

# Occidental College Expense and Reimbursement Policy Last Updated: August 2022

## Purpose

The Expense and Reimbursement Policy provides specific guidelines. This policy follows accountable plan rules as defined by the IRS. All expense reimbursements must meet the following three rules:

- Expenses must be related to activities of the College.
- The expenses must be substantiated with original documentation within a reasonable amount of time, which we define as 60 days.
- Advances or excess reimbursements must be returned to the College within a reasonable amount of time.

If these rules are met, expense reimbursements will be processed by Accounts Payable and therefore will not be included in an employee's taxable income.

## Scope

This policy applies to employees and anyone who uses personal funds to pay for College related expenses and wish to be reimbursed. This policy also applies to purchases made with Occidental College credit cards. Departmental policies, grants or other funding sources may impose additional restrictions, however they cannot supersede those required in this policy.

The guidelines in this policy go hand in hand with other College-issued policies that address specific types of transactions as follows:

[Cash Advance Policy](#)  
[Prizes and awards/gifts to faculty, staff, and students](#)

## What is a business expense?

In order for an expense to be reimbursed or charged to the College without being subjected to taxes, a business expense must be:

*Ordinary* – common and accepted in the normal course of College activities;  
*Necessary* – appropriate in nature and amount; and  
*Business-related* – not a personal, lavish or extravagant expense.

The IRS does not consider all business expenses to be ordinary and necessary. For example, you may consider the expenses of a home office to be a business expense. However, in most cases, the IRS will not consider a home office to be deductible because as employees we are provided with an office on campus.

Please note: If non-deductible business expenses are reimbursed on an occasional basis, such items must be included as taxable income on your W-2.

## Imputed Income and Gross-up for Employment Taxes

The College generally does not gross-up for employment taxes on imputed income to an employee unless approved by the Chief Financial Officer.

## Responsibility

Employees should familiarize themselves with the types of expenses that are and are not eligible for reimbursement prior to incurring expenses. Employees may not authorize reimbursement of their own expenses or expenses of supervisors, department heads, etc.

Authorized signers must confirm that expenses and reimbursement requests meet the following criteria:

- The expense meets the IRS guidelines of a business expense.
- Any travel expense was incurred while conducting College activities.
- The information contained on the Expense Reimbursement or Credit Card Expense Form and the documentation attached is accurate and in accordance with College policy.
- Expenses incurred meet applicable sponsor guidelines (grant related expenses).
- Expenses are coded to the appropriate Banner Account number (FOAPAL).
- Original receipts are submitted in accordance with this policy.

## Documentation

A properly completed, signed, and approved [Expense Reimbursement Form](#) (revised as of March 2019) must be submitted to Accounts Payable in the Business Office within 60 days following the date of the expense. A properly completed signed, and approved [Credit Card Expense Form](#) is due no later than 20 days following the prior month end.

These forms must be accompanied by original documentation to support the expenditure. This may consist of an invoice, original receipt, or other notification, such as an e-ticket or e-mail receipt. Additional information such as a brochure, a flyer or an email can be helpful in explaining the nature of the expenditure.

Multiple original receipts must be attached to an 8.5" x 11" paper, in the order listed on the [Expense Reimbursement Form](#) or [Credit Card Expense Form](#).

Each receipt must be *individually listed* on the form.

Notations should be made on receipts and other documentation to substantiate the expense and indicate the business purpose.

On the **rare occasion** that a receipt is unavailable, and the expense exceeds \$25.00, a Missing Receipt Declaration form must be attached with approvals. There must be a [Missing Receipt Declaration](#) for each missing receipt that is in excess of \$25.00. If the expense is less than \$25.00 and a receipt has been lost/not provided, you will not need to submit a [Missing Receipt Declaration Form](#).

If you do not have a receipt showing your foreign currency conversion (credit card statement, bureau de change receipt) then foreign currency should be converted to US dollars using the website [www.oanda.com](http://www.oanda.com). This website will convert foreign currencies into US dollars based on historical foreign exchange rates.

All forms must be signed by the individual making the request and approved by their supervisor and must include the appropriate Banner Account Number (FOAPAL) to be charged.

It is strongly encouraged that you input the information electronically into the excel forms.

## Unallowable Expenses

Unallowable expenses are those that do not support College business or are in excess of what is normally considered reasonable (“ordinary and necessary”). Expenses that are customarily considered to be personal, even if the goods or services were purchased to support College business, are also unallowable.

