



## Expenditure Procedures

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Office of Accounts Payable

General Information: (619) 260-4732

Website: <http://www.sandiego.edu/ap>

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## ACCOUNTS PAYABLE PROCEDURES INTRODUCTION

### **Purpose of Procedures**

These Expenditure Procedures explain how university funds may be used to pay for the reasonable and necessary costs of university business related expenses. Detailed in this policy are the requirements and guidelines to ensure that university funds allocated toward official business are:

- Appropriately used;
- Properly authorized;
- Supported by a business purpose;
- Substantiated by applicable receipts;
- Supported by sufficient funds;
- Correctly processed for payment; and
- In compliance with IRS requirements.

All expenses incurred using university funds are subject to these Expenditure Procedures. Schools and departments may implement more stringent expenditure procedures, as long as those procedures do not contradict the procedures herein. These policies and procedures outline the university's minimum requirements. Additional restrictions may be imposed by a Vice President or the President of the university and these restrictions should be monitored by internal controls within the school or department.

It is the responsibility of each employee who spends funds and for each authorized signer who approves use of funds, to be cognizant of and to follow these and all other expense-related university policies and procedures. The university assumes no financial responsibility for expenses incurred by employees who fail to adhere to these policies and procedures.

No set of policies and procedures can consider every possible scenario that may arise. Therefore, when in the best interest of the university, the Office of Accounts Payable may impose requirements that are not outlined herein. These procedures apply to all employees and other persons seeking reimbursement from the University regardless of the source of funding. They are intended to cover all business expenses incurred on behalf of the University, including domestic and international travel.

The University is bound to follow the laws and regulations in connection with its expense reimbursement procedures and practices. The University follows the IRS rules and regulations and the IRS Accountable Plan rules which are located within Publication 463.

### **General Disclosure on University Expenditures**

The expenditure procedures outlined herein are in effect not only for expense reimbursement to employees but for all modes of payment employed by the University including, but not limited to, checks issued directly by The Office of Accounts Payable against the University's bank account; checks issued against other University-owned bank accounts; and payments rendered via the University's corporate credit cards. It is at the discretion of the Office of Accounts Payable that any questionable expense may be referred to the appropriate Vice President for further review and/or approval. Refer to the Human Resources website for complete expense reimbursement policy at <http://www.sandiego.edu/legal/policies/community/financial/reimbursement.pdf>

## **Services Provided by the Office of Accounts Payable**

Accounts Payable is an office within the Finance Office, and performs the following functions:

- Administers the university's Expenditure Procedures
- Issues reimbursements and payments to USD employees
- Pays supplier invoices and issues payments to vendors/non-employees
- Monitors compliance to expense policies and procedures

## **University Schools And Departments Should Use The Office of Accounts Payable for the Following:**

Forms of Payment:

- Cash/Travel Advances
- Direct deposit and electronic funds
- Paper Check
- Petty Cash
- One Card (USD Corporate Credit Card)
- Wire Transfers

Payment Requests for:

- Employee Expense Reimbursements (travel and non-travel)
- Membership Fees (One Card is preferred)
- Prizes and awards (Employees will be paid by Payroll)
- Registration fees (One Card is preferred)
- Subscriptions (One Card is preferred)
- Vendor invoice payments (via Purchase Order)
- Non-employee payments via Payment Request

Supplier/Vendor Invoice Payments:

- California sales tax
- Issuance of 1099 tax forms
- Non-California resident income tax withholding
- Supplier/vendor invoice payments (via Purchase Order)

## **Related Services Provided By the Office of Accounts Payable**

Corporate Card Services – USD Corporate Card Program is a function within the Office of Accounts Payable that allows cardholders to make business purchases without incurring out of pocket expenses. University employees, departments, and schools should contact the Office of Accounts Payable for the following:

- One Card (Visa credit card)



## Related Services Provided by Procurement Services

Procurement Services is a department within the Finance Division. It operates a centralized resource to ensure that goods and services are procured/purchased at the maximum value and most competitive cost, in compliance with university and governmental policies, and in accordance with best practices.

University employees, departments and schools should contact Procurement Services for the following:

- Conduct bids for supplier selection
- Obtain forms required of suppliers
- Investigate the qualifications of potential suppliers
- Establish new suppliers
- Review supplier insurance requirements
- Review and sign all purchasing agreements
- Fulfill a Requisition/Purchase Order
- Process Purchase Order changes
- Ensure purchases are in compliance with equipment and facilities policies
- Ensure purchase are in compliance with Sponsored Programs' requirements

## Tips and Advice for Facilitating a Payment/Reimbursement Request through the Office of Accounts Payable

Processing expenses and payments in a timely and accurate manner is of the utmost importance to the university. Although many provisions are stated in this policy document, the list below highlights the most common reasons why expense and payment requests are denied and may require additional information from the originating department, causing delays in processing:

- Missing signatures/approvals
- Missing itemized receipts
- Missing business purpose
- Missing POETS information
- Failure to provide specific business purpose(s)

## Business Purpose Information

A Business Purpose is defined as one that supports or advances the goals, objectives and mission of the university; and adequately describes the expense as a necessary, reasonable and appropriate business expense for the university.

The Business Purpose should answer five basic questions:

1) **Who was involved?** Give the name(s) of the person(s) and their organization and/or department involved in the activity. For example, if reimbursement related to a business meal, the WHO component would be a list of the attendees and their affiliation to USD.

2) **What activity was performed?** Explain the activity or circumstance that gave rise to the expenditure.

3) **Why was the activity performed?** Describe how this relates to your area.

4) **When did the activity occur?** Indicate the date or inclusive dates the activity took place. Specific dates are also part of the item descriptions, and dates included in the Business Purpose can be more general (the entire trip, for instance, instead of the date of each meal).

5) **Where did the activity take place?** Give the location of the activity: to/from destinations, restaurant name and city, or other appropriate information.

In general, a Business Purpose should be written so that someone reading it at some future time (e.g. 2-3 years later) would have no questions about the activity and why it was reimbursable.

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### SECTION 1 - ACCOUNTABLE PLAN

#### 1.1 Accountable Plan Criteria

Internal Revenue Service (IRS) regulations require the University to have an "accountable plan" for employee business expense reimbursement or allowance arrangements. An accountable plan is a reimbursement arrangement that meets three criteria:

- Expenses to be reimbursed must have a business connection. This means that the expense must be a deductible business expense incurred in connection with services performed as an employee of the University. University expenditures must be delivered directly to the university campus or affiliated address. Items shipped to non-USD addresses are not allowable.
- Expenses to be reimbursed must be adequately accounted to the Office of Accounts Payable within a reasonable period of time.
- Any excess reimbursement or allowance must be returned to the Office of Accounts Payable within a reasonable period of time.

#### 1.2 Reasonable Period of Time

The definition of a reasonable period of time depends on the facts and circumstances of a situation. However, regardless of the facts and circumstances of a situation, actions that take place within the times specified in the following list will be treated as taking place within a reasonable period of time.

- Expenses are adequately accounted for within 60 days after the expenses were paid or incurred, or within 60 days of returning if expenses involve travel.
- An employee returns any excess reimbursement or allowance within 60 days after the expense was paid or incurred. An excess reimbursement or allowance is any amount an employee is paid that is more than the business-related expenses that were adequately accounted for to The Office of Accounts Payable.

If an expense meets the criteria for the accountable plan outlined above, the University will remit payment, process a reimbursement, and /or process an invoice. The University is a non-profit, tax exempt entity under Section 501(c) (3) of the Internal Revenue Code. The University is subject to strict rules regarding the manner in which our tax exempt dollars are spent.

#### 1.3 Sponsored Programs

Federal, state, and local agencies may mandate additional restrictions on sponsored accounts. Such restrictions will take precedence if at variance with university policy. Travel and expense reimbursements funded through sponsored programs are subject to federal regulations and/or the terms and conditions of the contract.

## SECTION 2 – GENERAL REQUIREMENTS – DOCUMENTATION

### 2.1 Documentation

To receive reimbursement for expenses, the requestor must prove the expenses were incurred, and that they were incurred in connection with a business purpose. Accounts Payable requires that the correct form (and/or system process) is used, along with original documentary evidence of expenses incurred.

### 2.2 Receipt Definition

The university's definition of a receipt applies to all expenditures and to all forms of payment, including but not limited to:

- Cash/Travel Advances
- One Card (Visa credit card)
- Personal forms of payment
- Petty Cash
- Purchase Orders
- Requisitions
- Vendor Invoices

The university expects that the original receipt be used to substantiate a business purchase. When the original receipt is not available and all means to obtain the original receipt have been exhausted, the following alternative document types will be accepted, so long as the alternative document includes the information required in Section 2.3.

- |                            |  |
|----------------------------|--|
| • Fax of receipt           | Order Form                                     |
| • Copy of receipt          | Letter from provider indicating "paid in full" |
| • Email receipt            | Invoice  |
| • Scanned image of receipt | Packing Slip                                   |
| • Conference brochure      | Itinerary                                      |

#### Important notes about receipts:

**As of July 1, 2017, (FY18) USD will not require receipts for meals, incidentals and other miscellaneous travel expenses/purchases of \$25 or less.**

Cash Receipt - If cash was used, only a cash register generated receipt with the word "CASH" imprinted on it will be accepted. A receipt with "CASH" handwritten on it needs both supervisor and budgetary approval.

What is Not a Receipt - Neither a credit card statement nor a cancelled check is considered a receipt.

Commingled Receipts are Not Accepted for Any University Form of Payment - Receipts that commingle personal and business transactions are not accepted for documentation of One Cards, Requisitions, or Purchase Orders. Note: The Office of Accounts Payable does not accommodate a "reduction of

expense,” whereby an expense incurred on the department’s POETS is reduced by the amount the employee reimburses the department for a personal purchase.

Commingled Receipts Are Discouraged for Reimbursements and One Card Transactions - Receipts that commingle personal and business purchases are discouraged for One Cards, reimbursements, settlement of advances, and petty cash. If such a payment request is supported by a commingled receipt, it is expected that all business transactions be clearly identified on the receipt, and that applicable sales taxes and other service charges be accurately applied to the business portion.

### **2.3 Original Documentary Evidence Must Include**

- Original itemized receipts that clearly state the items purchased
- Transaction date
- Name of the business establishment (name of merchant)
- Location
- Cost
- Form of payment used
- Business purpose
- Names of all persons involved

Names of the people who benefited from the transaction must be included on the reimbursement/ payment request, regardless of source of funds, venue location, and form of payment used. In lieu of individual names for groups larger than ten (10), the approximate number or persons, and the group’s identity, along with the business purpose, will be accepted.

Credit card receipts in lieu of itemized receipts are not an acceptable form of documentary evidence. On-line receipts are acceptable provided they reflect the method and proof of payment in addition to the above items. Although exceptions to the documentation requirement are allowed (such as for mileage, metered parking, and cash gratuities), an explanation is required and the expenses must be reasonable.

### **2.4 Note the Following about Receipt Detail/Content**

Foreign Currency Receipts – All foreign currency receipts must be converted and reported in US dollars before submitting payment or reimbursement requests to the Office of Accounts Payable. Foreign travelers must clearly document the rate of exchange used to convert the expenses into the United States currency equivalent on the Expense Report. For foreign currency conversion rate table, refer to [www.oanda.com](http://www.oanda.com). Please use OANDA.com to convert the currency, and make sure to select the specific date of the transaction. Please print and include copy of the currency conversion with the payment or reimbursement request. Foreign travelers must clearly document the rate of exchange used to convert the expenses into the United States currency equivalent on the Expense Report. For foreign currency conversion rate table, refer to [www.oanda.com](http://www.oanda.com).

The One Card and most personal credit cards print directly on the statement the foreign currency amount, the U.S. dollar amount, and the conversion rate used. To ensure the university reimburses the correct amount, it is preferred that travelers attach the credit card’s converted U.S. dollar amount (white out any confidential information on the statement) and submit the conversion rate with the payment request. Conversion receipts from banks and hotels are also acceptable. If a traveler does not have the actual

conversion rate used, the conversion website, [www.oanda.com](http://www.oanda.com), should be used. Conversion rates through Oanda or similar sources should be calculated for the date the expense was incurred and printed and submitted as support documentation.

