



Accounts Payable Policies and Procedures

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General Information

There are regulatory and business reasons regarding University disbursements that require policies and procedures. The purpose of this information is to provide guidelines and processes for all University employees to conduct business operations regarding items such as vendor payments, employee reimbursements and various Accounts Payable related services.

The Internal Revenue Service (IRS) has established strict rules governing business and entertainment expenses. The University will reimburse employees for legitimate, reasonable and appropriate business and entertainment expenses in accordance with the IRS requirements and the procedures set forth in this policy.

Generally Acceptable Accounting Principles (GAAP) is a framework of guidelines and standards for accounting for financial transactions. Our policies and procedures must adhere to these guidelines to account for University transactions for financial reporting purposes.

The University recognizes the necessity and proper role of reasonable and appropriate expenses incurred for business meals, business meetings and business related travel, to conduct University operations. The University believes and expects that faculty and staff will exercise prudence and good judgment when incurring expenses on the University's behalf for business activities. Divisions within the university may have additional policies so long as they do not conflict with the policies within.

Purchasing using grant funds must also be in compliance with federal regulations as well as the grant agreement which are not considered within this document.

This policies and procedures manual is under the responsibility and authority of the Vice President of Finance and Business Affairs who must approve any significant changes or revisions. Any questions, revisions, errors, or changes may also be directed to the Controller's Office. All forms mentioned in this booklet are found on Procure SU.

1.0 Policies for Allowable Business Expenses

An allowable business expense is an expense or a transaction that the University, a faculty, staff, or student incurs on behalf of the University in exchange for goods or services. Payment of an allowable business expense is ultimately the responsibility of the University. Only original itemized receipts are acceptable for reimbursement. A list of attendees and the business purpose are required when receipt includes payment for individuals in addition to the requestee. The following is a list of categories of allowable business expenses. Each has unique policies and processing steps that are detailed within this document:

- Business Travel
 - Airfare
 - Hotel
 - Meals
 - Transportation (Ride Services; Mileage)
 - Incidental Expenses
 - Conferences
- Meals
- Alcohol
- Memberships and Subscriptions
- Employee Recognition Gifts
- Independent Contractors
- Moving Expenses
- Printing and Copying

1.1 Business Travel Expenses

Definition of a business travel expense

Business travel expenses are expenses incurred by an individual while on University related business. For example - attending a conference or event. Typical expenses are: airfare, hotel, meals, ride services or mileage, and conference fees. For more information regarding how a faculty/staff/student may pay for business travel expenses see sections:

- *Reimbursement*
- *Travel Advance Request*
- *University Procurement Card (ProCard)*

Requirements of a business travel expense

The University will reimburse individuals for reasonable, necessary, appropriate and approved travel and business expenses incurred in the performance of University business. A purchase order is not required for travel expenses.

- 1.1.1 Airfare** – The University will reimburse for the most economical fare, which is generally a coach class ticket aboard a regularly scheduled commercial carrier. Exceptions may be granted to fly business class for either international travel greater than eight hours (nonstop) when budget is available, or for

a documented medical reason. Business class airfare requires prior written approval from the President, Provost or Chief Financial Officer. First class air travel is not allowable.

Air travel should be booked at least 14 days prior to departure as that will provide the best value to the University whenever possible. An itinerary or e-ticket is the required documentation for reimbursement of fare. Both are commonly issued from online travel booking sites. The itinerary or e-ticket must include the travelers name, trip dates, price, ticket class, destination, and proof of payment. Upgraded seats, travel insurance and other nonessential expenses are not reimbursable. In accordance with the Fly America Act, commercial air travel funded by a federal grant must use a United States flag air carrier service. **The University will not reimburse the equivalent cost of the ticket when personal airline miles or credits are used.**

1.1.2 Hotel – The University will reimburse lodging for business travel to non-local destinations. Lodging reimbursements are only allowed when traveling more than 50 miles away from Seattle University. Only expenses for standard room accommodations will be reimbursed. The paid hotel bill is required documentation for reimbursement of a hotel stay. If the hotel room is booked through an online travel reservation website, the traveler may print the itinerary rather than providing the hotel bill. The bill or itinerary must show the name/s of the person/s staying, travel dates and proof of payment. Room service charges on the hotel bill require an original itemized receipt. Movies or other entertainment expenses are not reimbursable.

1.1.3 Meals – The University will reimburse for meals while traveling via EITHER per diem or actual itemized receipt. For either option, individuals should not seek reimbursement for a meal that is included in some aspect of the travel such as a conference registration.

An individual may not claim both per diem and an actual meal expense on the same day. For example, reimbursing breakfast at a restaurant and then claiming per diem for lunch and dinner is not allowed. When attending a conference that provides meals per diem cannot be claimed.

