

# Expense Report Best Practices

Debi Russell, Audit Manager

Marta Herman, Accounts Payable Manager

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UNIVERSITY of  
ROCHESTER

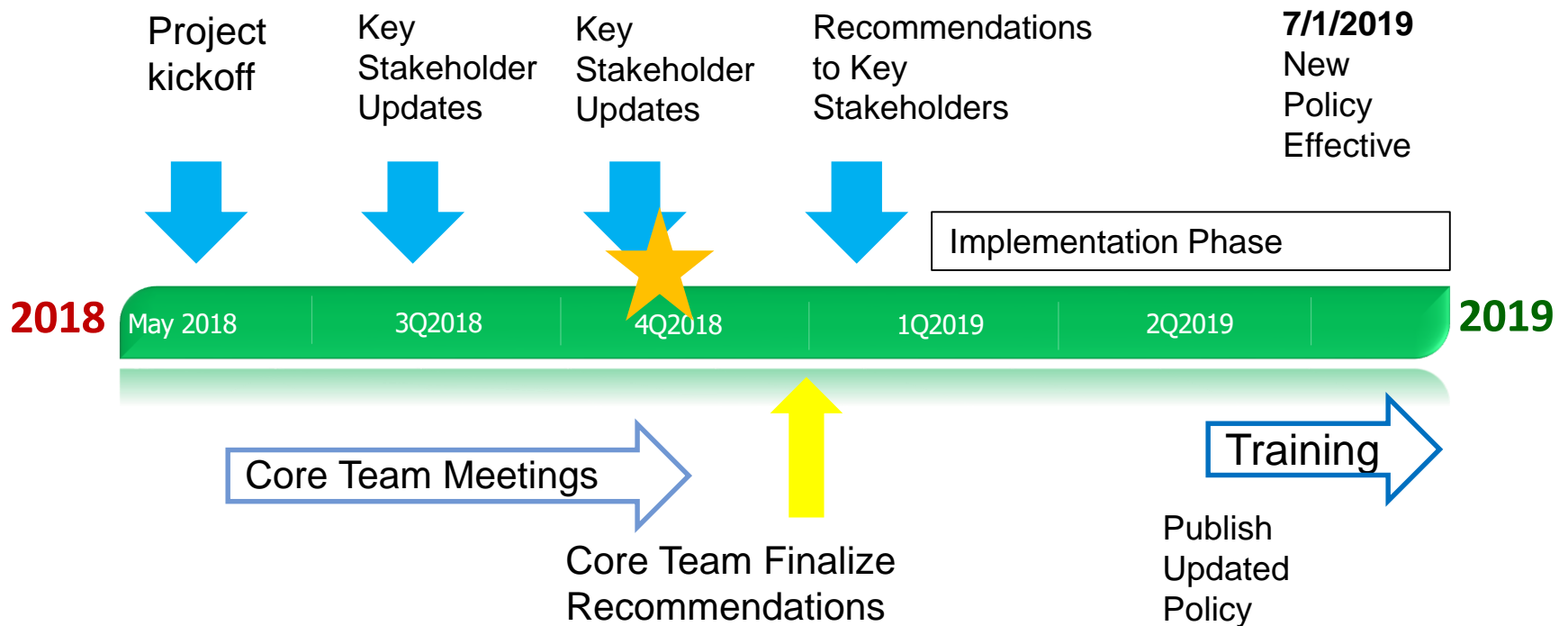
# Agenda

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- Goals
- Documentation Requirements
- Business Purpose Explanations
- Approver Guidance
- Delegation of Approval Authority



# Lean Travel Policy Timeline



# Three Key Takeaways

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Better Documentation



Better Business Purposes



Approver  
Responsibilities &  
Delegation

# Travel Policy Goals

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## #1 Ensure compliance with IRS Accountable Plan Rules

### IRS Publication 463, Chapter 6: How to Report > Accountable Plans

Expenses incurred by employees must meet accountable plan requirements for reimbursement to be excluded from the individual's taxable income:

- 1) Adequately account for expenses that have a business connection
  - Meeting ***documentation requirements*** and ***business purpose explanations*** satisfy this requirement
- 2) Adequately account for expenses within a reasonable period of time
  - 60 days from the date of event, return from trip, or date of expenditure if no event or trip involved
- 3) Individual must return excess reimbursement or advance within a reasonable period of time