Hotel Transactions – The required documentation for lodging expenses is the original, itemized receipt that reflects payment for all charges incurred and a zero balance due (i.e. final paid-in-full statement at checkout). It is imperative that receipts separate room and tax from meals and other expenses, such as parking, Internet, etc. An itemized receipt must be provided for all meal expenses listed on the hotel bill (substantiating the purchase/expense).

## **2.5 Mounting of Receipts**

Receipts should be mounted to an 8 ½ x 11 sheet of white paper. Any receipt 8 ½ x 11 or larger in size, need not be mounted. Receipts that are too long for an 8 ½ x 11 sheet of white paper, should be cut so that they fit on one side of an 8 ½ x 11 sheet of white paper. All receipts should be taped. Do not staple, fold, or wrap receipts; use one side only.

## **2.6 Missing Receipts**

When a receipt is required and cannot be obtained or has been lost and all measures to obtain it have been exhausted, a Missing Receipt Declaration should be completed and signed by the person who incurred the expense. The Missing Receipt Declaration is available on the Office of Accounts Payable website ([www.sandiego.edu/ap](http://www.sandiego.edu/ap)).

Notes about Missing Receipt Declaration form:

- One declaration per expense – each expense for which a receipt is missing must be itemized on a separate declaration form. Do not bundle multiple expenses that are missing receipts onto a single declaration.
- Overuse of declaration – the declaration was designed to accommodate the rare occasion when a receipt is lost, misplaced, or never given. Accounts Payable defines the rare use of the MRD to be twice per fiscal year. The declaration may not be used on a routine basis. Frequent use of the declaration may revoke one's privilege to use the declaration.

## SECTION 3 - METHOD OF PAYMENT– PERSONAL AND UNIVERSITY CORPORATE CARDS

### 3.1 Method of Payment

The following methods should be used by employees, students, and USD affiliated personnel when incurring business expenses:

- One Card – The University encourages the use of the One Card for travel expenses wherever possible. Refer to the One Card procedures at [www.sandiego.edu/ap](http://www.sandiego.edu/ap) for more information.
- Expense Report – Use the Expense Report for all travel and entertainment card expenses as well as for the reimbursement of travel, lodging, meals, incidentals, mileage, and supplies not requiring a Purchase Requisition. Expense reports \$100 or less will be processed so long as the expense reimbursement is processed as direct deposit (ACH). Expense Reports should be completed with all documentary evidence attached, proper approvals obtained, and then sent to the Office of Accounts Payable for check processing or direct deposit of funds. Expense Reports should not include extraneous receipts or invoices outside of expenses to be reimbursed.
- Petty Cash Vouchers – Use the Petty Cash Voucher for the reimbursement of travel, meals, incidentals, mileage, supplies, and other miscellaneous items where the aggregate reimbursement amount is \$100 or less. Petty Cash Vouchers should be completed with all documentary evidence attached and then presented to the University Cashier for cash reimbursement. Petty Cash Vouchers may not be used for per diem reimbursement.

Tax requirements – transactions subject to California sales tax there were not charged tax on the original purchase, will be charged “use tax” by the Office of Accounts Payable. The tax will be calculated and charged to the appropriate POETS information.

### 3.2 Approval

Expense Reports must be authorized by the employee’s supervisor and the project’s budget administrator who, together with the employee, are held accountable that expenses were incurred in connection with a business purpose. Expense Reports and Petty Cash Vouchers not reflecting the appropriate approval will be returned to the requestor.

## **SECTION 4 - METHOD OF PAYMENT – PERSONAL REIMBURSEMENT**

### **4.1 Personal Forms of Payment Overview**

For liability and tax compliance reasons, employees, students, and USD affiliated personnel are discouraged from using personal funds to pay for university business expenses. The University of San Diego offers university-issued forms of payment that should be used whenever possible instead of personal funds

### **4.2 Reimbursement after Trip or Event**

Employees, students, and USD affiliated personnel who choose to use personal funds for university business travel will not be reimbursed in advance of a trip or event. All reimbursement requests for expenses incurred using personal funds must be submitted to the Office of Accounts Payable upon trip return or event completion.

The University uses the per diem standards established by the IRS as a guideline for what are considered reasonable travel expenses. Employees, students, and USD affiliated personnel may use the actual expense method or the per diem method of reimbursement.

### **4.3 Actual Expense Method**

Expenses incurred while conducting University business may be reimbursed using the actual expense method. Requests for actual expense reimbursement shall be submitted to the Office of Accounts Payable on a properly approved Expense Report. All documentary evidence must conform to the requirements in Section 2 of these procedures. The University depends on its employees, students, and USD affiliated personnel to exercise prudence in selecting restaurants, as the University will not reimburse meal costs deemed lavish or otherwise extravagant. The University will reimburse meal costs that are reasonable. The measure of reasonable meal costs shall be the IRS standard per diem allowance for the city in which the meal is conducted.

### **4.4 Per Diem Method**

Employees may use the per diem method when requesting reimbursement for meal expenses when travel involves overnight stay. Requests for per diem reimbursement shall be submitted to The Office of Accounts Payable on an Expense Report approved by the employee's supervisor and the project's budget administrator, after the completion of travel. Employees may not request per diem reimbursement through the use of a Petty Cash Voucher. Employees must prove dates and locations of business travel by submitting supporting documentation, such as boarding passes and/or hotel guest folio. Employees are not eligible to be reimbursed for domestic lodging on a per diem basis; only reimbursement of actual lodging expenses is permissible under the university's accountable plan. Employees must actually incur these expenses in order to receive per diem reimbursement. Employees must also specify the business purpose on all per diem reimbursement requests. For domestic and foreign IRS per diem allowances by locale, refer to [www.gsa.gov](http://www.gsa.gov). Please contact the Office of Accounts Payable regarding long-term stay per diem and the applicable rate(s).



#### 4.5 Meals and Incidental Expenses (M&IE) Breakdown

The separate amounts for breakfast, lunch and dinner listed in the chart are provided should you need to deduct any of those meals from your trip. For example, if your trip includes meals that are already paid for by/through a registration fee for a conference, you will need to deduct those meals from your expense report.

The table lists the six M&IE tiers in the lower 48 continental United States (currently ranging from \$46 to \$71). If you need to deduct a meal amount, first determine the location where you will be working while on official travel. You can look up the location-specific information at [www.gsa.gov/perdiem](http://www.gsa.gov/perdiem). The M&IE rate for your location will be one of the six tiers listed on this table. Find the corresponding amount on the first line of the table (M&IE Total) and then look below for each specific meal deduction amount.

The table also lists the portion of the M&IE rate that is provided for incidental expenses (currently \$5 for all tiers).

Total	Breakfast	Lunch	Dinner	IE
\$51	\$11	\$12	\$23	\$5
\$54	\$12	\$13	\$24	\$5
\$59	\$13	\$15	\$26	\$5
\$64	\$15	\$16	\$28	\$5
\$69	\$16	\$17	\$31	\$5
\$74	\$17	\$18	\$34	\$5

This table lists the amount employees receive for the first and last calendar day of travel. The first and last calendar day of travel is calculated at 75 percent.

Total	First & Last Day of Travel
\$51	\$38.25
\$54	\$40.50
\$59	\$44.25
\$64	\$48.00
\$69	\$51.75
\$74	\$55.50

#### Domestic Per Diem Calculator

<http://www.gsa.gov/portal/category/26429>

#### **4.6 Multiple Stops**

When a trip includes more than one University business stop and the cities involved have different per diem rates, the per diem rate for each calendar day (beginning at 12:01 a.m.) is determined by the location where the lodgings are obtained for that night.

#### **4.7 Long Term Travel Per Diem (trips over 30 days)**

When an employee's original estimated travel is for more than 30 days in one location for periods greater than 30 days, but less than 365 days, this is considered long term travel status and the regular per diem rates do not apply. Long term travel status applies to sabbatical leave but is not necessarily restricted to it. If the employee will be away from their duty post for more than 365 days, please contact Payroll for more information.

Typically, when an employee's original estimated travel is for more than 30 days in one location these reduced rates (.55 x listed rate) apply from the first day. When an individual in travel status at a location is granted extension to a trip originally estimated at less than 30 days, the 30-days-or-less rate applies for the first 30 days and the more-than-30-days rate applies from the 31st day through the end of the trip. Please contact the Office of Accounts Payable for more information or if you have specific questions regarding long term travel per diem.

#### **4.8 Additional Restrictions**

The following additional restrictions should be noted when personal funds are used:

- Equipment Restrictions – Personal funds may not be used to purchase equipment. All equipment purchases should be requisitioned through Procurement Services.
- Computer Restrictions – Personal funds may not be used to purchase computers, printers, etc. All computer purchases should be procured through ITS.
- Third Party Payment Restrictions – Under no circumstances may an employee pay a third party for services rendered (e.g. independent contractor, caterer, photographer, human subjects, etc.) and then seek reimbursement for the amount. This practice is not allowed, primarily for tax reporting and insurance reasons.
- Prepaid gift cards cannot be used to pay for university expenses. Additionally, credit card points cannot be used to pay for university expenses. We ask that you please use a personal credit card or debit card to incur a university expense if you do not have access to a University of San Diego corporate credit card.
- USD employees will not be reimbursed for expenses incurred on behalf of other USD employees. Each individual employee should pay for their expenses and request their own reimbursement request accordingly.
- Employees are not eligible for lodging per diem. Employees should use their USD One Card or our preferred travel vendor FROSH for all travel arrangements.



## **SECTION 5 - METHOD OF PAYMENT– UNIVERSITY CORPORATE CARDS**

### **5.1 University Corporate Card Program Overview**

The University of San Diego offers employees one credit card program sponsored by U.S. Bank:

- One Card (Visa)

This card program is administered through the Office of Accounts Payable and sponsored by U.S. Bank. The Procedures governing use of the One Card are located herein and have a separate comprehensive procedure manual located on the Accounts Payable website ([www.sandiego.edu/ap](http://www.sandiego.edu/ap)).

### **5.2 Corporate Card Restrictions**

Note the following important restrictions that apply to the One Card.

- Personal Use Restrictions – Under no circumstances may the One Card be used for personal expenses, including expenses that are part business and part personal.
- Equipment Restrictions – Corporate credit cards may not be used to purchase equipment. All equipment purchases should be requisitioned through Procurement Services.
- Computer Restrictions – Corporate credit cards may not be used to purchase computers, printers, etc. All computer purchases should be procured through ITS.
- Third Party Payment Restrictions – Under no circumstances may an employee pay a third party for services rendered (e.g. independent contractor, caterer, photographer, human subjects, etc.) and then seek reimbursement for the amount. This practice is not allowed, primarily for tax reporting and insurance reasons.

### **5.3 One Card Limits**

The One Card has a maximum single purchase limit of \$5,000 and a total monthly spending limit of \$10,000. Because of the One Card efficiencies, the university prefers use of the One Card to pay for all qualifying business related expenses.

### **5.4 One Card Payments and Receipts**

Expenses transacted using the One Card are paid directly by the university. Each month there is activity on the One Card the employee must fill out One Card Transaction Log with this information and send it along with all backup documentation to the Office of Accounts Payable by the 25th of the following month.

### **5.5 One Card Recommended Use**

The university prefers use of the One Card for business travel, meals, and events. Use of the One Card is ideal for the following types of travel and non-travel related expenses.

- Air, rail, bus, taxi, and shuttle transportation;
- Car and van reservations and rentals;
- Hotel deposits, including those for employees, groups, or university guests;
- Hotel reservations, guarantees, and accommodations, including those for employees, groups, or university guests;
- Gasoline (Note: the university reimburses mileage when a personal vehicle is used for business purposes; the university reimburses receipts when gasoline is used for a business vehicle rental); and
- Incidentals, including phone calls, faxes, hotel parking, and Internet connections.

#### Recommended Use of One Card – Non-Travel Expenses

- Conference and membership fees;
- Local business meals;
- Catered events;
- Restaurants; and
- Venues for events, such as hotels and other facilities.

The One Card should also be used for the following goods and services are ideal purchases made on the One Card.

- Books, subscriptions, and periodicals;
- Groceries;
- Lab supplies;
- Mailing establishments;
- Membership fees;
- Office supplies;
- Photocopies; and
- Restaurant deliveries.