- *Per Diem*: The per diem (per day) reimbursement rate is \$50. The following breakdown applies if traveling for part of the day: \$10 for breakfast, \$15 for lunch, and \$25 for dinner. No proof of payment is required for a per diem reimbursement. Per Diem is only allowed for travel more than 50 miles away from Seattle University.
- *Actual Meal Expenses*: Original **itemized** receipts are necessary when choosing not to be reimbursed through the per diem option. A list of attendees and the business purpose are required when receipt includes payment for individuals in addition to the requestee. Tips must not exceed 20%. If a meal is under \$25 and the receipt is not available the request must document what was purchased to ensure it falls within the University's meal and alcohol policy. For further information refer to sections 1.2 Meal Policy and 1.3 Alcohol Policy.

1.1.4 Transportation – Ground travel for University business may be reimbursed as follows:

- *Personal car*: A Point to Point map printout is required for documentation purposes. The printout must include origin address, destination address, and total miles driven. The University follows the

IRS recommended mileage reimbursement rate (54.5 cents per mile in 2018). This rate may change on January 1st of each year. Please refer to the Controller's Office website. Please note an individual's daily commute mileage must not be included in the total for point to point travel. An example: Individual lives in Tacoma and regularly commutes to campus, a particular event requires driving to Everett. Reimbursable mileage would only be the point to point travel from campus to Everett and back.

- *Bus or Subway:* Original receipts are preferred but Accounts Payable realizes that may not always be possible for these types of tickets and thus will reimburse without receipts. Bus and subway transportation are recommended cost-effective forms of travel.
- *Ride Services or Taxi:* Original receipts documenting date, pick up location, destination, and itemized charges are required for documentation purposes. Tipping may not exceed 20%.
- *Parking:* Original receipts are required for documentation purposes.
- *Rental Cars:* Rental cars are only allowed if they are required to do University related business. The size of the car should be appropriate for the number of passengers. Expenses incurred for gas will be reimbursed when original receipts are provided. An employee renting a car for business purposes must decline insurance offered by the car rental agency. If additional insurance is purchased it will not be reimbursed – The University's insurance covers an employee's use of a rental car for University business. NOTE: ONLY in emergency circumstances are NON-University employees to drive cars rented for University business.

1.1.5 Incidental Expenses –Incidental expenses are miscellaneous expenses incurred while traveling. Examples of incidental expenses include laundry, internet access fees, and reasonable tips for housekeeping. The University will reimburse an individual for the actual reasonable expenses only if original receipts are provided or will reimburse the employee \$3.00 per day without receipts.

1.1.6 Conference Fees –The University requires a paid receipt showing fees and the dates of the conference. Most conference fees can be paid directly by the University through an invoice or by the employee using a University Procurement Card.

1.2 Meals

The University will reimburse a business meal expense when it is deemed to be necessary, reasonable and appropriate by a dean, director, department head or designee. Reimbursement of meals will occur when they are an integral part of a business meeting or activity, not as a matter of personal convenience. The receipts must be original, itemized and include the provider's name and date and demonstrate that it was paid. Include the name(s) of all attendees and the purpose of the meeting. Credit card receipts alone are not acceptable. To determine whether a business meal expense is appropriate, the individual seeking reimbursement should first consult with his or her supervisor.

The supervisor should exercise professional judgment in determining whether:

The topic of discussion (meeting) or activity warrants the use of University funds for the meal expense.

The benefit derived from incurring the expense is the most effective, efficient and productive way to use University resources.

The funds are available.

Meals and catering do not require purchase orders. Chartwell's is the only authorized catering service for on-campus events.

1.3 Alcohol

Alcohol consumed during a business meal

The University will reimburse reasonable costs of alcoholic beverages consumed during a business dinner. Reasonable costs of alcohol are defined as two alcoholic beverages per person.

Dinner hours are between 4pm – 11pm.

See the table below for information on how each type of drink counts towards a person total.

Type	Unit	Amount of Drinks
Beer	Glass, Bottle, Can	1
Beer	Pitcher	4
Wine	Glass	1
Wine	Bottle	5
Spirits/Mixed Drinks	Shot	1

If an employee wishes to be reimbursed for alcohol consumed in exception to the policy above, they must have either their department's Vice President or Dean provide written approval prior to any reimbursement. Alcoholic beverages may not be reimbursed from federal grants or contracts.

Alcohol consumed during an event

Alcohol may be purchased for University business events and must adhere to the following requirements:

1. The employee must indicate on the invoice or reimbursement the location of the event where the alcohol was consumed.
2. To be reimbursed for alcohol expenses for on-campus events, the employee must obtain an alcohol permit from Conference and Event Services prior to the event. A copy of the permit must accompany the invoice or reimbursement in order for Accounts Payable to process the request. If a permit was not obtained before the event, Accounts Payable will not reimburse the expense. If the copy of the permit is not sent with the invoice or reimbursement, the request will be returned to the person responsible.
3. Any unconsumed alcohol from an event must be stored under lock and key and used for a future event. A new alcohol permit will be needed for that future event.
4. For off-campus events, it is the responsibility of the individual to obtain any necessary permits. The University does not need a copy of these permits.

