Business Expense Policy or the University Travel Expense Policy. This policy affects all employees, students, independent contractors, and guests seeking reimbursement for necessary and reasonable non-compensation business expenses. This includes those who review, approve, or record financial transactions on behalf of the University.

Related Policies:

1. Policy 2.30.011 *Business Expense*
2. Policy 2.30.012 *Travel Expense*

## II. POLICY OVERVIEW

Business expenses may be reimbursed if an individual paid the expense from personal funds. However, the University prefers that business expenses are paid directly through other appropriate University buying and paying methods. This policy establishes the three components required for reimbursement of allowable non-compensation business expenses:

1. An allowable business expense
2. Substantiation of the expense with receipts and expense report
3. Approval of the expense

### A. Allowable Business And Travel Expenses

Please consult the Business Expense Policy, the Travel Expense Policy, and the [Charts of Allowable Expenses](#) to determine whether an expense is an allowable expense charged against University or

sponsored funds. Allowable business expenses may be reimbursed if an individual paid the expense from personal funds.

## **B. Accountable Plan**

In accordance with the IRS regulation 26 CFR 1.62.2, the University has an accountable plan that allows it to reimburse employees for authorized business expenses with no impact on taxable compensation. The accountable plan rules apply to all payments, reimbursements, or advances for authorized business expenses both travel and non-travel related. The IRS outlines accountable-plan rules as follows:

1. Your expenses must have a business connection—that is, you must have paid or incurred deductible expenses while performing services as an employee of your employer.
2. You must adequately account to your employer for these expenses within a reasonable period. You must return any excess reimbursement or allowance within a reasonable period.
3. Treasury Regulation Section 1.62-2(g) establishes what will be considered a "reasonable time". Expense reimbursements shall be submitted within 30 business days of the date the expense was incurred or the date travel was completed if the reimbursement is travel related. Expenses submitted more than 90 days after being incurred will be reported as additional income to the employee, per IRS guidelines.

## **III. PROCESS OVERVIEW**

### **A. Substantiation and Original Receipts**

For a business expense to be approved and reimbursed, it must be properly substantiated. Original receipts for all expenditures are required. If a required receipt has been lost, a missing receipt affidavit must be submitted. Please see the relevant policy for a specific business expense for receipt and substantiation requirements: Business Expense Policy and the Travel Expense Policy. Receipts are not required for purchased under \$75 when using the University-issued P-cards.

### **B. Approval and Reimbursement**

1. Expenses incurred in advance of a trip, conference, or event will be reimbursed **after** the trip, conference, or event has occurred.
2. For each business expense reimbursement being requested, the valid business purpose of the expense must be stated, and the appropriate approvals will be needed: the individual who has

incurred the expense and is requesting the reimbursement, the appropriate budget approver, and ORSP (if required).

3. Under no circumstance may a person authorize reimbursement, or payment of any type, to a family member or to someone to whom the person reports. Family should be interpreted in the broadest sense and includes blood, marital, and other significant relationships.

#### IV. DEFINITIONS

- A. **Appropriate expense**-An expense that meets the valid business purpose criteria.
- B. **Allowable expense** -A necessary, reasonable, and appropriate expense incurred for the primary benefit of University business and therefore permitted to be reimbursed or directly charged based on the permission of the University or by the terms of federally or privately sponsored agreements.
- C. **Necessary**-Minimum purchase or service required to achieve a business objective.
- 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, and the paper receipt is destroyed once it is verified that the digital image is attached to the expense report.
- E. **Reasonable**- An expense that is ordinary and reflects a prudent decision to incur the expense on behalf of University business. Not extreme or excessive.
- F. **Substantiation**-Documentation to support an incurred business expense that includes the original receipt, documentation of business purpose, names of persons in attendance, and appropriate expense report for the incurred cost.

<b>Revision Effective Date</b>	<b>Purpose</b>
6/28/2021	Minor revisions
8/31/2022	Minor revisions