#### Additional Restrictions

The following additional restrictions should be noted when a USD issued corporate credit card is used:

- **Equipment Restrictions** – USD issued corporate credit cards may not be used to purchase equipment. All equipment purchases should be requisitioned through Procurement Services.
- **Computer Restrictions** – USD issued corporate credit cards may not be used to purchase computers, printers, etc. All computer purchases should be procured through ITS.
- **Third Party Payment Restrictions** – Under no circumstances may an employee pay a third party for services rendered (e.g. independent contractor, caterer, photographer, human subjects, etc.) and then seek reimbursement for the amount. This practice is not allowed, primarily for tax reporting and insurance reasons.

- USD employees will not be reimbursed for expenses incurred on behalf of other USD employees. Each individual employee should pay for their expenses and request their own reimbursement request accordingly.

## **SECTION 6 - PETTY CASH/ TRAVEL ADVANCE PAYMENTS**

### **6.1 Petty Cash Vouchers**

Use the Petty Cash Voucher for the reimbursement of travel, meals, incidentals, mileage, supplies, and other miscellaneous items where the aggregate reimbursement amount is \$100 or less. Petty Cash Vouchers should be completed with all documentary evidence attached and then presented to the University Cashier for cash reimbursement. Petty Cash Vouchers may not be used for per diem reimbursement. Employees may also receive advances in cash for \$100 or less by submitting a Petty Cash Voucher, approved by the project's budget administrator, supervisor, and appropriate Vice President, to the Cashier's Office.

### **6.2 Travel Advance Overview**

A travel advance is money paid to an employee in advance of a University business trip that will be applied toward actual travel expenses. Advances will only be used when necessary and under special circumstances as approved by the appropriate Vice President. Travel advances are administered by The Office of Accounts Payable and should be limited to the minimum amount necessary for the trip. Travel advances cannot exceed IRS standard per diem allowances. The employee should submit an Employee Travel Advance Form approved by the employee's supervisor and the project's budget administrator, allowing a minimum 7 business days for advance checks to be issued. Employees may also receive advances in cash for \$100 or less by submitting a Petty Cash Voucher, approved by the project's budget administrator, to the Cashier's Office. If travel arrangements are canceled, all advances must be returned to either the Cashier's Office or The Office of Accounts Payable depending on how the advance was issued.

### **6.3 Settling Travel Advances**

The settlement of travel advances with the Office of Accounts Payable is required within ten (10) business days returning from travel. Employees may settle travel advances by completing an Employee Travel Advance Form /Expense Report and attaching original & itemized receipts with the necessary notations as to business purpose and persons involved. The Expense Report must report the amount of the travel advance in the appropriate section and be approved by the employee's supervisor and the project's budget administrator. The settlement of travel advances are not to be combined with the One Card expenses. Settlement is deemed complete when the employee reimburses the University for excess advances, or the University reimburses the employee for excess actual expenses. Past due advances must be settled before an employee is eligible for any additional advances. Failure to settle a travel advance within the specified timeframe will result in the recognition of the advance as taxable income to the employee and the revocation of the privilege for receiving future advances. Additionally, failure to settle a travel advance may result in an internal audit of an employee's expense practices.

#### **6.4 Advances for Purposes Other Than Travel**

Advances for purposes other than travel are permitted for future expenditures if the expenditures cannot be properly charged to the One Card, funded through petty cash, or processed through the normal the Office of Accounts Payable channels (i.e., through the issuance of a Purchase Order to the vendor directly). Wherever possible, written documentation (i.e., vendor estimates, quotations, etc.) should be included to support the amount of the advance requested.

#### **6.5 Disallowed Advances**

Advances will not be issued for the purchase of equipment or services rendered by a third party.



## **SECTION 7 - ELECTRONIC PAYMENTS**

### **7.1 Direct Deposit for Employees**

Employees located in the United States who are expecting reimbursements, will automatically become enrolled to receive reimbursements through direct deposit. Domestic direct deposit payments are processed by the Office of Accounts Payable through the Automated Clearing House (ACH), a secure and fast payment transfer system that electronically connects USD's bank to all other US financial institutions.

### **7.2 Electronic Funds Transfer (EFT/ACH) For Suppliers and Entities**

All suppliers located in the US, other than Independent Contractors should set up to be paid via Electronic Fund Transfer (ETF). Domestic ETF payments are processed by the Office of Accounts Payable through the Automated Clearing House (ACH), a secure and fast payment transfer system that electronically connects USD's bank to all other US financial institutions.

Suppliers and independent contractors with banks located outside the US will receive university checks or wire payments.

### **7.3 Wire Payments**

Outbound wire payments are processed through the Office of Accounts Payable. (Inbound wires are processed through the Office of Budget and Treasury). Outbound domestic wire transfers should only be used when the supplier does not accept a university check, One Card, or electronic deposit (ACH) payment. Outbound international wire transfers should only be used with the supplier does not accept a university check or the One Card.

When requesting a wire payment, either a Domestic or an International Wire Instruction Form must accompany the Payment Request. If the payment is international, the currency will be converted on the day of wire transaction.

Wire transfers should be submitted to the Office of Accounts Payable within a minimum of five (5) days' notice.

Under no circumstances may a wire transfer be used to pay for personal expenses, including expenses that are part business and part personal.

## SECTION 8 - PAYMENT REQUESTS

### 8.1 Payment Request Overview

- Advertisements
- Foundations
- Governmental Agencies
- Hotel room blocks and/or venues
- Independent Contractors
- Prizes and awards
- Registration and membership fees
- Relocation
- Subscriptions

### 8.2 Payment Schedule

The Office of Accounts Payable will process a payment for a properly completed and authorized payment request within 10-14 business days of receipt (this may take longer due to questions/concerns from AP). The Office of Accounts Payable generates check payments every Monday and Wednesday and direct deposit (ACH) payments every Tuesday and Thursday.

### 8.3 Purchase Requisitions

An electronic Purchase Requisition must be submitted to Procurement Services through USD iProcurement (via Oracle) prior to the issuance of a numbered Purchase Order and before a commitment is made to a vendor. Once an authorization is received on a correctly completed Purchase Requisition, Procurement Services converts the Purchase Requisition into a Purchase Order (PO).

Any purchase requiring a Purchase Requisition should not be placed on the University One Card.

#### **A Purchase Requisition must be completed for the following:**

- Purchases of any merchandise (goods) of \$5,000 or more
- Purchases of equipment totaling \$5,000 or more (equipment under \$5,000 shall be considered expendable supplies)
- All furniture or furnishings regardless of amount
- All computers and computer equipment (including printers) regardless of amount
- All cell phones (must be purchased through IT)
- **All service payments, contract services, maintenance agreements, independent contractor agreements regardless of amount.**
- Purchases charged to work orders that are through either Facilities for construction and/or renovation or Information Technology for implementations and/or computer upgrades
- Purchases with funds from sponsored programs totaling \$5,000 or more

In those unusual circumstances in which use of a Purchase Order is not feasible in the purchasing of goods or services, a separately negotiated contract properly authorized must be used. In such cases, Procurement Services should be contacted to assist in making the decision whether a Purchase Order or separate contract should be used.

## Exceptions to the Use of Purchase Requisitions

The following types of purchases do not require the use of a Purchase Requisition, regardless of dollar amount:

- Hotel accommodations (see further information at Section V of this policy)
- Other business entertainment expenses (e.g., meals and incidentals) under \$5,000
- Dues and subscriptions
- Miscellaneous merchandise under \$5,000

### 8.4 Student Organizations

The University will not issue a check directly to a student organization. Operational support of a recognized student organization may be provided with approval of the project's budget administrator by one of the following methods:

1. Transfer of funding via journal entry between the funding project and the student organization (contact the Accounting Office);
2. Transfer of budget between the funding project and the student organization (contact the Office of Budget and Treasury);
3. Reimbursement to a student member of the organization on the basis of actual expenses incurred as evidence by third-party receipts. Documentation submitted with the approved Expense Report must include the transaction date; the name of the business establishment; the location; the cost; the business purpose; and the names of all persons involved; or
4. Direct payment to the service provider (e.g., caterer, entertainer, musician, etc.) on the basis of an original, approved, third-party invoice.

## **SECTION 9 - SUPPLIER INVOICE CONTENT AND MAILING INSTRUCTIONS**

### **9.1 Required Invoice Content**

Each supplier invoice should match the Purchase Order by price, supplier name, and ordered items. The Office of Accounts Payable will only pay from an itemized invoice that is matched to a Purchase Order. An invoice is a supplier-generated document that should include all of the following:

- Bill to USD
- Ship to USD
- Purchase Order Number
- Itemized Order Details
- Supplier Name
- Date of Invoice
- Remit Address of Supplier
- POETS (if applicable)

### **9.2 Invoice Mailing Instructions**

To ensure prompt payment and to avoid late-penalties, all invoices should be mailed directly by the supplier to the Office of Accounts Payable.

University of San Diego  
Attn: Accounts Payable  
5998 Alcalá Park, HC 110  
San Diego, CA 92110

### **9.3 Delivery and Shipping of Items Purchased**

All university expenditures (i.e. all goods and merchandise paid for with university funds) must be delivered directly to the University of San Diego campus or a valid USD address. Items shipped to non-USD addresses are not allowable nor reimbursable. Shipping to a non-USD address is strictly prohibited.

## SECTION 10 - SUPPLIER INVOICE PAYMENT PROCEDURES

### 10.1 Processing and Paying Invoices

#### When Departments Receive Invoices

Departments receive invoices from vendors in the following circumstances:

- 1) Vendors are asked to submit invoices referencing standard or contract orders directly to Procurement Services. However, if the requisitioning department has requested invoice approval, such invoices are sent to the department for review and approval.
- 2) Departments receive invoices from vendors for orders placed directly with the vendor without use of a purchase order, contract order or One Card.

#### Review and Verify Invoice

Promptly review and submit invoices that are received directly in your department, once you have confirmed that the goods or services have been received.

If invoices are held for extended periods in a department, the University's relationship with the vendor may be compromised and other departments may not be able to receive goods or services until the invoices are cleared. Vendors often communicate directly with Procurement Services and/or AP regarding their payments, and Procurement Services /AP cannot assist the vendor if it is not aware of the invoices and amounts in question.

1. Verify that you have an **original** invoice, and verify that you have an actual **invoice**, not a vendor statement. Do not submit copies, faxes and statements for payment.
2. Thoroughly review and verify the information contained in the original invoice before submitting it for payment:

Has all required vendor information been supplied?

- purchase order or contract number if the invoice is related to a standard, blanket or contract order (if missing, provide on face of original invoice)
- vendor name and address
- vendor number (optional)
- invoice date
- description of items or services purchased

These items are necessary for Accounts Payable to properly match the invoice to the purchase order, if applicable, and to issue payment to the vendor.

- Does the invoice match your copy of the purchase order, if applicable, or other departmental purchasing records?
- only items or services ordered have been invoiced
- the quantities ordered match those invoiced
- prices are consistent with the order.
- Are the calculations and totals on the invoice correct?
- Does the invoice match the packing slip or other receiving document that has been annotated by the person receiving the goods or services?
  - **Note:** Departmental approval of invoices that normally require receipt acknowledgement is sufficient for Accounts Payable to release payment. Such an approval is expected to signify that receiving has been verified.

- Is the invoice date valid for the project and award to which the expense is being charged?
- If the expenditure item date (EID) is different from the invoice date, note the EID clearly on the face of the invoice. Reasons for use of a different EID must satisfy audit requirements.

### Correcting Invoice Errors or Discrepancies

If a discrepancy of any kind is discovered when reviewing the invoice, consult the table below for a list of typical errors that can occur in billing, and whom to contact.

If a mistake is found, do **not** change the invoice in any manner. (See **Exception** below. \*)  
Depending upon the type of error, contact either the vendor or Procurement Services to have the invoice corrected, as shown below:

Error Type	Contact...
<ul style="list-style-type: none"> <li>• mathematical error on the invoice</li> <li>• short shipment of items</li> <li>• unauthorized substitution of goods</li> </ul>	the vendor
<ul style="list-style-type: none"> <li>• mistake on the purchase order, but the invoice is correct</li> </ul>	Procurement Services

**\*Exception:** If sales tax was billed inappropriately, cross out the sales tax amount, subtract from the invoice amount, and note the correct net amount on the invoice.