1.4 Memberships and Subscriptions

The University encourages faculty and staff membership in organizations that will promote the advancement of instruction, research and public service and will enhance the professional standing and development of its faculty and staff. Annual dues and fees for memberships and subscriptions are only reimbursable for a period of up to 12 months. Amazon and Costco memberships and lifetime memberships will not be reimbursed. The University has a membership to Amazon and Costco. Contact Procurement to place orders for those vendors. Membership or subscription invoices submitted for payment must include the start and end dates or the

length of period. If a subscription or membership period crosses more than one fiscal year and exceeds \$500, the expense will be split between both years based on the month it starts and ends. An example of the process is as follows:

A membership runs from January 1st until December 31st and costs \$1000; half of the membership will occur in the current fiscal year (January 1st to June 30th) and half in the next fiscal year (July 1st to December 31st). The vendor will receive \$1000 but Accounts Payable will charge the given budget number \$500 in the current fiscal year and \$500 in the next fiscal year. The next fiscal year charge will show up on InformSU in August as a journal entry. Reimbursement or payment for memberships must be processed via a ProcureSU form.

1.5 Employee Recognition Gifts

Gift Cards, Gift Certificates; Other Monetary Awards

Gift cards, gift certificates or other monetary awards above \$50 (fifty dollars) are considered taxable income to the recipient. A reimbursement for the purchase of any of these requires the name/s of the person receiving, their Seattle U ID, the purpose of the gift and the amount of the gift received.

Non-Monetary Awards

Plaques, trophies, certificates, etc., are examples of non-monetary awards. Reimbursement for a non-monetary award requires the name of the person receiving the gift, the purpose of the gift and the value of the gift received. If the non-monetary award is in excess of \$75, it will be considered taxable income to the recipient and the Controller's Office requires the recipient's Seattle U ID number or a completed W-9.

Retirement Gifts

The University will pay or reimburse the cost of non-monetary awards to a retiree within the following limitations:

<u>Length of Service</u>	<u>Maximum Amount</u>
10 to 20 years of service	\$300
Over 20 years of service	\$400

To be eligible for a retirement gift, the retiree must have been employed at least 10 years at the date of retirement and the gift must be given at a meaningful presentation.

Farewell Gifts

The University will pay or reimburse the cost of non-monetary awards within the following limitations:

<u>Length of Service</u>	<u>Maximum Amount</u>
5 to 10 years of service	\$100
11 to 20 years of service	\$150
Over 20 years of service	\$300

Retirement and farewell gifts qualify as length-of-service awards under IRS regulations. Therefore, the gifts are not reportable as taxable income to the recipient. To qualify as a non-taxable the award cannot be monetary and must be given at a meaningful presentation. For example: cash, cash card, or gift certificate

1.6 Independent Contractors

An independent contractor is an individual who provides a service to the University under specified terms in a contract and the University pays them directly for their service. Examples include speakers, interpreters, photographers and performers. Certain professional services such as accountants, architects and attorneys are also required to be reported with an independent contractor form.

To request payment for services performed, complete the Independent Contractor form within ProcureSU. Payments to the contractor will not be processed until the service has been completed and all required documentation is attached. NOTE: For payments to non-U.S. residents please contact the Payroll department at Payroll Department, Payroll@seattleu.edu ext. 5880 for additional requirements.

1.7 Moving Expenses

Payment of moving or relocation expenses of new faculty and administrators is at the discretion of the appropriate dean, director or department head.

Moving expenses are defined as the reasonable costs of moving household goods and personal effects to a new residence. These costs also include the cost of travel to the new location for the employee and his or her immediate family. Moving expenses reimbursed by Seattle University are included in an employee's gross income. Moving expenses include any amount received by an employee from Seattle University, directly or indirectly, as a payment for, or a reimbursement of, expenses that are directly paid to or incurred by the employee. Reimbursements for moving expenses are included in the employee's gross income as compensation for services. To request payment for moving expenses, complete the Moving Expense form within ProcureSU.

Taxable moving expense reimbursements include:

- Costs of storing and insuring household goods and personal effects only within any period of 30 consecutive days
- Costs of moving possessions from another location may qualify, but only to the extent of what it would cost to ship directly from the principal residence to the new residence
- Costs of traveling from the old residence to the new residence are also deductible, reimbursed based on actual expenses, or 18 cents/mile (effective January 1, 2018)
- Lodging reimbursements can include staying in a hotel at the location of the old residence within one day of the furniture being moved out
- Meals consumed in route
- Costs of house-hunting trips
- Cost of maintaining a temporary residence
- Cost of storage in excess of 30 days
- Cost of moving furniture bought on the way to the new residence

If taxable moving expenses are reimbursed to the employee from the University, federal income tax, Social Security and Medicare taxes will be deducted from the employee's paycheck. For questions related to these payroll deductions or other questions related to the W-2, contact the Payroll Department, Payroll@seattleu.edu ext. 5880.