# Documentation Requirements

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## **Current State**

- Sufficient documentary evidence must be provided to substantiate the expense and support the business purpose
- Original documentation is required until an electronic/automated system implemented
- However, a scan/copy is better than no receipt

## **Future State**

- Electronic or scanned documentation acceptable, provided the image is clear and complete, except where prohibited by sponsor requirement
- Departments should implement procedures to ensure the same expense is not submitted multiple times



# Documentation Retention

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- Documentation submitted to Accounts Payable is retained for 7 years in accordance with University policy
- Departments should establish their own procedures for handling, retaining and purging of original receipts/documentation according to the [Policy on Retention of University Records](#) and sponsor guidelines



# Documentation Requirements

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- Those being reimbursed should neither gain nor lose financially
  - Consider Pcard for non-travel business expenses
- All expenses submitted must be based on actual cost
- Exceptions (missing, less than complete documentation) should be rare, not the norm
- Credit card statements/receipts alone do not provide adequate detail
- Receipt should show proof of payment, balance due = \$0





# Documentation Details

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- Documentation must include
  - name of the vendor,
  - location,
  - date,
  - dollar amount of the expense, and
  - description of the goods or services received
- If this info is not on a receipt and form of payment was credit card, then a copy of credit card statement is required
- Incomplete or poor-quality documentation may require additional substantiation



# Documentation – Best Practices

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- Include information needed to clarify or to establish the accuracy or reliability of information contained in your records
- Submit “proof of attendance” for documenting that a traveler attended the conference or seminar for which they were traveling
  - Best practice: include copy of a Certificate of Completion or a copy of the certificate awarding Continuing Professional Education
  - Include the conference brochures or other agendas distributed at the event



# Documentation Details - Meals

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- Meals: Itemized receipt and the transaction (credit card receipt) should be submitted
- Alcohol should be separated out for grants and non-grants (impacts overhead rate)



# Documentation Details - Meals

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- Involving people other than the person being reimbursed
  - Listing of attendees
  - A descriptor with regard to affiliation: department staff, donor, prospective employee, students, etc.
  - If impractical to obtain a listing of individual names, include an estimated count for attendance and affiliation(s)
  - Best practice: include invitation for the event/meeting



# Acceptable Meal Receipt

Girasole  
733 Copeland Street  
Pittsburgh, PA  
(412) 682-2130

Server: Christian      DOB: 09/30/2010  
08:34 PM      09/30/2010  
Table 6/1      2/20079

VISA      1048612  
Card #XXXXXXXXXX5046  
Magnetic card present.  
Approval: 033638