### Paper Invoice Submission

#### Annotate Invoice

Before submitting a paper invoice to Accounts Payable, type or print the following information neatly and legibly in an available space on the face of the invoice:

- today's date
- (if the invoice matches a purchase order) Purchase Order number, if not otherwise indicated on the invoice
  - Note: Departments normally receive such invoices only if the department requested invoice approval.
- the phrase "**OK to Pay**"
- dollar amount being authorized
- complete POETS information including expenditure type
  - POETS format:
    - Project
    - Organization
    - Expenditure Type
    - Task
    - Source
- to split charges, provide the appropriate POETS with the specific dollar amount to be charged to each.
- name (print clearly or type) of the department administrator authorized to approve the expenditure.
- signature of authorizer

### **Authorize for Payment**

The department authorizer must sign the invoice next to his or her name.

**Note:** This must be a complete, legible, original signature. Do **not** use initials or a signature-stamp. Do not sign an invoice for payment until the goods have been received or services performed as invoiced. The authorizing signature on the invoice will signify that receiving has been verified, and is sufficient for Accounts Payable to process the invoice for payment.

- Standard **receiving** acknowledgment alone does **not** signify **invoice** approval. No payments will be made until an authorized invoice is received by Accounts Payable.

### **Retain Copies**

While the Accounts Payable Department retains original paper invoices that have been submitted for payment, departments are responsible for retaining copies of invoices and forms:

- Retain records in accordance with University record retention policy. Records should be readily available in case of questions or audit.
- Certain grants require longer retention periods, and invoices related to such transactions must be retained for the period stipulated by the grant.

### **Submit Invoice to Accounts Payable**

Submit the original approved invoice to Accounts Payable, Hughes 110, by campus mail or hand delivery.

## **10.2 Important Vendor Invoice Information**

Vendor invoices should either be paid with a One Card (all invoices under \$5,000) or via Purchase Order (for all invoices over \$5,000).

## **SECTION 11 - TRAVEL EXPENSES – AIRFARE AND RAILFARE**

An employee's travel must be authorized in advance by his/her supervisor. Reimbursable travel expenses are limited to those expenses that are ordinary and necessary in the conduct of University business. Employees are required to use the most economical method of transportation when planning their travel arrangements. Travelers should always select the lowest price airfare within the bounds of the most logical schedule. Travel insurance may be purchased at the discretion of the employee's department.

Airfare purchased with personal funds will not be reimbursed until travel is completed and the employee has returned from the trip. Airfare purchased with the One Card Visa credit card will be reimbursed immediately with the required backup documentation.

### **11.1 Economy-Class (Coach) Requirement – Airlines**

The university will reimburse the cost of economy-class (coach), commercial airfare for official university travel. The University will reimburse reasonable and necessary baggage handling charges. Excess baggage charges will be reimbursed only when carrying University equipment and/or supplies.

### **11.2 First-Class and Business-Class Restrictions – Airlines**

First-and business-class airfare is only allowed under the following circumstances:

- Advance written approval is obtained from a Vice President or the President
- Necessary because of documented medical reasons
- Coach class is unavailable

Medical exceptions and unavailability must be clearly identified and explained. Under no circumstances may a business or first class ticket be used when airfare is being paid for on a sponsored program account that begins with the letter "S."

When approval, as described above, has not been granted, business-class and first-class airfare may only be used for university purposes provided that the individual (employee) personally arranges for payment for the incremental difference.

All individuals traveling on University business shall use the most economical class of service available, and not be biased by potential frequent flyer benefits.

### **11.3 University's Preferred Travel Agency**

Employees are strongly encouraged to make their travel arrangements through the University's preferred travel agency. For more information on current preferred travel providers, please visit [www.sandiego.edu/procurement](http://www.sandiego.edu/procurement).



#### **11.4 Requirements for Reimbursement (Airfare Purchased using Personal Funds)**

Employees are encouraged to use the One Card to book their airfare and all of their travel expenses. If a One Card is not used, additional proof of travel is required. *Please note that airfare purchased with personal funds will not be reimbursed until travel is completed and the employee has returned from the trip.* When requesting reimbursement, the employee must provide an original passenger receipt or original boarding pass from the airline as proof of travel. If original boarding passes are not available, we can accept an airfare itinerary showing dates of travel with proof of purchase (i.e. indication of credit card used and last four digits of credit card) AND a hotel folio/final bill to satisfy proof of travel dates.

#### **11.5 Credit Vouchers & Cancellations**

If a flight is not taken, employees are responsible for ensuring any credit vouchers issued are used for future business purposes. Supervisors are accountable to ensure all travel by employees, regardless of payment method, is used for business purposes. It is the employee's responsibility to adhere to the airline's cancellation policy. The employee will be held financially responsible for changes in flight reservations that are made for non-business reasons, and "no-show" charges incurred due to an unreasonable failure to cancel the reservation.

#### **11.6 Airline Mileage, Points, and Voucher Usage**

Airline mileage earned in the conduct of University business is credited to the employee. Airline travel vouchers and frequent flier mileage are not reimbursable to employees for travel in connection with University business. The University does not purchase airline vouchers or coupons from employees. The University will not reimburse an employee for airfare purchased with personal mileage points or credit vouchers. It is the employee's choice to use their personal mileage points or credit voucher for University travel.

#### **11.7 Non-Reimbursable Expenses**

- Travel advances for the purchase of airline tickets are prohibited.
- Membership fees for airline VIP or frequent flier clubs are not reimbursable business expenses and must be paid with personal funds.

#### **11.8 International Travel**

USD provides health insurance and emergency medical and security assistance to faculty, staff and students who travel internationally on University related business or study. Health insurance is secondary to applicable personal coverage and is designed to respond to emergent health needs. Routine care is not provided. There is a \$100 deductible per illness/injury. Each traveler must register their trip with the International Center prior to departure; groups may be registered by the group leader. Please see additional coverage details on the Risk Management website.  
<http://www.sandiego.edu/hr/risk-management/vehicles-and-international-travel.php>

## **11.9 Rail (Train)**

The university will reimburse the cost of economy-class rail for official university travel. Use of business class rail is permitted on unrestricted accounts, when the use of business class is necessary to ensure a seat reservation or with advance-written approval from the Dean or Vice President.

### **11.10 Travel/Reservation Packages**

Detailed documentation is needed to authorize reimbursement of a travel package.

### **11.11 Combining Personal Travel with University Business Travel**

Employees should always seek approval from their supervisor to extend their university business trip to combine personal travel with university business travel.

Employees who wish to combine personal travel with University business on a single trip must indicate the dates and location of the personal time/information in addition to the university business time/information within the Expense Report form/paperwork and include airfare cost comparisons at the time of booking the university business trip airfare.

In the unusual case that a combined university business and personal trip is at a lower cost than a university business-only trip, the traveler must provide supporting documentation and economic justification, including cost comparisons from the date of booking, with the Expense Report form.

In special cases, travelers will be able to combine their business and personal travel at a cost lower than if a single trip were only for business. In these special cases, the University will reimburse the traveler for the lower-cost business and personal trip.

When personal and business travel is combined, expenses must be clearly documented and reimbursement for airfare may not exceed the lowest available cost of a direct or uninterrupted route. If the traveler uses an indirect route or interrupts travel for personal convenience, any additional expenses incurred are the sole responsibility of the traveler.

## SECTION 12 - TRAVEL EXPENSES – MEALS AND LODGING

### 12.1 Overview of Meal and Lodging Reimbursement Options

When a university business trip includes at least one over-night stay, expenses for incurred meals and lodging are to be reported using one of the following three (3) options.

Employees are strongly encouraged to make their travel arrangements through the University's preferred travel agency. For more information on current preferred travel providers, please visit [www.sandiego.edu/procurement](http://www.sandiego.edu/procurement). Employees should attempt to use standard, accommodations at reasonably priced commercial class hotels and motels when making reservations. Exceptions will be granted when conference participants are encouraged to stay at hosting hotels. It is the traveler's responsibility to adhere to the hotel's cancellation policy. The employee will be held financially responsible for early check-out or "no-show" charges incurred because of an unreasonable failure to cancel the reservation. The required documentation for lodging expenses is the original, itemized receipt that reflects payment for all charges incurred and a zero balance due (i.e. final paid-in-full statement at checkout). Please refer to SECTION 4 - METHOD OF PAYMENT – PERSONAL REIMBURSEMENT for specific information regarding actual expenses and per diem.

Option A – Actual Lodging and Actual Meal Expenses

Option B – Actual Lodging and Meal Per Diem (either domestic or international)

Option C – Per Diem Lodging and Per Diem Meals (international)

Note the following important points:

- One Option Per Trip – the option selected must be used for the entire trip
- Sponsored "S" Account/Project – Both options are permitted on sponsored project accounts. However, sponsored project travelers should review the terms or the sponsored project/contract to determine if special rates are required.
- Start and End Date – Travelers are eligible to claim expenses, allowance, or per diem beginning on the date of departure and including the date of return. Please note that travelers selecting an option with Meal Per Diem will be eligible for 75% of the rate for the first and last day of travel.

### 12.2 Option A – Actual Lodging and Actual Meal Expenses

- Receipt Requirements – Option A requires that lodging and meal expenses be supported by actual receipts, according to the documentation requirements outlined within these procedures
- Transportation and Supplementary Expenses – Transportation expenses (airfare, taxi, rental car, etc.) and supplementary expenses (hotel parking, hotel Internet connections, etc.) should be separately reported as actual expenses and are not considered part of a traveler's lodging and meal expenses.

### 12.3 Option B – Actual Lodging and Meal Per Diem

Travelers claiming Option B will be reimbursed for lodging based on actual expenses and will receive the U.S. State Department meal per diem amount (for both domestic and international travel). The meal allowance or per diem is on a per day basis and covers all three (3) daily meals, including all gratuities associated with the meal. It is the traveler's responsibility to deduct from meal per diem amounts for

meals already paid for by the university as part of a conference fee. If meals are included in the conference registration fee, the employee will not be reimbursed for any additional cost related to those meals. Conference registration materials should be provided with the reimbursement request for related meals.

- Receipt Requirements – Option B requires that lodging expenses be supported by actual receipts, according to the documentation requirements outlined within these procedures. Receipts are not required to substantiate the meal per diem, but we do require proof of travel.
- Proof of Travel – we require proof of travel for per diem reimbursements. Acceptable proof of travel includes airfare-boarding passes, hotel folio from lodging/overnight stay, or transportation receipt(s).
- Domestic and International Meal Per Diem Rate – The maximum per diem by city and country for domestic and international travel is posted on the U.S. Department of State website (<http://www.state.gov/m/a/als/prdm/>) and USD's website [www.sandiego.edu/ap](http://www.sandiego.edu/ap) Claims for meal per diem may not exceed the stated maximum amount. Expenses for any incidentals associated with the meal, such as meal gratuities, are considered to be part of the meal per diem. Therefore, meals and gratuities must stay within the maximum per diem amount. The applicable meal per diem rate (the M&IE column) must be printed and submitted with the traveler's expense report to substantiate the claim amount. The traveler may use the Per Diem chart posted on USD's website for both calculation and maximum rate/amount information.

#### **12.4 Option C – Per Diem Lodging and Per Diem Meals (International)**

Travelers claiming Option C will be paid the maximum per diem amount for international lodging and meals. The per diem amount covers all lodging and all three (3) daily meals. It is the traveler's responsibility to deduct from any per diem amounts for meals already paid for by the university as part of a conference fee. If meals are included in the conference registration fee, the employee will not be reimbursed for any additional cost related to those meals. Conference registration materials should be provided with the reimbursement request for related meals.

- Receipt Requirements – Receipts are not required when claiming Option C, but documentation (i.e. airfare/flight proof, hotel bill, etc.) proving that the trip was taken in connection with a business purpose will be required.
- International Lodging and Meal Per Diem Rate – The maximum per diem by city for international travel is posted on the U.S. Department of State website (<http://www.state.gov>) and USD's website [www.sandiego.edu/ap](http://www.sandiego.edu/ap). Claims for lodging and meal per diem may not exceed the stated maximum amount. Expenses for any incidentals associated with the meal, such as meal gratuities, are considered to be part of the meal per diem. Therefore, meals and gratuities must stay within the maximum per diem amount. The applicable lodging and meal per diem rate (the M&IE column) must be printed and submitted with the traveler's expense report to substantiate the claim amount.