1.8 Printing and Copying Expenses

The University has centralized printing and copying through Managed Print Services. Purchases related to printing and copying outside of Managed Print Services will not be reimbursed by Accounts Payable. The disallowed items include the purchase of printers, copiers, fax machines, scanners, ink, and toner. Maintenance by outside vendors on disallowed items will not be reimbursed by the University. Any exceptions to this policy must be approved by the Chief Information Officer and Accounts Payable will need proof of the approval attached to the submitted invoice.

1.9 University Purchasing and Payment Processes

The University may pay an allowable business expense through the following processes and procedures detailed in ProcureSU.

2.0 Frequently Asked Questions

How long does it take to process payment requests for reimbursements, travel expenses or vendor invoices?

Allow 10 business days from the time the reimbursement requisition, travel expense report or invoice is begun in ProcureSU. However, if there are errors or the documentation is not well organized, the payment may be delayed. Allow extra time for processing foreign travel as these are more complicated than other reimbursements.

How often are checks and direct deposits processed?

Payments are processed weekly on Wednesday.

When do reimbursement expenses and travel expenses need to be turned in?

Reimbursement expenses and travel expenses must be submitted to the Controller's Office within 60 days of when the expense was incurred or within 60 days after the travel ended. If turned in after 60 days, Accounts Payable reserves the right not to reimburse the expenses. The exception to the 60 day rule is when an expense occurs between May 15th and June 30th. In this situation, expenses must be submitted before July 15th. To further illustrate this timeline, see the following expenses:

Example 1 - A business dinner is held on August 1st. The receipt must be turned into AP for reimbursement on or before September 30th.

Example 2 - A business trip is taken from July 20th until August 1st. All expenses incurred on the trip must be turned into AP on or before September 30th.

Example 3 - A business dinner is held on June 29th. The receipt must be turned into AP for reimbursement on or before July 15th.

This policy allows the University to recognize the expense in the appropriate fiscal year in accordance with generally accepted accounting principles. Additionally, timely reporting of expenses for reimbursements provides efficiencies for the Accounts Payable department as well as the University budget managers.

How is a travel advance different from the travel expense?

A travel advance is used to provide an employee with funds to pay for estimated future travel expenses that the traveler has not paid. A travel advance must also be reconciled to the actual expense incurred on the trip within 10 business days of returning. On the other hand, travel expenses are expenses the individual has already paid for and now needs to be reimbursed. To request a Travel Advance, complete the form within ProcureSU.

Do all payment requests require approvals and who must approve the requests?

All payment requests require an approval. The approver certifies that the request had a valid business purpose. The approver will also be responsible for discrepancies if picked for audit by external agencies. The approver must appear on the Expenditure Authorization list for the budget being charged.

If my business trip takes place between two fiscal years (i.e. traveling over 6/30), which fiscal year will be charged for this trip?

For travel that takes place over two fiscal years, Accounts Payable will charge the entire amount where the majority of the travel takes place. If the trip is a perfect 50/50 split between fiscal years, the total cost will be split evenly in each fiscal year.

How is international travel handled?

Employees should follow the same guidance as for domestic travel. When converting between a foreign currency and US dollars, use an online conversion site for each date of the expense.

Will I be reimbursed for tipping at a restaurant/travel service?

A gratuity is reimbursable; however, the maximum allowable tip is 20%. Anything more will be subtracted from the submitted reimbursement. Gratuity and service fees added by a restaurant or travel service are counted toward the tip.

When I am on a business trip, will I be reimbursed for incidental expenses?

Incidental expenses are miscellaneous expenses incurred while traveling for University business. Examples of incidental expenses include laundry, metered parking, local bus fare and reasonable tips for housekeeping. The University will reimburse the employee for the actual reasonable incidental expenses if receipts are provided or will reimburse the individual \$3.00 per day without receipts.

Are cell phone and tablet expenses reimbursable?

Information about cell phones and tablets can be found on the Controller's Office [website](#).

What is the University procurement card and how can I apply for it?

The University procurement card or ProCard is a credit card that University employees can apply for to make University purchases. After the purchases, the University directly pays the credit card bill. For information on procurement cards, visit the ProCard [website](#).

How do I submit a request for payment of a donation?

Via ProcureSU Donation Form. The backup requirement for a donation is an invoice or a letter explaining the reason for the donation. The letter can be written by the person most familiar with it.