Amount: \$ 241.25  
+ Tip: 48.75  
Total: 290.00

Cashier: Cor

**REQUIRED**

Girasole  
733 Copeland Street  
(412) 682-2130

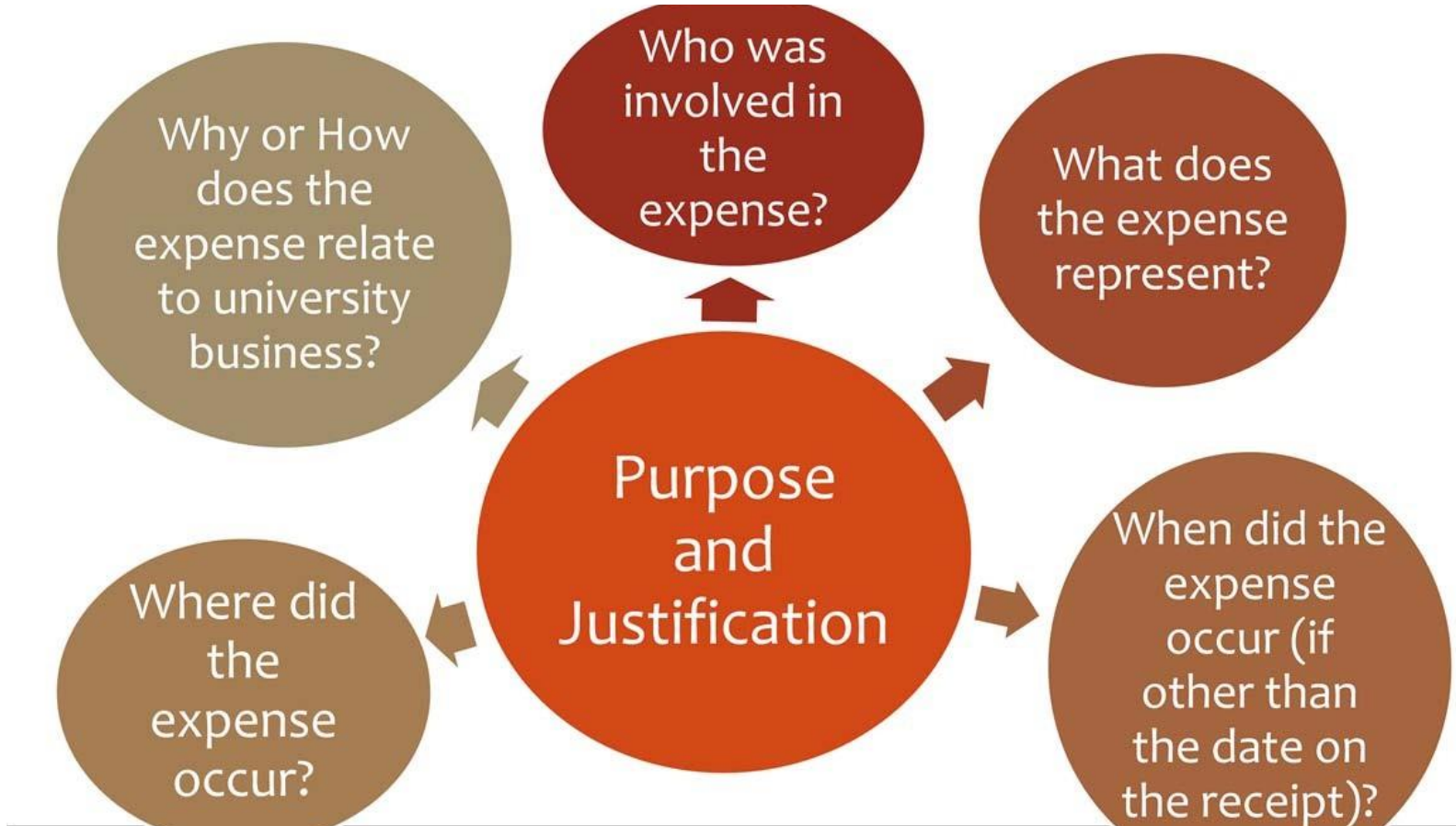
Server: Christian      09/30/2010  
Table 6/1      8:34 PM  
Guests: 5      20079  
Reprint #: 1

Gravello (2 @59.00)	118.00
penne marinara	12.95
chicken	3.00
polenta	14.95
potato gnocchi	14.95
pumpkin ravioli	17.95
pollo	22.95
Chianti glass (2 @9.25)	18.50
Chocolate Cake	6.00
Tiramisu	6.00
panna cotta	6.00
Subtotal	241.25
Tax Exempt CHU	0.00
Food Tax	6.29
alcohol tax Tax	9.56
Total Tax	15.85
Total	241.25
VISA #XXXXXXXXXX5046	241.25
Auth:033638	



# Business Purpose Explanations

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# Business Purpose Explanations

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- Who: If anyone other than yourself was involved with the expense then specify who
- When: If not the transaction date on the receipt, indicate when the expense occurred
- Where: Where did the expense occur
- What does the expense represent
- Why or How does they expense relate to University business





# Business Purpose Explanations

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- Documentary evidence to substantiate an expense always involves a business justification
- Goes beyond the documentation of what might be on a receipt: What, When, Where
  - Simply restating what the expenses are does not constitute a properly completed business purpose section
- Should explain **Why** the expense was incurred and **How** it has a business connection
- Should attempt to explain the business benefit gained or expected from incurring the expense





# Business Purpose Explanations

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- Should be provided for individual expenses items rather than a high-level statement of connection to business for multiple expense transactions
- Acronyms should be spelled out so that an auditor would understand



# Business Purpose Explanations

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## Poor Related Multi-Expense Purpose

Fall semester expenses

A Campbell admissions expenses

## Good Related Multi-Expense Purpose

Expenses related to supplies and refreshments served for students at Wilson Days events

Meals to discuss Workday Student implementation, mileage for meeting prospective students in Buffalo, supplies for Eastview mall College Night



# Business Purpose Explanations

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## Poor Specific Purpose

Lunch meeting

Expenses for new student welcome event

## Good Specific Purpose

PI Joe Smith held lunch meeting at Distillery on 10/1 to discuss ABC research project with PhD students Kathy Walker and Bob Jones

Expenses from the new student welcome event to discuss financial aid and registration, sponsored by Student Leadership Council on 10/12. ~100 undergraduate students, Financial Aid and Admissions staff attended.