## **12.5 Alcohol and Business Travel**

The University will pay for the cost of alcoholic beverages up to a reasonable amount. Prudence should be used in the purchase of such beverages as they may comprise a significant portion of the cost of the meal. It is suggested that travelers limit expenses for alcoholic beverages to the average cost of approximately \$10, and not to exceed \$15 per person. Alcoholic beverages consumed by travelers between or after mealtimes are not considered meals and are not reimbursable, except if they qualify as necessary entertainment expenses. In no instance may alcoholic beverages be charged to federally funded grants or contracts, either directly or indirectly.

## **SECTION 13 - TRAVEL EXPENSES – MISCELLANEOUS**

Miscellaneous travel expenses are expenses outside of meals and lodging that are required during business travel (i.e., parking fees, transportation, telephone costs, and tips). The reimbursement of miscellaneous travel expenses must be substantiated with a receipt. Personal expenses (i.e., personal toiletries, film, in-room movies, spa and fitness center, snacks, mini-bar charges, etc.) are not reimbursable.

### **13.1 Alcohol**

The University will pay for the cost of alcoholic beverages up to a reasonable amount. Prudence should be used in the purchase of such beverages as they may comprise a significant portion of the cost of the meal. It is suggested that employees limit expenses for alcoholic beverages to the average cost of approximately \$10, and not to exceed \$15 per person. Alcoholic beverages consumed by employees or university guests between or after mealtimes are not considered meals and are not reimbursable, except if they qualify as necessary entertainment expenses. In no instance may alcoholic beverages be charged to federally funded grants or contracts, either directly or indirectly.

Under no circumstances, may alcoholic beverages be offered or served to minors. The use of alcoholic beverages while in the conduct of University business should be kept to a minimum. In no instance may alcoholic beverages be charged to federally funded grants or contracts, either directly or indirectly. All campus events serving alcoholic beverages must be processed in advance by the Office of Banquets and Catering so that we can assure the university is in compliance with applicable laws. Serving alcoholic beverages at a University event held off campus, such as at an employee's private residence, is strongly discouraged. Refer to the Human Resources website for the complete alcohol policy at <http://www.sandiego.edu/legal/policies/community/health/Alcohol.pdf>.

### **13.2 Computer Data Lines and WIFI**

Costs to access computer data lines and WIFI while traveling are reimbursable if such access is required for the employee's job responsibilities.

### **13.3 Conference and Seminar Registration Fees**

Whenever feasible, registration fees for conferences and seminars should be paid with the One Card. In cases where a credit card is not accepted, the issuance of a check using a properly approved Payment Request form is acceptable. Fee discounts can usually be realized when paying such fees in advance as can internal efficiencies when using the Office of Accounts Payable standard processes for advance payment.

### **13.4 Laundry and Dry Cleaning**

The University will reimburse the employee for reasonable laundry, dry cleaning, and pressing service costs when travel exceeds seven consecutive days. Reimbursable laundry and dry cleaning expenses include those expenses incurred during the course of travel. The laundering of University-issued

uniforms is exempt from these procedures. For foreign travel, reimbursement of laundry and dry cleaning is included as part of the foreign IRS per diem allowance for meals and incidentals. If the actual expense method is used for foreign travel, then only reasonable laundry expenses will be reimbursed for travel that exceeds seven (7) consecutive days.

### **13.5 Recruitment**

Travel expenses incurred in connection with the recruitment of key employees must be approved by the appropriate Vice President. In general, expenses incurred should not exceed the limits described herein and should be consistent with the terms set forth in these procedures.

### **13.6 Personal Travel**

The University does not reimburse personal travel expenses while on official University business, nor fares for family members accompanying the person seeking reimbursement. Employees and students may combine personal travel with University business travel, as long as the business travel serves a valid and authorized University purpose. The employee shall pay any and all additional cost of the personal portions. If business and personal air travel are combined, the employee is required to submit a fare quote for the business travel piece alone that is obtained at the same time as the combined travel is booked. The employee also has full responsibility and liability for any events that occur during personal extensions of the trip. Please refer to section *11.11 Combining Personal Travel with University Business Travel* for more information.

### **13.7 Student Travel**

Students shall be reimbursed for travel costs incurred in association with University purposes, as long as their travel and associated costs conform to the procedures herein. Student travel must be authorized by the project's budget administrator.

## **SECTION 14 - PRIVATELY-OWNED VEHICLES AND RENTAL VEHICLES**

### **14.1 Use of Privately-Owned (Personal) Motor Vehicles**

A privately-owned motor vehicle may be used for university business when it is the most appropriate mode of transportation, such as for local trips. Use of a privately-owned motor vehicle may not be used for long trips that result in a higher total cost (mileage + meals + lodging) to the university than round trip economy-class airfare.

### **14.2 Reimbursement for Privately-Owned Motor Vehicle Use**

Any person (employee, student, independent contractor, etc.) who uses their personal vehicle to conduct University business must have a valid driver's license and the appropriate insurance required by state law. The University reimburses for use of a personal vehicle using the standard IRS mileage rate. Because the university's per mile rate considers the cost of gasoline and operating expenses, the university does not reimburse for use of private vehicles based on receipts.

The Office of Accounts Payable will notify the campus of changes in standard IRS mileage rates and will update the Mileage form, accordingly. The University does not reimburse employees for mileage incurred while commuting between their residence and the University.

Requests for mileage reimbursement should be submitted to The Office of Accounts Payable on a Mileage form attached to the applicable AP form. All forms must be approved by the payee, supervisor and project's budget administrator. Requests for mileage reimbursement that are \$100 or less should be presented to the University Cashier using a Petty Cash Voucher approved by the project's budget administrator and supervisor.

When submitting expense reimbursement requests for mileage (Expense Reports, Payment Requests, Petty Cash) the following information is required:

- Travel information (time, date, business purpose and persons involved)
- Street address of your origination (starting point) as USD (5998 Alcalá Park, San Diego, CA 92110)
- Include a Google/MapQuest estimation of mileage

When calculating mileage reimbursements, USD will always be the point of origin. The IRS is very restrictive about mileage reimbursement between an employee's home and business-purpose destination. The only exception is when traveling to the airport on weekends. In that case the point of origin is the payee's home.



### 14.3 Rental Vehicles

The university will reimburse travelers for the cost of renting a vehicle, plus associated rental vehicle expenses (e.g. gasoline). Receipts for fuel costs incurred by an employee when renting a vehicle are required for reimbursement and must be attached to the Expense Report.

Rental vehicle size should be selected based on the most economical for the number of employees traveling. If other methods of transportation are more economical than a rental car, then rental vehicle costs incurred by an employee may not be reimbursed.

Employees are encouraged to arrange rental vehicle either in conjunction with other travel plans using the University's preferred travel agency or directly with one of the University's preferred car rental agencies using the One Card. For more information on preferred travel vendors please visit [www.sandiego.edu/procurement](http://www.sandiego.edu/procurement).

The University of San Diego vehicle insurance includes coverage for vehicles rented by employees in the course of doing business. Vehicle insurance for the rented vehicle is also provided through the USD One Card. Employees should use the One Card and the preferred providers whenever possible.

Refer to the Risk Management website for rental vehicle policies and insurance coverage information, [https://www.sandiego.edu/hr/risk-management/vehicles-and-domestic-travel.php#vehicle\\_insurance](https://www.sandiego.edu/hr/risk-management/vehicles-and-domestic-travel.php#vehicle_insurance).

## **SECTION 15 - NON-TRAVEL MEALS**

### **15.1 Local Business Meals and Entertainment**

The University does not permit an employee to entertain another employee with business meals or beverages including those in campus dining facilities on a regular basis without a business purpose. To incur a legitimate meal or beverage expense, either a non-University business associate must be present or a legitimate business purposes must be provided. If business is to be conducted solely between University employees without a valid business purpose, the expense is the financial responsibility of the employees, except in the case of departmental/committee meetings, on-boarding/off-boarding employees as approved by HR, or other official gatherings, which should be infrequent in nature.

### **15.2 Non-Employee Meals and Entertainment**

Business practice may include the occasional necessity to host business contacts under conditions conducive to business discussions but removed from University offices. Such entertainment must not be lavish or extravagant and must be reasonable and appropriate in the conduct of business. If the frequency of these off-campus meetings appears excessive, the Office of Accounts Payable may refer the expense to the appropriate Vice President for additional approval.

### **15.3 Business Purpose for Meals**

In order for a meal paid or reimbursed by the university to be considered non-taxable to the individual, the Internal Revenue Service requires the names of the persons attending the meal and the business purpose to be clearly stated. For groups larger than ten (10), the IRS will accept the approximate number of persons, group identity, and business purpose, in lieu of an itemized list of attendees. This requirement applies regardless of source of funds, venue location (on or off campus), and form of payment used.

### **15.4 Local (San Diego) Professional Development**

Meal reimbursements for USD employees who do not have overnight travel are a taxable fringe benefit, according to the IRS. USD will treat employee expense reimbursements for non-overnight travel (i.e., travel not away from home) as a taxable fringe benefit, withhold the applicable federal employment taxes and report these wages on Form W-2.

Meals incurred during a professional development conference in San Diego (non-overnight travel) cannot be reimbursed under the university's accountable plan per the IRS, unless the meal is already part of the conference fee (no option to decline or add). The university will not reimburse for a meal that is added into the conference registration fee as an option to purchase during the conference registration process.

## **SECTION 16 - PROFESSIONAL ASSOCIATION MEMBERSHIP AND SUBSCRIPTIONS**

### **16.1 Professional Membership Expenses and Restrictions**

The University will pay for an employee's membership to a professional organization or subscription to a professional journal only when the membership or subscription is critical to the employee's job responsibilities at the University.

Wherever feasible, memberships and subscriptions should be placed in the name of the University of San Diego, rather than in the name of an individual employee. Memberships and subscriptions should be paid with a USD corporate credit card. In cases where the credit card is not accepted, the issuance of a check using a properly approved Payment Request form is required.

Payment Requests must be authorized by the appropriate Vice President, and then sent to The Office of Accounts Payable for processing. Fees for memberships and subscriptions may not be paid by the employee and then reimbursed through the Expense Report.

### **16.2 Airline Club Membership Restrictions**

The university does not reimburse the cost of airline club memberships. Participation in an airline's club is considered a personal expense.

## SECTION 17 - CELL PHONES / TELEPHONES / INTERNET ACCESS

### 17.1 Cell Phones and Personal Digital Devices

Cell Phones - Employees who have been authorized to have a “business” cell phone must procure the phone and plan through Telecommunications. Departmental budgets will be responsible for all charges. Porting over of personal numbers is not allowed. USD is not responsible for early termination fees or charges for personal plans or previously purchased equipment. Individually owned cell phones are non-reimbursable. Business calls on such phones (including voice, data, text) will be reimbursed if a legitimate business purpose is documented. This is prorated based on 75% of the cost of the individual plan or the average corporate plan cost of \$80, whichever is less. Maximum reimbursement in any one month is \$60 or 75% of \$80 plan (this amount is based on the average cost of a corporate plan through Telecommunications).

Personal Digital Devices - Requests for reimbursement of an iPad purchase or iPad accessory(ies) purchase made outside the university (for example, at the Apple Store) will be denied by Accounts Payable and Procurement Services. This procedure also provides proper asset control and allows the university to maximize purchasing power.

Requests for university iPads are required to go through the ITS website and will be reviewed and approved in a manner similar to requests for second computers. All requests must be accompanied by clear justification of academic/business purpose and proper departmental and budget approvals. The iPads purchased through the University will be considered a university technology asset and tagged and inventoried through the ITS asset management system. Please note that any university iPad purchases will include a \$99 two-year AppleCare support contract.

ITS will not pay for any cellular voice/data plans associated with iPads. Those cellular service plans shall be paid for by the individual or with approved departmental budget or grant funds. The individual user, or the user's department with approval, will be responsible for any charges related to acquisition of individual applications for the device. In addition, the university will not pay for data plans on personal iPads. Applications may be purchased directly from the Apple App Store (ie. iTunes) by the user or user's department. If any applications will be paid for with university funds, a justification of academic/business purpose must accompany the invoice receipt.