Examples of generally unallowable expenses-

- Meals with College employees (or individual meals) that do not involve College business or that involve College business but that could have been discussed at a different (non-meal) time.
- Cell phones
- Per Diems (unless allowed by a grantor such as the National Science Foundation).
- First-class or business-class travel, priority check-in, travel insurance, seat upgrades or additional legroom fees without a pre-approval from a Vice President or the President.
- Car rental insurance coverage for travel in the US. (International rental insurance is reimbursable and should be purchased).
- Membership in airline/travel clubs.
- Charges for movie channels, airline headsets, personal toiletry or hotel spa/health club fees.
- Stolen, lost, or damaged personal property.
- Fees, late payment penalties, or interest charges on personal credit cards.
- Parking tickets or traffic violations.
- Personal services (any service to the college is not reimbursable and should follow policies and procedures on the Business Office Contracts webpage).
- Political or charitable contributions of any type.
- Sponsorship of external teams or other external organizations.
- Office furniture (lamp, desk, bookshelf, chairs, cabinet, etc.). All furniture must be requested through a [work order](#) to Facilities.
- Technology (e.g. computers, printers, software, hardware, etc.). All technology needs must be requested using an ITS HelpDesk Ticket by sending an email to [helpdesk@oxy.edu](mailto:helpdesk@oxy.edu).
- Alcohol purchased for consumption on College premises is unallowable unless it is purchased through [Campus Dining](#).

## Business Expenses

- Travel, including
  - (a) Travel considered to be Away from Home Overnight (as defined by IRS Guidelines);
  - (b) Day trips/ Local Travel
- Business Meals
- Selected Goods and Services that are not associated with meals or travel.

**If you are unsure if an expense is reimbursable, please check with the Accounts Payable Office at [accountspayable@oxy.edu](mailto:accountspayable@oxy.edu) or call x2848 before you incur the expense.**

**Can I obtain a Cash Advance for reimbursable expenses that I expect to incur?**

Yes. Please click on this link to see the [Cash Advance Policy](#)

**How do I substantiate my expenses and what approvals are needed?**

You will need to provide written evidence that explains the nature of the business expense and proves that you paid it. The nature of the expense is explained by answering the questions Who? What?

Where? When? Why? Substantiating how you paid the expense (proof of payment) is explained under the supporting documentation below.

You must complete an [Expense Reimbursement Form or a Credit Card Expense Form](#), regardless if your expense is for travel or other items, and attach the appropriate supporting documentation as described in this policy. The form must be approved by your supervisor prior to submitting all documentation to the Business Office.

Please double check to make sure that your documentation includes the correct FOAPAL to be charged. Please also note that the expense must be charged to the fiscal year in which the expense was incurred. The College's fiscal year runs from July through June. As an example, expenses incurred on or prior to June 30<sup>th</sup> must be charged to that fiscal year. Expenses cannot be held for the next fiscal year, even if your budget or other account is overspent in the current year.

### **What supporting documentation is necessary?**

For each expense, you will need an original hard-copy receipt that includes information about the purchase and also provides proof of payment.

In all cases, the **receipt needs to be sufficiently detailed (amount, date, place, type of expense – Who, What, Where, When, Why)**. A hotel bill should segregate valid reimbursable charges for lodging, meals, related taxes and tips, etc. from personal charges (movies, spa treatments, dry cleaning etc.) For all restaurant expenses, an itemized receipt must be provided. A general credit card receipt or tear-off guest check that only includes the total amount expended is not sufficient supporting documentation.

Purchases made electronically (via the internet) must be substantiated with a hard copy receipt. A "receipt" is constituted when the confirmation of payment shows the last four digits of the credit card.

If your receipt does not indicate how you paid the expense, you must also provide additional documentation to show proof of payment (such as canceled check, copy of your credit card statement, cash receipt from vendor). If you are submitting your credit card statement as proof of purchase, then please block out your account number. Do not block out your name.

If you did not pay for the expense then you will not be reimbursed for it. Incentives such as frequent flyer miles, vouchers, coupons, gift cards and other non-cash payments do not count as reimbursable expenses and will not be accepted as proof of payment because these are not "out of pocket" for the expense. Items such as gift cards or gift certificates will not be accepted as proof of payment even if you purchased the gift card or certificate from personal funds.

For expense reimbursement request, please ensure that all paperwork is turned in to the Business Office within 60 days after the expense has been incurred with all appropriate approvals and documentation attached to ensure that your expense reimbursement is not returned or deemed taxable W-2 income.