# Business Purpose Explanations

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## Poor Specific Purpose

Mike Smith travel to California

Meetings in LA to discuss research

## Good Specific Purpose

Mike Smith traveled to San Francisco, CA 10/15-10/20 to attend NACUBO conference to network with peers at other universities and learn best practices

Travel expenses for trip to Louisiana State Univ in New Orleans 9/15-20 to meet with Ed Hogan to discuss mouse hair color research



# Approver Guidance

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- Are valid business purposes provided for the various expenses submitted?
  - Do business purpose explanation answer Who, When, Where, What, Why/How?
- Do the expenses comply with policies:
  - University ([Finance Policies](#))
  - [Sponsored Research](#) requirements
  - Federal regulations
  - Departmental guidelines

# Approver Guidance

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- Are sufficient receipts attached?
  - Do dates of expenses and receipts align?
  - Are expense amounts and receipts aligned?
- Is there adequate itemization of receipts to account for different types of expenses?
- Is the cost allocation (distribution of charges) appropriate/correct?



# Approver Guidance

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- How old are the expenses?
  - IRS generally considers an expense submitted within 60 days as reasonably timely
  - Older expenses should receive more scrutiny.
  - Best practice: Provide an explanation as to why the expenses were not submitted sooner



# Approver Guidance

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- It is the responsibility of approvers to
  - Request additional support and/or explanations as needed
  - Push back on non-compliant expense claims
    - Remove expenses that are not sufficiently supported
  - Counsel employees as needed to avoid future confusion, questions and/or delays
- **University Integrity Hotline: 756-8888**





# Delegation of Approval Authority

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When a manager delegates approval authority, the manager still retains responsibility for ensuring that only appropriate expenses are approved

A manager who delegates approval authority must establish:

- A process that allows the designated approver direct access to manager for any inappropriate items.
- A periodic monitoring process to ensure that the transactions approved by the delegate are appropriate business.
- Delegation should be documented in writing

# Data Analytics

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University Audit has implemented a Data Analytics program to identify:

- Duplicate submission of travel expenses.
- Same expenses submitted via Request for Payment and Travel & Conference expense reports.
- Pcard receipts re-submitted on a Travel & Conference expense report.



# Expense Report Case

*Don't lose*  
XXXXXX XXX

Staple Here

## UNIVERSITY of ROCHESTER EMPLOYEE EXPENSE REPORT

Suzy Administrator 55555 XYZ Department  
PRINT NAME OF EMPLOYEE (a) EMPLOY (a) DEPARTMENT

44444

PHONE NUMBER CONTACT FOR QUESTIONS (c)  
PO Box ZZZZZ

(e) ADDRESS TO RETURN DOCUMENTATION IF NEEDED (BOX #)

CASHIER'S USE ONLY  
Cash paid out ☐ Other (if employed) ☒  
Print name *Don't lose*  
Signature *Don't lose*  
EMPLID *Don't lose*  
Cashier's initials *Don't lose* Date *5/24/18*

Deposit will be made to your T&E Direct Deposit Account (see instructions for additional info) or, if none is set up, to your Payroll Direct Deposit account(s). If you do not have any direct deposit arrangements established in HRMS, a check will be mailed to your home.

DIRECT DEPOSIT ☒ CHECK ☐

Date (d)	WH Destination/Location (Phone; if auto, mileage)	Transportation (t) (Advance Travel Tickets in top row)	Lodging (g)	Meals (m) (Break down)	Other (o) Description	Amount	Totals
5/24/2018	Lunch for staff at the King & I			B		\$ 102.50	
				L			\$ 102.50
				D			
				B			
				L			
				D			
				B			
				L			
				D			
				B			
				L			
				D			
				B			
				L			
				D			
						\$ 102.50	\$ 102.50

ATTACH ORIGINAL RECEIPTS AND OTHER DOCUMENTATION FOR ALL EXPENSES

(j) Description (20 Characters Max):