Future generations of the iPad may resolve current problems with the operating system, printing capabilities, etc. Certainly, if Apple formulates agreements with textbook publishers, it will revolutionize the way academia may deliver textbook content and course packs. In the future, as Apple improves the device, there is a possibility that we will list the Apple iPad as an option in the USD Computer Replacement Program (CRP). This procedure and the procedures will be revised as iPad technology evolves.

## **17.2 Home Telephones**

If one's home landline telephone is used to place a long-distance call for university business, reimbursement may be claimed for the cost of the long-distance call as itemized on the telephone statement.

Monthly fees incurred to establish or maintain a home landline telephone are not reimbursable.

## **17.3 Home Internet Access**

Monthly fees incurred to establish or maintain Internet access at home are not reimbursable.

## **17.4 Hotel Telephones**

Hotel telephone usage is reimbursable while on official business travel. A hotel phone can be used for one 20-minute call home per day. The hotel phone can be used and expensed for business purposes on an as needed basis.

## **17.5 Hotel / Airport Internet Access**

Hotel / Airport Internet access is reimbursable while on official business travel, if the Internet access is needed to facilitate university business.

## **SECTION 18 - MISCELLANEOUS REIMBURSABLE EXPENSES (TRAVEL AND NON-TRAVEL)**

### **18.1 Miscellaneous Expenses - Overview**

This section identifies miscellaneous travel and non-travel expenses not addressed elsewhere in this expense reimbursement document that, when incurred for university business purposes, are permitted. Certain expenses in this section are only permitted when the required approval is obtained before the expense is incurred.

### **18.2 Airport Parking**

Costs incurred for parking at or near an airport while on travel status is reimbursable. These costs must be for short-term parking, should not exceed ten (10) business days, and be reasonable in cost.

### **18.3 Alcohol**

Alcohol is only reimbursable if claimed as part of a meal expense or professional event. The University will pay for the cost of alcoholic beverages up to a reasonable amount. Prudence should be used in the purchase of such beverages as they may comprise a significant portion of the cost of the meal. It is suggested that employees limit expenses for alcoholic beverages to the average cost of approximately \$10, and not to exceed \$15 per person. Alcoholic beverages consumed by employees or university guests between or after mealtimes are not considered meals and are not reimbursable, except if they qualify as necessary entertainment expenses. In no instance may alcoholic beverages be charged to federally funded grants or contracts, either directly or indirectly.

### **18.4 Conversion Fees and Rates**

Foreign currency conversion fees are reimbursable.

When an expense is incurred in a foreign currency and needs to be converted into US dollars, documentation to support which conversion rate was used needs to be submitted with the payment or reimbursement request. The One Card and most personal credit cards print directly on the statement the foreign currency amount, the U.S. dollar amount, and the conversion rate used. To ensure the university reimburses the correct amount, it is preferred that travelers attach the credit card's converted U.S. dollar amount (white out any confidential information on the statement) and submit the conversion rate with the payment request. Conversion receipts from banks and hotels are also acceptable. If a traveler does not have the actual conversion rate used, the conversion website, [www.Oanda.com](http://www.Oanda.com), should be used. Conversion rates through Oanda or similar sources should be calculated for the date the expense was incurred and printed and submitted as support documentation.

### **18.5 Dry Cleaning and Laundry**

Expenses incurred for personal dry cleaning and laundry are reimbursable for trips longer than seven (7) calendar days or when warranted because of unusual situations.

## 18.6 Events or Entertainment Expenses

Payment to or reimbursement by the university for event or entertainment tickets (e.g. athletic, cultural, social, etc.) must have a business purpose (morale building, team building, etc.) and must be approved by the applicable Dean or Vice President.

## 18.7 Excess Baggage

Charges for excess baggage are reimbursable when the traveler is transporting university materials or when the extended period of travel necessitates excess personal baggage.

## 18.8 Fees for Cancelling or Changing a Reservation

Fees for canceling or changing a reservation are only permitted with approval from the area's Vice President and when supported by a valid business purpose justification.

## 18.9 Frequent Traveler Program Participation

Participation in travel-related frequent flier or frequent stay programs is permitted. Miles and points from such programs can be retained by the individual. However, rewards earned from hotels as a result of a group booking are university or sponsored project property and cannot be retained by the individual. Furthermore, the university does not reimburse the value of any frequent traveler points redeemed for university business travel.

## 18.10 Gifts

In order to seek reimbursement for a gift, please fill out the Gift Form and attach it to an Employee Expense Report. Gifts of any nature should be **extremely infrequent** in nature.

Gifts to Employees – Cash equivalents (i.e. gift cards) to employees may not exceed an aggregate \$75 per employee per year and they will be included as income on a W-2. Tangible gifts (non-cash equivalents) to employees may not exceed an aggregate \$75 per employee per year. Both Cash equivalents and tangible gifts to employees may be paid with University funds under unique and special circumstances. All holiday gifts paid with University funds must be approved in advance by the appropriate Vice President. Gifts to employees that exceed \$75 per employee per year OR that do not meet the unique and special circumstance criteria will not be reimbursed. For tax purposes, dependents (and relatives) of employees are considered employees so they are subject to the same rules. Please note that gifts for life-events are reimbursable. (i.e. bereavement, childbirth, child adoption, and marriage gifts).

Non-Employees – Cash equivalents (i.e. gift cards) should not exceed an aggregate \$25 per year and they will be included as income on a 1099 form. Tangible Gifts/non-cash equivalents need to qualify under the *de minimus fringe benefit clause* and be infrequent in nature. If the tangible gift exceeds \$25, the entire gift amount will be included on a 1099 form.

### **18.11 Local Business Expenses**

Local businesses expenses, on or off campus, are reimbursable only if related to the conduct of University business and if authorized.

### **18.12 Local Overnight Accommodations for Employees**

When in the best interest of the university and when approved by the Authorized Signer, expenses for an overnight stay in San Diego can be claimed by an employee, using one of the methods for domestic lodging and meals. Such overnights may be necessary for those coordinating a local event with early start times or late end times.

### **18.13 Miscellaneous Office Expenses**

Miscellaneous office expenses are items that are purchased for occasional department meetings, (e.g., bagels, donuts, snacks) or needs. They should be directly related to the department's operations and responsibilities. Unrelated items (e.g., office décor, plants, candy, etc.) are not an allowable expense.

### **18.14 Restricted Gifts and Endowment Funds**

Funds received from restricted gifts or endowment funds may carry limited spending terms that must be followed in addition to normal University spending procedures.

### **18.15 Subscriptions**

Subscriptions paid by the university to professional journals and periodicals are allowed. However, the continuing need for each publication and the correct mailing address associated with each publication should be reviewed on a regular basis.

For sales tax purposes, a payment request for a subscription should indicate how many issues the department will be receiving per year.

### **18.16 Tips**

Tips and gratuities, within reason, are reimbursable.

### **18.17 Town Cars and Limousines**

The cost for a town car, limousine, or other type of executive ground transportation service that exceeds the cost of a customary taxi charge is only allowed when justified by a business purpose and approved by a Dean or Vice President.



## **18.18 Visas and Passports**

Costs associated with obtaining or renewing visas and passports required for entry into certain countries or territories are reimbursable. Proof of the requirement should be submitted with the payment or reimbursement request.

## **SECTION 19 - MISCELLANEOUS RESTRICTIONS/ NON-REIMBURSEABLE EXPENSES (TRAVEL AND NON-TRAVEL)**

### **19.1 Miscellaneous Restrictions/Non-reimbursable Overview**

This section identifies miscellaneous travel and non-travel expenses not addressed elsewhere in these procedures that are not permitted using university funds.

### **19.2 ATM Fees on Personal Debit or Credit Cards**

Fees incurred at ATMs when a personal debit or credit card was used are not reimbursable.

### **19.3 Charitable Contributions in Lieu of Payment for Services**

An Independent Contractor may not specifically request that the university remit payment to a charity in lieu of paying the contractor directly. However, the university can acknowledge the suggestion made by the Independent Contractor and consider the request when processing the payment.

### **19.4 Citations**

Traffic fines or penalties incurred while driving personal or rental vehicles, or violations that result in citations (parking, traffic or others) will not be paid for or reimbursed by the university.

### **19.5 Clothing and Accessories**

Clothing and accessories purchased for a university trip or event will not be paid for or reimbursed by the university, except for university uniforms.

### **19.6 Commuting Expenses**

Expenses incurred when traveling between an employee's residence and place of business are considered personal expenses and are not reimbursable by the university.

Any exception to this policy requires approval from a Vice President or Dean, and requires review by the university's tax manager to determine whether any tax implications apply.

### **19.7 Companion Travel, Travel Meals, and non-Travel Meals**

When a university employee, student, and/or non-university individual is accompanied on a university business trip by a spouse, family member, significant other, friend, etc., the companion's portion will not be paid for or reimbursed by the university. Exceptions require advanced, written approval from the applicable Vice President or the President. If such approval is granted, the expense will be considered a taxable fringe benefit and will be reported as income (W-2, 1099, etc.).

On occasion and under special circumstances, an employee may incur ordinary and necessary expenses on behalf of others that are directly related to University business. Reimbursement (for any type i.e. travel, meals, etc.) of expenses for any non-business companions (e.g., spouse, family member, etc.) are not allowed unless the non-business companion is expected by the University to attend the event and the appropriate Vice President approves the Expense Report. Expenses for personal entertainment and recreational activities incurred by an employee or by a non-business companion are not reimbursable.

#### **19.8 Credit Card Points, Fees and Interest**

Personal credit cards are considered the responsibility of the employee. The employee is responsible for making all payments to the credit card company, including any credit card participation fees.

Late fees, and/or interest fees incurred on personal credit cards will not be paid for or reimbursed by the university.

Additionally, credit card points cannot be used to pay for university expenses. We ask that you please use a personal credit card or debit card to incur a university expense if you do not have access to a University of San Diego corporate credit card.

#### **19.9 Dependent and Pet Care**

Costs associated with receiving dependent care, such as childcare or eldercare, and/or pet care will not be paid for or reimbursed by the university. Employees who are required to travel for university business must coordinate and personally pay for any incurred dependent and/or pet care expenses.

#### **19.10 Employee-Permit Parking**

Employee parking permits, including daily, weekly, and monthly permits, will not be reimbursed or paid for by the university.

#### **19.11 Frequent Traveler Program Fees**

Costs to participate in a frequent flier program are not reimbursed by the university

#### **19.12 Late Fees**

The university is not responsible for paying late fees on any credit card (personal or university).

#### **19.13 Luggage**

Luggage purchased for a university trip or event will not be paid for or reimbursed by the university, except for luggage needed to transport university-owned items, such as trade show material.

#### **19.14 Mini Bar, Snacks, and Candy**

Expenses incurred for mini bar items, snacks, and candy are not reimbursable.

#### **19.15 Movies**

Costs to watch movies while on travel status, such as hotel movies, are considered personal entertainment and are not reimbursable by the university.

#### **19.16 Personal Care**

Personal care expenses, such as but not limited to massages, hair care, manicures, etc., that may be incurred while on or in preparation for a business trip (or event) will not be paid for or reimbursed by the university.

#### **19.17 Personal Decorations**

University funds may be used to purchase office decorations (e.g. plants, pen sets, desk clocks, vases, pictures, paintings, etc.) when circumstances warrant such an expense. Expense forms must indicate the business purpose for the decoration and in which office(s) or conference room(s) the decorative item(s) will be located.

#### **19.18 Payments to Third-Party Individuals or Organizations**

USD does not reimburse employees for payments to third-party individuals or organizations. The university is obligated to track and record all payments made to external vendors/persons (non-employees) for tax purposes. Whenever the university pays a third-party for goods or services, the Office of Accounts Payable must record the payment (for the IRS) as a 1099 transaction. If a department is paying an individual or supplier for services rendered, the payee's Tax ID or Social Security number must be provided on the Payment Request Form. Common examples of 1099 items include: equipment rentals, repairs of office equipment, and stipends (for non-USD employees).