### **Which specific business expenses qualify?**

#### **1. Travel – Employee Overnight Travel**

You are away from home overnight if:

- (1) your duties require you be away from the general area of your home substantially longer than a normal workday and
- (2) you need to get sleep or rest to meet the demands of your work while away from home.

All travel must be pre-approved by a supervisor in advance of travel.

Reimbursable Away from Home Overnight travel expenses include:

**Lodging** – both en route to/from and at your destination. An original bill for accommodations, such as a hotel folio or an Airbnb invoice with detailed charges and proof of payment is required even if you booked a room through an internet site. Express check-out receipts are acceptable if the receipt shows the complete itemized detail of charges and the method of payment.

**Gratuities for Hosts** – If you decide to stay with colleagues, family or friends rather than in a hotel, a meal or gift in lieu of hotel costs is reimbursable. The gift or meal should be reasonable and not exceed the cost of acceptable accommodations. You must provide receipts for the expenses incurred. Cash payments, gift certificates and gift cards as gifts to hosts are not allowed. The gift/meal must be purchased and presented to the host during the trip. Explanation of such items must be submitted with the form.

**Meals** – taken both en route and at the destination are allowable at 100% of their costs including tax and reasonable tip.

Meals (including all beverages with meals) are allowable up to \$80 per day. This is not a per diem amount and must be substantiated. No single meal will be reimbursed for more than \$50.

All restaurant receipts must be included. It is not enough to just include the credit card portion – the detailed receipt of items ordered must also be attached. Where the itemized receipt is not available and the expense is greater than \$25.00, a [Missing Receipt Declaration Form](#) must be completed and attached.

Certain research contracts allow per diem amounts for out-of-town meals. Per diem amounts are required to be approved in advance of the trip by the appropriate Vice President, or by the President when the appropriate Vice President is not available. Vice Presidents are required to obtain the approval of the President.

**Transportation** – This includes costs to get to/from your destination and local travel costs while at your destination.

**Air travel** - Air travel is allowed for coach travel, or lowest possible available airfare only. Exceptions require prior approval from a Vice President or the President.

Air travel expenses will not be allowed for additional fees such as priority check-in, seat upgrades, preferred seats or economy plus seating unless there is a business purpose. Please check with the Business Office to ensure the business purpose meets the IRS standards before you book your travel.

Additional legroom fees are allowed only for travel for which the duration of the flight is in excess of five hours.

Travelers may retain frequent flyer miles earned while traveling on College business. However, travelers must book airfare based on the most cost-effective rate whenever possible, irrespective of any frequent flyer mile benefit. Excess costs resulting from the use of a traveler's preferred airline will not be reimbursed. IRS regulations require that the College reimburse only actual costs to the traveler; therefore, the use of frequent flyer miles for College purposes is not eligible for reimbursement.

Fees for changing airline tickets will not be reimbursed unless such a change results in an employee arriving home sooner and expenses equal to at least the additional amount charged by the airline being saved, or is the result of a change to business needs.

The College will pay for excess baggage fees for the first two pieces of luggage only.

Reimbursement for airline travel will be made only after the trip is completed. All airline charges must be supported with original documentation. A copy of the "ticketless

confirmation” must be attached to the expense report if that method was used by the employee.

***Please note: If the employee wishes to be reimbursed for mileage to or from the airport, only the difference between base mileage and the airport is reimbursable. The IRS requires that the employee show total mileage for the day less base mileage. Base mileage is defined as the round trip between the employee’s home and office (e.g.: if an employee lives 9 miles from the College, the base mileage is 18 and reimbursement would be only for business mileage in excess of 18 miles for that day).***

All mileage calculations must be included on the expense report with an online mileage calculator such as MapQuest or other electronic verification of miles driven. Please include a verification of your base mileage (home to Occidental).

**Car rental** - All car rentals must be supported by a rental agreement. Reimbursement will be made for compact and mid-size automobiles only, unless specials are available at a lower price. For business use in the United States all optional coverage must be rejected, that means that Occidental College will not reimburse for any additional insurance coverage offered by the car rental agency. **For travel outside the United States, auto liability and physical damage insurance should be purchased from the car rental agency.**

Express check-out receipts are acceptable if the receipt shows the complete itemized detail of charges and the method of payment.

The College will not reimburse for coverage of personal possessions and you are advised not to leave any items in the rental car (see insurance requirements outlined below).

Every attempt should be made to fill the rental car with gasoline prior to returning it to the rental agency.