Account(s) to be charged: (i)

Company	Spend Category	FAO	Amount
CM 0 1 0	SC 4 9 5 0 0 O P	2 1 7 0 3 3	\$ 102.50
CM	SC		
CM	SC		
CM	SC		

TOTAL EXPENSE (less advances ab or c): \$ 102.50  
LESS TO ADVANCES (ab or c): \$ 0.00  
BALANCE DUE FROM UNIVERSITY (b): \$ 102.50

King + I Restaurant

Date 5/24/18 Amount 123456 Guests 123456 Server 123456

## Guest Check

Date 5/24/18 Table 123456 Server 123456

APPT - SOUP/SAL - ENTREE - VEG/POT - DESSERT - BEV

10 Shrimp  
Basil Yellow  
Noodle  
Vegan - 99.99 - 8888-1111  
#922 - 99.99 - 8888-1111  
Delivery - free  
all paid at 555-4444

Tax Exempt  
Total \$102.50

Thank You - Please Come Again

TAG3610

Business Lunch for staff to discuss the YTD financial results for the department included: Dublin Smith, Blarney Brown, Murphy Blakely, Rory Kinsey, Seamus Blake, Bantry Spitz, Boston Michaels, Finley O'Hara, Jameson Clooney, Suzy Administrator

expenditure, and (c) a written contract for expenditures exists for expenditures more than \$25,000.

Suzy Administrator Administrator x33333 *Suzy Administrator 5/24/18*  
Employee (print) Employee Title Phone Employee Signature Date  
Tom Director Director x55555 *Tom Director 5/24/18*  
Approver (print) Approver Title Phone Approver Signature Date



# Expense Report Case

Reserved for Barcoding

Staple Here

Form F-3 Revised 8/2014

## UNIVERSITY of ROCHESTER EMPLOYEE EXPENSE REPORT

Suzy Administrator 555555 XYZ Department  
PRINT NAME OF EMPLOYEE (a) EMPLOY ID (b) DEPARTMENT

44444

PHONE NUMBER CONTACT FOR QUESTIONS (c) DIRECT DEPOSIT ☒ (see instructions for additional info) or, if none is set up, to your Payroll Direct Deposit account(s). If you do not have any direct deposit arrangements established in HRMS, a check will be mailed to your home.

PO Box 222222 CHECK ☐

(c) ADDRESS TO RETURN DOCUMENTATION IF NEEDED (BOX #)

Date (d)	(f) Destination/Location (From-to; if auto, mileage)	Transportation (f) (Advance Travel) Tickets in top row	Lodging (g)	Meals (h) (Break down)	Other (i) Description	Amount	Totals
6/17/2017	Nashville Tn.	\$ 452.10	\$ 283.71	B L D \$ 35.50			\$ 773.31
6/18/2017	Nashville Tn.		\$ 283.71	B \$ 6.50 L \$ 6.45 D \$ 40.20	Shuttle \$ 35.00 Baggage Fee \$ 25.00		\$ 398.86
6/19/2017			\$ 283.71	B L D \$ 27.47			\$ 311.18
6/20/2017			\$ 283.71	B L D \$ 12.50	Airport Parking \$ 28.00 Baggage Fee \$ 25.00		\$ 324.30
6/21/2017			\$ 283.71	B L \$ 14.00 D \$ 32.01			\$ 354.72
		\$ 452.10	\$ 1,418.55	\$ 176.72		\$ 113.00	\$ 2,160.37

ATTACH ORIGINAL RECEIPTS AND OTHER DOCUMENTATION FOR ALL EXPENSES

(j) Description (20 Characters Max):

Account(s) to be charged: (i)

Company	Spend Category	FAO	Amount
CM 0 1 0 SC	4 9 7 5 0	O P 2 1 7 3 3 3	\$ 2,000.00
CM SC			\$ -
CM SC			\$ -
CM SC			\$ -
TOTAL EXPENSE (detailed above)			\$ 2,000.00
LESS TOTAL ADVANCES (m): SC62040 OP010145			\$ 452.10
BALANCE DUE FROM UNIVERSITY (n)			\$ 1,547.90

Business Purpose/Explanation (k):  
Provide details for names of individuals seen, affiliations, what, where, when and why.