#### **19.19 Personal Travel Combined With University Business Travel**

When an individual combines personal travel with business travel, the personal portion will not be paid for or reimbursed by the university.

#### **19.20 Political Contribution**

University funds may not be used for any political purposes. The university is classified as a 501(c)(3) organization under the Internal Revenue Code, and the IRS strictly prohibits such organizations from making political contributions.

## **19.21 Receipts from Third-Party Individuals or Organizations**

USD does not reimburse employees for receipts from third-party individuals or organizations. The university is obligated to track and record all payments made to and receipts from external vendors/persons (non-employees) for tax purposes. Whenever the university pays a third-party or receives a receipt for rentals or services, the Office of Accounts Payable must record the payment (for the IRS) as a 1099 transaction. If a department is paying an individual or supplier for services rendered, provide the payee's Tax ID or Social Security number on the Payment Request Form. Common examples of 1099 items include: equipment rentals, repairs of office equipment, and stipends (for non-USD employees).

## **19.22 Technology/Personal Digital Devices**

Employees may not purchase and seek reimbursement by the university for computers, computer equipment (including iPads, Kindles, netbooks, etc.) and printers. Individually purchased cell phones will not be reimbursed by the university.

Requests for reimbursement of an iPad purchase or iPad accessory(ies) purchase made outside the university (i.e. at the Apple Store) will be denied by Accounts Payable and Procurement Services. This procedure provides proper asset control and allows the university to maximize purchasing power.

Requests for university iPads are required to go through the ITS website and will be reviewed and approved in a manner similar to requests for second computers. All requests must be accompanied by clear justification of academic/business purpose and proper departmental and budget approvals. The iPads purchased through the University will be considered a university technology asset and tagged and inventoried through the ITS asset management system. Please note that any university iPad purchases will include a \$99 two-year AppleCare support contract.

ITS will not pay for any cellular voice/data plans associated with iPads. Those cellular service plans shall be paid by the individual or with approved departmental budget or grant funds. The individual user, or the user's department with approval, will be responsible for any charges related to acquisition of individual applications for the device. In addition, the university will not pay for data plans on personal iPads. Applications may be purchased directly from the Apple App Store (ie. iTunes) by the user or user's department. If any applications will be paid for with university funds, a justification of academic/business purpose must accompany the invoice receipt.

Future generations of the iPad may resolve current problems with the operating system, printing capabilities, etc. Certainly, if Apple formulates agreements with textbook publishers, it will revolutionize the way academia may deliver textbook content and course packs. In the future, as Apple improves the device, there is a possibility that we will list the Apple iPad as an option in the USD Computer Replacement Program (CRP). This procedure and the procedures will be revised as iPad technology evolves.

## **19.23 University restricted & non-reimbursable Gifts**

Gifts to employees that exceed \$75 per employee per year OR that do not meet the unique and special circumstance criteria will not be reimbursed (i.e. birthday, childbirth and marriage gifts are not reimbursable).

## SECTION 20 - INDEPENDENT CONTRACTORS / HUMAN SUBJECTS / PRIZES AND AWARDS

### 20.1 Independent Contractors

The Internal Revenue Service (IRS) requires the university to properly classify Independent Contractors. The university's Independent Contractor policies identify the steps, documents, and processes to use to ensure proper classification of and subsequent payment to Independent Contractors.

### 20.2 Human Subjects, Prize Recipients, and Award Recipients

Processes and forms needed to facilitate payments to human subjects, prize recipients, award recipients, and standardized medical patients are charted below.

Documentation	Less Than \$25 / transaction	More Than \$25 / transaction	Less Than \$600 / calendar year	More Than \$600 / calendar year	More than \$1,500 / calendar year
<b>Paperwork/ Request Form</b>	Payment Request	Payment Request	Payment Request	Payment Request	Payment Request
<b>Identification/ Forms</b>	W-9	W-9	W-9	W-9	W-9 and subject to Withholding if non-California Resident service provider

Notes about payments to human subjects, prize recipients, award recipients, etc.:

IRS Form W-9 / 1099s -- When a non-employee is being paid for personal services, a W9 is required. When the annual payment amount is \$600 or more, the individual will receive an IRS Form 1099 from the university.

Non-California Resident Withholding -- When a prize/award recipient, etc. is being paid \$1,500 or more per year by the university and is a non-California resident who performed services in the state of California, the university is required to withhold 7% income tax.

Employee Recipients Of Prizes And Awards – If the recipient of an award or prize is an employee the requests for awards and prizes will be sent to and processed by Payroll.

### 20.3 Payment of Honoraria

An honorarium payment is a gratuitous payment to a lecturer or a professional person outside the University community (not a University faculty or staff member) as an expression of thanks. It is taxable income and is reportable to the Internal Revenue Service if the sum of annual payment(s) to the vendor

exceeds \$600 annually.

### **Honoraria for US Citizens**

Prior to processing the payment in AP, please obtain a signed W-9 Form completed by the payee. The honorarium recipient and payment information will be entered into AP as a 1099 vendor.

Once the recipient's vendor profile has been approved by Vendor Maintenance in the Procurement Services, follow the instructions on the Accounts Payable website for completing a Payment Request Form. Include the payee's name and home address. In the space labeled **Description/Business Purpose**, provide all available details for the honorarium payment.

The amount of the honorarium should be specified in correspondence with the honorarium recipient. Submit the Payment Request Form, a copy of the correspondence along with a flyer or a memo describing the event to the Office of Accounts Payable.

An honorarium is taxable income that is reported to the IRS on Form 1099 if the sum of annual payment(s) to the vendor exceeds \$600 annually. However, expenses reimbursed to an honorarium recipient are not considered taxable income.

A payment is not treated as honorarium if the payment is for specified services rendered by an independent consultant, University student or employee. Payments to University staff or Faculty members must be processed through Payroll as additional compensation.

**Please note:** Under IRS regulations, honoraria payments are considered taxable income. Therefore, as a matter of policy, the recipient of an honorarium payment may not transfer the payment to another organization or individual. If the honorarium recipient wishes to transfer the payment to another organization or individual, he or she must receive the money and then donate it. The only exception to this rule is employees of certain Federal Government Agencies. If the honoraria recipient is an employee of a Federal Government Agency please contact the Office of Accounts Payable.

As a general rule, an individual who assigns or transfers compensation for personal services to another individual or entity is not relieved of Federal income tax liability, regardless of the motivation behind the transfer. Therefore, an honorarium earned by an individual is reportable as additional income to the individual performing the services, even if the actual payment is made to a charity or other third party.

An individual may, however, indicate in writing to the university before the services are performed that the persona declines the honorarium and requests (but does not demand) that the honorarium be donated by the University to a specific charity. Because the individual declined the honorarium before it was earned, the personal will not be treated as receiving taxable income. The University may consider and may choose to abide by a request to donate the funds to a charity, but it is not required to do so and at all times retains the full discretion and control as to how the honorarium funds declined by the individual are to be used.

## Honoraria for Foreign (Nonresident Alien) Individuals

Departments must obtain the following from the nonresident alien, as this will be required before the vendor is setup in the system and payment is issued:

1. Visa type
2. Visa start date and end date as well as number
3. Passport start date and number
4. U.S. visits (on a F,J,Q or M visa status) within the last five years – both entry and exit dates and visa type
5. Total amount of payments expected to earn in the calendar year 2014 that are U.S. sourced
6. Home (Country) address
7. U.S. address
8. ITIN (Individual Tax Identification Number) or Social Security Number
9. Foreign Tax Identification Number

Depending on the type of payment, all payments made to or on behalf of a nonresident alien or foreign entity are generally subject to income tax withholding unless specifically exempted, either by U.S. tax law or an income tax treaty. Generally, payments not exempt from withholding, are subject to 30% federal income tax withholding, in accordance with Internal Revenue Service (IRS) regulations. To claim an exemption from tax withholding under an income tax treaty, the payee must submit the appropriate exemption request form to Payroll.

Prior to agreeing to pay an honorarium payment to a non-resident alien, you must confirm that the individual is present in the United States under an immigration status that allows him or her to perform an activity for which a payment may be made. Foreign individual visitors (including visa exempt Canadians who enter with only a passport and who have declared their reason for visiting the U.S. is business or Mexicans with Border Crossing Cards) that meet certain criteria may receive honoraria payments, even though they are not otherwise authorized to work in the United States and are not eligible for a social security number (SSN). Prior to agreeing to pay an honorarium payment to a non-resident alien, you must also confirm that the individual is not subject to U.S. economic or trade sanctions under the Office of Foreign Assets Control (OFAC). A listing of sanction programs can be found on the OFAC website at <http://www.treas.gov/offices/enforcement/ofac/>.

The four criteria that **must** be met for foreign individual visitors on a B-Visa are:

- “usual academic services” (typically lectures);
- for periods up to nine days at a time during any six month period;
- for no more than five institutions per six month period; and
- for higher education or nonprofit/government research institutions.

**Please note:** Under IRS regulations, honoraria payments are considered taxable income. Therefore, as a matter of policy, the recipient of an honorarium payment may not transfer the payment to another organization or individual. If the honorarium recipient wishes to transfer the payment to another organization or individual, he or she must receive the money and then donate it. The only exception to this rule is employees of certain Federal Government Agencies. If the honoraria recipient is an employee of a Federal Government Agency please contact the Office of Accounts Payable.



## SECTION 21 - NONRESIDENT ALIEN PAYMENTS

### 21.1 Nonresident Alien Payments and Reimbursements

A nonresident alien is a non-US citizen who does not hold a Resident Alien Card. The Internal Revenue Service (IRS) and U.S Citizenship and Immigration Services (USDIS) have very strict regulations regarding payments and expense reimbursements made to non-resident aliens.

To be in compliance with the IRS and the USDIS, reimbursements to non-resident aliens may be made only on an actual basis; per diem reimbursements are not allowed.

All payments and reimbursements to nonresident aliens must be processed by sending a Payment Request, completed in compliance with these expense reimbursement procedures, to the Office of Accounts Payable. This requirement also extends to non-resident alien's performing Independent Contractor work.

Payment for services is dependent on employment status. The Office of Accounts Payable will process reimbursements for contract services and Payroll Services will process employment related payments. However, if the Foreign National is claiming a Treaty Benefit, they will need to visit Payroll Services prior to the payment Treaty Benefit analysis may be completed.

When we pay a nonresident alien compensation, USD is required to withhold certain federal (30%) and state (12.3%) taxes from the payment. We recognize that some departments would like to provide the nonresident alien with an amount without taxes withheld, and for this reason we offer the following three options to our community:

- 1) Withhold federal and state taxes from the compensation paid to the NRA
- 2) The department can opt to pay for the NRA's taxes, so that no taxes are taken out from the payment
- 3) If the nonresident alien is from a treaty country, they can apply for a tax treaty which could either reduce the withholding and/or eliminate the withholding all together. If this option is chosen, the NRA would need to speak to and meet with our NRA expert in Payroll in order to claim the tax treaty benefit. If the NRA does not qualify, options one and two are still available.

Regardless of the option chosen, we will need to have and require the following information:

1. Visa type
2. Visa start date and end date as well as number
3. Passport start date and number
4. U.S. visits (on a F,J,Q or M visa status) within the last five years-entry and exit dates and visa type
5. Total amount of payments expected to earn in the calendar year 2014 that are U.S. sourced
6. Home (Country) address
7. U.S. address
8. ITIN (Individual Tax Identification Number) or Social Security Number
9. Foreign Tax Identification Number

## **SECTION 22 - RELOCATION / RECRUITING EXPENSES**

### **22.1 Relocation Policy Overview**

[http://www.sandiego.edu/provost/docs\\_forms/](http://www.sandiego.edu/provost/docs_forms/)

The university maintains a separate relocation policy, which must be carefully adhered to in order to ensure expenses are processed in accordance with IRS and university requirements.

Requests for payment should be submitted to The Office of Accounts Payable on an approved Payment Request reflecting the payee's new home address and social security number for IRS reporting purposes.

### **22.2 Recruiting Expenses**

[http://www.sandiego.edu/provost/docs\\_forms/](http://www.sandiego.edu/provost/docs_forms/)

Expenses associated with recruiting a new employee are reimbursable and are not taxable to the candidate. All incurred business expenses must comply with these Expense Reimbursement Procedures.