**Personal Vehicle** - If driving your personal vehicle, you may be reimbursed for either

- 1) mileage driven, at the maximum IRS prevailing rate; or
- 2) your actual gasoline cost, but only for the miles driven.

***If the employee wishes to be reimbursed for mileage, only the difference between base mileage and the final destination is reimbursable. The IRS requires that the employee show total mileage for the day less base mileage. Base mileage is defined as the round trip between the employee’s home and office (e.g.: if an employee lives 9 miles from the College, the base mileage is 18 and reimbursement would be only for business mileage in excess of 18 miles for that day).***

All mileage calculations must be included on the expense report with an online mileage calculator such as MapQuest or other electronic verification of miles driven. Please include a verification of your base mileage (home to Occidental).

Tolls and parking are also reimbursable.

Should an employee decide to drive, the mileage reimbursement cannot exceed the cost of the least expensive means of alternate transportation.

Under no circumstances will reimbursement be made for items such as oil changes, repairs, insurance, towing, motor club, parking tickets or other expenses relating to operating your personal vehicle (see insurance requirements outlined below).

The mileage calculation must be included on the expense report with a MapQuest or other electronic verification of miles driven.

**Taxi, Uber, Lyft** - Travelers are expected to use fiscal responsibility when traveling to and from air, bus, or rail terminals. Taxis and Uber/Lyft are common choices; travelers should also consider public transportation options and shuttle services.

Private sedans, Uber Premium, Lyft Luxury, or other premium car services may not be used. Limousine expenses are prohibited.

**Phone and Fax Charges** - Business related phone and fax charges incurred while doing business away from home overnight are reimbursable as long as they are reasonable and not excessive.

**International Travel** - It is encouraged to review any restrictions when traveling internationally.

Consider enrolling in [STEP \(Smart Traveler Enrollment Program\)](#). It is free for U.S. Citizens and nationals to enroll their trip with the nearest U.S. Embassy or Consulate. Benefits of enrolling in STEP include:

- Receive important information from the Embassy about safety conditions in your destination country, helping you make informed decisions about your travel plans.
- Help the U.S. Embassy contact you in an emergency, whether natural disaster, civil unrest, or family emergency.
- Help family and friends get in touch with you in an emergency.

In addition, consider visiting the following websites.

- [U.S Department of State Travel website](https://travel.state.gov/content/travel/en/international-travel.html)- for information on visa and country information <https://travel.state.gov/content/travel/en/international-travel.html>
- [Center for Disease Control – Traveler’s Health by Destination](https://wwwnc.cdc.gov/travel/destinations/list/) - for information on necessary immunizations, travel with a chronic illness, diseases common to the location, etc. <https://wwwnc.cdc.gov/travel/destinations/list/>
- [Assist America Travel Assistance Program](https://www.oxy.edu/sites/default/files/assets/Travel%20Assistance.pdf) – Part of your Occidental College Benefits. <https://www.oxy.edu/sites/default/files/assets/Travel%20Assistance.pdf>
- [Foreign language allergy/medication conditions cards](#) – for food, pet/bees and drug allergies, gluten free, asthma, diabetes and other emergency information.

**US Air Flag Carriers must be used for travel that is paid for through a federal grant.**

## **2. Family Member’s Travel**

Expenses (i.e. airfare, lodging, meals, etc.) incurred by family members who accompany College employees on out-of-town travel will not be reimbursed. The only exceptions are those instances in which a family member will be assisting a College employee to perform duties or if the family member’s attendance is mandatory. In either instance, the approval of the appropriate Vice-President, or in certain cases, the President, is required in advance of incurring such expenses.

In some cases, travel for companions may be reimbursed, however these amounts will be included in the employee’s W-2 earnings.

## **3. Travel – Day Trips/Local Travel**

Transportation costs are an allowable business expense. If driving a personal vehicle, employees may choose either mileage reimbursement or actual gasoline costs but only for the miles actually driven –

either method must have the appropriate mileage verification attached. Oil changes, repairs, insurance, towing, motor club, parking tickets or other expenses related to operating your personal vehicle will not be reimbursed. Base mileage will not be included and will not be reimbursed.

***If the employee travels directly to or from an off-campus appointment from home, only the difference between base mileage and the appointment location is reimbursable. The IRS requires that the employee show total mileage for the day less base mileage. Base mileage is defined as the round trip between the employee's home and office (e.g.: if an employee lives 9 miles from the College, the base mileage is 18 and reimbursement would be only for business mileage in excess of 18 miles for that day).***

Any mileage calculations must be included on the expense report with an online mileage calculator such as MapQuest or other electronic verification of miles driven. Please include a verification of your base mileage (home to Occidental).