Attended Conference in Nashville to obtain Continuing Professional Education for my professional license department provided \$2000 towards this conference.

Each signer certifies, to the best of their knowledge, that (a) the above expenditure is a valid University business expense, allowable to the accounts charged, fair, reasonable, and in the best interests of the University, (b) no conflict of interest exist per the University's policies with respect to this expenditure, and (c) a written contract for expenditures exists for expenditures more than \$25,000.

Suzy Administrator Administrator x33333 Suzy Administrator 6/24/17  
Employee (print) Employee Title Phone Employee Signature Date  
Tom Director Director x55555 Tom Director 6/29/17  
Approver (print) Approver Title Phone Approver Signature Date

2nd Approver (print) 2nd Approver Title Phone 2nd Approver Signature Date  
Travel Policy and procedures: <http://www.rockefeller.edu/admin/finance/financepolicy.htm> Finance Use:



# Expense Report Case II

Date (d)	(e) Destination/Location (From-to; if auto, mileage)	Transportation (f) (Advance Travel Tickets in top row)*	Lodging (g)	Meals (h) (Break down)	
6/17/2017	Nashville Tn.	\$ 452.10	\$ 283.71	B	
				L	
				D	\$ 35.50
6/18/2017	Nashville Tn.		\$ 283.71	B	\$ 8.50
				L	\$ 6.45
				D	\$ 40.20
6/19/2017			\$ 283.71	B	
				L	
				D	\$ 27.47
6/20/2017			\$ 283.71	B	
				L	
				D	\$ 12.59
6/21/2017			\$ 283.71	B	
				L	\$ 14.00
				D	\$ 32.01
		\$ 452.10	\$ 1,418.55	\$	176.72



# Expense Report Case II

**OMNI HOTELS & RESORTS**  
nashville

*SUZY ADMINISTRATOR*

Room No. : 0545  
Arrival : 06-17-17  
Departure : 06-22-17  
Page No. : 1 of 1  
Folio No. : 403631  
Conf. No. : 508979  
Cashier No. : 180

INVOICE  
Membership No. :  
A/R Number :  
Group Code :  
Company Name : 06-22-17

Date	Description	Charges	Payments
06-17-17	Room Charge	244.00	<i>\$283.71</i>
06-17-17	9.25% State Sales Tax	22.57	
06-17-17	6% County Occupancy Tax	14.64	
06-17-17	\$2.50 City Occupancy Tax	2.50	
06-18-17	Room Charge	244.00	<i>\$283.71</i>
06-18-17	9.25% State Sales Tax	22.57	
06-18-17	6% County Occupancy Tax	14.64	
06-18-17	\$2.50 City Occupancy Tax	2.50	
06-19-17	Room Charge	244.00	<i>\$283.71</i>
06-19-17	9.25% State Sales Tax	22.57	
06-19-17	6% County Occupancy Tax	14.64	
06-19-17	\$2.50 City Occupancy Tax	2.50	
06-20-17	Room Charge	244.00	<i>\$283.71</i>
06-20-17	9.25% State Sales Tax	22.57	
06-20-17	6% County Occupancy Tax	14.64	
06-20-17	\$2.50 City Occupancy Tax	2.50	
06-21-17	Room Charge	244.00	<i>\$283.71</i>
06-21-17	9.25% State Sales Tax	22.57	
06-21-17	6% County Occupancy Tax	14.64	
06-21-17	\$2.50 City Occupancy Tax	2.50	
06-22-17	Visa		1,418.55
	XXXXXXXXXXXX5666	XX/XX	
<b>Total</b>		<b>1,418.55</b>	<b>1,418.55</b>
<b>Balance</b>			<b>0.00</b>

250 5th Avenue South  
Nashville, TN 37203  
Phone: 615-782-5300 Fax: 615-743-6002  
www.omnihotels.com



# Expense Report Case II

Account(s) to be charged: (i)

Company			Spend Category					FAO										
CM	0	1	0	SC	4	9	7	5	0	O	P	2	1	7	3	3	3	\$ 2,000.00
CM				SC														\$ -
CM				SC														\$ -
CM				SC														\$ -
TOTAL EXPENSE (detailed above)																		\$ 2,000.00
LESS TOTAL ADVANCES (m): SC62040 OP010145																		\$ 452.10
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Better Documentation



Better Business Purposes



Approver  
Responsibilities &  
Delegation





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