Until the candidate has accepted the new position in writing, the candidate is on recruitment status. Multiple trips back and forth to the university are acceptable for recruitment.

Once the new employee has accepted the new position in writing, the candidate is no longer in recruitment status. Expenses associated with transferring an employee from his/her current to his/her new work location are considered relocation expenses.

## **SECTION 23- INSURANCE / EMERGENCIES**

### **23.1 Personal Vehicle Insurance**

Drivers using their personal vehicles for university business travel must carry their own comprehensive / collision auto insurance (not reimbursable) in amounts required by the laws for the region in which they are driving. Insurance levels should be adequate enough to protect drivers, passengers, and involved vehicles from the financial consequences of an accident.

### **23.2 Additional Insurance for Rental Vans and SUVs**

Please contact the Risk Management Office for more information.

### **23.3 Contract Rental Car Insurance for Domestic Rentals**

When the university's contract rental car code is used in the reservation, the rental rates include free domestic primary LDW/CDW insurance (which covers any damage to the rental vehicle) and free domestic primary liability insurance (which covers bodily harm and property damage outside the rental vehicle).

Contract rental car codes are applied in reservations made through the university's preferred Travel Agency. Codes can also be obtained via the Accounts Payable website ([www.sandiego.edu/ap](http://www.sandiego.edu/ap)).

Domestic rental car insurance coverage applies to USD employees traveling on business, regardless of the form of payment. USD's vehicle insurance includes coverage for vehicles rented by employees in the course of doing business. Vehicle insurance for the rented vehicle is also provided through the USD One Card. Employees should use that card and the preferred providers whenever possible.

Domestic insurance coverage provided by contract rental car companies is for travel within the fifty (50) U.S. states and the District of Columbia. There is no deductible. Insurance coverage does not apply to personal rentals. Insurance coverage does not apply to international rentals.

### **23.4 USD Self-Insurance Policy for Domestic Rentals**

For USD employees on university business, the university has a self-insurance policy that covers vehicle rentals in the 50 U.S. States and the District of Columbia. A deductible may apply according to procedures administered by the Office of Risk Management. USD's self-insurance policy covers employee rentals only.

Employees should not purchase LDW/CDW (which covers any damage to the rental vehicle) or liability insurance (which covers bodily harm and property damage outside the rental vehicle) for domestic business rental vehicles, even if using a non-contract rental car company. However, employees dependent on the university's self-insurance policy should be in possession of Risk Management's insurance certificate.

Because USD's contract rental car rates do not charge the university a deductible and their claims are significantly easier to process, USD employees are strongly encouraged to use the primary domestic coverage provided through USD's contract rental car companies.

### **23.5 International Rental Car Insurance**

USD does not have self-insurance coverage for international rentals, including rentals in Canada. Furthermore, contract rental car rates do not include international insurance coverage. Therefore, USD business travelers renting vehicles outside of the 50 US states and the District of Columbia must purchase insurance.

### **23.6 Illness, Injuries, or Other Emergencies While On Business Travel**

Prior to departure, USD travelers should view information and procedures posted at the HR Risk Management website. All accidents should be reported to Risk Management.

### **23.7 Travel Insurance**

In general, travel insurance may be purchased at the discretion of the travelers' department, school, and/or division. Because the university provides significant insurance coverage for travelers, travel insurance should only be purchased for international travel (airfare, etc.) except when the insurance coverage has been approved in advance by Risk Management or the Office of Accounts Payable.

### **23.8 Lost or Stolen Luggage**

University (business) travelers whose luggage is either lost or stolen should recoup the cost of the lost luggage and the luggage's content:

- 1) Through the service provider responsible for the loss (e.g. airline)
- 2) If the ticket (airline, rail, etc.) was purchased either on the One Card.

## **SECTION 24 - NON-CALIFORNIA RESIDENT SERVICE PROVIDER TAXES / SALES AND USE TAX**

### **24.1 California Income Tax Withholding on Non-Resident Service Providers**

The Franchise Tax Board requires the university to withhold 7% income tax on payments to non-California resident service providers who meet all of the following:

- Do not have a permanent place of business in California;
- Perform their services in California; and
- Have USD payments in a calendar year of \$1,500 or more.

Nonresidents subject to this withholding include corporations, limited liability companies, partnerships, and individuals. Types of income subject to withholding include, but are not limited to, payments for services (consultants, speakers, designers, etc.) performed in California and payments of leases, rents and royalties for property (real or personal) located in California.

The Office of Accounts Payable will not withhold 7% under the following circumstances:

- Payments of goods;
- Nonresidents who are registered through the Office of the Secretary of State; and
- Nonresidents who have provided Accounts Payable with a completed California Withholding Exemption Certificate Form 590 (available at: [www.ftb.ca.gov](http://www.ftb.ca.gov)).

### **24.2 California Sales/Use Tax**

The university is not sales tax exempt. The State Board of Equalization requires the university to pay California sales/use tax on all taxable transactions, including on purchases made via non-California merchants.

The Office of Accounts Payable is responsible for determining whether a purchase is taxable. The Office of Accounts Payable will automatically accrue San Diego, CA sales /use tax on Purchase Orders, Payment Requests, Expense Reports, and/or One Card Transaction Logs for items shipped to USD, if sales tax was applicable but not invoiced by the supplier.

For One Card transactions that were not charged California sales/use tax at point-of- sale, the Office of Accounts Payable will review One Card transactions and apply to appropriate use tax when applicable. Sales / use tax is recorded in Oracle and charged to the same POETS information as the corresponding expenditure.

### **24.3 Examples of Tax Exempt Purchases**

Types of purchases that are exempt from sales and use tax include, but are not limited to:

- Food for human consumption;
- Hazardous waste disposal fee (for hardware);
- Gift wrapping;
- Memberships;
- Page charges;

- Postage;
- Registration fees;
- Shipping charges;
- Software and Internet services that are provided (downloaded) but not physically delivered to the end user;
- Software maintenance or service if no software is delivered to campus; and
- Subscriptions if between 4-59 issues per year.

#### **24.4 Examples of Taxable Purchases**

Types of purchases that are not exempt from sales and use tax include, but are not limited to:

- Carbonated beverages;
- Containers;
- Dry ice;
- Equipment leases;
- Furniture;
- Handling charges;
- Lab supplies;
- Office supplies;
- Packaging;
- Reprints;
- Software delivered to campus (e.g. CD);
- Software maintenance or service if software, such as a CD, is delivered to campus;
- Subscriptions with 1 -3 issues and over 60 issues per year; and
- Subscriptions if between 4-59 issues per year.

## **SECTION 25 - FISCAL YEAR CLOSING PROCEDURES**

### **25.1 Fiscal Year Deadlines: Overview**

It is the policy of the university to pay or reimburse incurred expenses using funds from the fiscal year in which the trip, event, function, etc. took place.

### **25.2 Fiscal Year Deadlines: Payment Requests & Expense Reports**

All Form and Paperless Payment Requests and Expense Reports must be received by the Office of Accounts Payable before 4:00 pm each June 30 in order for current fiscal year funds to be used. If June 30 falls on a weekend, the due date will normally be the Friday preceding June 30. Specific fiscal year closing dates are announced annually. Payment Requests and Expense Reports received after the announced deadline will be paid using new fiscal year funds.

Payment Requests and Expense Reports received in the Office of Accounts Payable in one fiscal year that are for trips, events, functions, etc. held in the new fiscal year will be reimbursed or paid upon receipt of a properly completed payment request. However, the expense will be deferred by Accounts Payable to the applicable fiscal year.

Payment Requests and Expense Reports for trips, events, functions, etc. that span more than one fiscal year will be paid using funds from the fiscal year during which the majority of the trip, event, or function took place. Provided, however, that the Payment Requests and Expense Reports is received by the deadline (above).

### **25.3 Fiscal Year Deadlines for Invoices**

All invoices must be post marked June 30 or delivered to the office of Accounts Payable before 4:00 pm each June 30 in order for current fiscal year funds to be used. If June 30 falls on a weekend, the delivery due date will normally be the Friday preceding June 30. Specific fiscal year closing dates are announced annually. Invoices received after the announced deadline will be paid using new fiscal year funds.

### **25.4 Fiscal Year Deadlines: Internal Requisitions**

Internal Requisitions for travel are subject to different fiscal year cut off dates. These dates will be announced annually.

### **25.5 Fiscal Year Deadlines: Requisitions**

For fiscal year policies governing the purchasing and receipt of university goods and services, reference the university's Procurement Services Policies & Procedures ([www.sandiego.edu/policies](http://www.sandiego.edu/policies)).

## **25.6 Sponsored Programs Account Deadlines**

Payments against sponsored project accounts do not follow the university's fiscal year closing dates. The deadline for payments against these sponsored accounts is based on the termination date of the project.

If a sponsored project account that begins with the letter 'S' was used to purchase a good or service, the good or service must have been ordered and received before the contract or grant's budget period end date.

A good or service ordered within thirty (30) days before contract or grant termination must be purchased with the understanding that the good or service will be received before termination of the budget period, and that the purchase will directly benefit the project.

Therefore, Requisitions and Payment Requests (Payment Requests and Expense Reports) submitted to Procurement Services or Accounts Payable for a purchase or expense incurred within the last thirty (30) days before the termination date must be supported by a written justification. The justification must explain why the purchase or expense was necessary and how it directly benefits the project.

Requisitions and Payment Requests for a good or service ordered within the last thirty (30) days before termination that are submitted to Procurement Services or Accounts Payable without a justification may be delayed. Last month purchases may also be delayed if consultation by Procurement Services or Accounts Payable with the Accounting Office (Grants and Contracts) and the Office of Sponsored Programs is required.



## **SECTION 26 - PAYMENT AUDITS / COMPLIANCE REQUIREMENTS / MISAPPROPRIATIONS**

### **26.1 Payment Audits**

The Office of Accounts Payable conducts audits on reimbursements and payments to confirm compliance with university policies. Payment processors verify that expenses incurred on all university forms of payment adhere to the university's Accounts Payable Policies and Procedures. Payment audits are performed for each payment request.

### **26.2 Code of Ethics**

Because no set of policies can contemplate every possible scenario that may arise, it is expected that when incurring expenses, university employees will act in an ethical manner consistent with the university's Code of Ethics ([www.sandiego.edu](http://www.sandiego.edu)). This compliance is expected, regardless of whether a particular rule or policy provides guidance in a specific situation.

### **26.3 Conflict of Interest Policy**

Every employee of the university must avoid both actual conflicts of interest and the appearance of conflicts of interest, and be in compliance with the university's Conflict of Interest and Ethics Policy & Procedure ([www.sandiego.edu](http://www.sandiego.edu)).

The term "conflict of interest" refers to situations in which financial or other personal considerations compromise, or have the appearance of compromising, an individual's professional judgment and ability to perform his or her university responsibilities.

The Finance Office may also identify actual or apparent conflicts of interest. In the event that the Finance Office identifies a situation that is or appears to be a conflict of interest, the Controller will request that a disclosure be made according to university policies and will coordinate with the relevant department, unit or school to address and manage the conflict. The Finance Office may suspend taking action on the reimbursement or payment request that initiated the disclosure, until the conflict has been resolved.

Several expense-related situations are specifically prohibited under the Conflict of Interest and Ethics Policy:

- Conditioning any actual or potential business relationship with the university on a charitable gift or contribution to the university;
- Participating in any way in any negotiation or transaction between the university and a business entity in which you or your close relation has a personal, managerial or substantial financial interest. A "close relation" is defined as a spouse, mutual financial dependent, significant other, or person in an intimate relationship; a child, parent, sibling (including in-laws and step-relations), grandparent or grandchild, niece or nephew, aunt, uncle or cousin;
- Soliciting personal gifts or special favors from individual or entities that provide, or seek to provide, services or supplies to the university; and

- Accepting personal gifts or special favors from individuals or entities that provide, or seek to provide, services or supplies to the university. This does not include occasional gifts of nominal or modes value (less than \$75.00 in value) or isolated invitations to lunch or dinner.

#### **26.4 Reporting Misappropriations**

University employees must report known or suspected misappropriations or conflicts of interest, regardless of magnitude, to their immediate supervisor, department chair, Dean or Vice President. Informed management must subsequently contact University Audit or the Finance Office.