Commuting from home to work is not reimbursable, even if the employee works on an unscheduled workday.

#### **4. Business Meals**

Business meals are defined by the IRS as the cost of food and beverage (including taxes and tips) consumed in-town or away from home with other business-affiliated individuals, or consumed alone while traveling on College business.

Most meals involving only College employees are not allowable business expenses as most College business should be able to be accomplished during normal business hours. Exceptions may be made if one of the following elements is true:

- (1) the meal is between employees who would not otherwise meet during the course of the day;  
or
- (2) attempts to meet in College offices have failed.

Business purpose and list of attendees MUST be listed for all meal expenses.

All restaurant receipts must be included. It is not enough to just include the credit card portion – the detailed receipt of items ordered must also be attached. Where the itemized receipt is not available and the expense is greater than \$25.00, a [Missing Receipt Declaration Form](#) must be completed and attached.

The most senior member of the faculty/staff attending the meal must be the person who pays for the meal.

#### **5. Alcohol**

##### **Alcohol- Off Campus**

The College will pay for alcohol with a meal while away. Employees must use prudence in these circumstances and must not purchase an unreasonable amount of alcohol nor at an unreasonable cost as compared to the overall cost of the meal.

Please note that if you purchase an alcoholic drink with your meal it must be counted as part of your meal allowance when traveling. However, alcoholic beverages consumed by travelers between or after mealtimes are not considered part of the meal allowance and are not allowable, except when they qualify as necessary entertainment for donor solicitation. Receipts submitted to substantiate such purchases should note the name of the guests and the nature of the meeting.

##### **Alcohol – On-Campus-**

The College holds a liquor license with the California Department of Alcoholic Beverage Control. All alcohol for College consumption must be processed through Campus Dining via the [College's Events Service Request Form](#), or email [dining@oxy.edu](mailto:dining@oxy.edu) or phone (323) 259-2629. It is against the law to purchase alcohol for business purposes at retail when holding a liquor license.



Exceptions:

- Alcohol consumed off campus (outside events, meetings, meals).
- Alcohol for events held at a College property with an official mailing address other than 1600 Campus Road, ONLY at which a caterer with its own liquor license is hired.
- Alcohol purchased for gifts AND delivered by non-Oxy personnel (i.e a common carrier) to a mailing address other than 1600 Campus Road.

### **Alcohol – Federally Sponsored Projects-**

The federal government has mandated that no alcohol may be charged as either a direct or indirect expense of federally sponsored projects. This mandate means that alcohol cannot be charged to a federal grant or contract.

**6. Gifts** - Please see the policy on [Prizes and Awards/Gifts to faculty, staff and students](#).

### **7. Other Expenses**

- Tips for baggage handling, bellman service, etc. are required to be individually recorded on the expense report. Reasonable amounts for tips are reimbursable. If tips are paid in cash and no receipt is available, in this instance only, you do not have to fill out a Missing Receipt Declaration form.
- Cleaning of clothes is an allowable business expense if a business trip exceeds six consecutive days and five nights.

### **8. Insurance**

Adequate personal automobile insurance must be carried for one's financial protection. College policy requires that each employee or authorized driver have a current valid driver's license in good standing and personal automobile insurance not below the minimum legally required coverage in the State of California. It is therefore the obligation of the owner of a personal vehicle being used for College business to carry adequate insurance for his or her protection and for the protection of any passengers. In the event of an accident, the employee is responsible for his/her own auto insurance deductible.

A college employee's auto insurance policy is primary in the case of an accident. The College's auto insurance policy will cover claims only after the employee's insurance policy limits have been fully exhausted – no matter the purpose of the trip. If transporting passengers or students, employees should consider using Oxy owned vehicles in order to avoid the potential for their personal auto insurance to be involved if there is an auto accident.

The College does not carry insurance to protect personal property transported in vehicles (e.g.: briefcases, books, clothing, etc) and auto theft insurance policies do not cover such items. The College recommends that homeowner's or renter's household goods insurance be obtained by the employee to cover the employee's exposure.

### **9. List of Attendees**

A list of attendees MUST be on all expenses related to meals, events, tickets purchased, conferences and meetings. For expenses relating to entire classroom/athletic team, a list of attendees is not necessary. Please provide the course name/athletic team name in its place.