

New York University

University Policies

Title: Business Expenses
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Issuing Authority:
Responsible Officer: University Controller

Reasons for the Policy

Policy Statement

New York University funds may be used only for necessary and reasonable expenses that support the missions of the University.

Who needs to know this Policy

All faculty and staff of New York University.

Entities affected by this Policy

All schools, departments, and units of New York University

Policy Purpose

New York University (NYU) receives funds from a variety of sources in support of its missions of education, research, public service, and patient care. It receives gifts, grants and contracts, and revenue – from the government, students, alumni, and various agencies – that carry with them fiduciary responsibilities. These responsibilities require the University to maintain operations according to guidelines established by the University’s Board of Trustees, and to comply with applicable federal, state, and local rules and regulations.

This policy is intended to ensure proper stewardship of University funds by providing guidelines for their appropriate use, and by outlining procedures that will help members of the NYU community comply with all applicable rules and regulations.

This policy applies to every individual who initiates, processes, approves, or records financial transactions that involve University funds.

Definitions

These definitions apply to these terms as they are used in this policy:

Approver

The individual granted the authority to review and approve (or reject) transactions that require the use of University funds. The signature of the “Approver” on the reimbursement or payment request form signifies that the “Approver” has verified the request for compliance to applicable University policies.

Business Expenses

Charges for goods and services that foster or support the missions of the University.

Conflict of Interest

A situation in which an individual or any of his/her family or associates either (1) has an existing or potential financial or other material interest that impairs or might appear to impair the individual’s independence and objectivity of judgment in the discharge of responsibilities to the University, or (2) may receive a financial or other material benefit from knowledge of information confidential to the University.

Documentation, or Substantiation

Documents that describe and support a business expense or transaction, such as original receipts or other original vendor-generated documents that show type of expense, amount of expense, and date the expense was incurred.

Discretionary Funds

Funds established as “unrestricted funds” that a school, department, or unit may use for miscellaneous expenses that further support their various missions in accordance with the Business Expenses Policy of the University.

Federal Allowable Cost

Cost identified in Section J of OMB Circular A-21 as reimbursable by the federal government.

Federal Unallowable Cost

Cost identified in Section J of OMB Circular A-21 as unreimbursable by the federal government. Certain expenses deemed unallowable by the federal government may be permitted and reimbursed by the University. Such expenses must be segregated and charged to appropriate University accounts.

Facilities and Administrative Cost

Cost incurred for common or joint objectives that cannot be readily and specifically identified with a particular project or program. Also referred to as “indirect cost.”

Facilities and Administrative costs include such items as utilities and other plant costs, and certain general expenses that are to some degree attributable to the project or program.

Fiduciary Responsibility

Responsibility to manage funds in a manner consistent with the missions of NYU and the conditions specified by external sources when applicable.

Fringe Benefit

Property or service that an employee receives from the University in lieu of, or in addition to, regular taxable wages.

Generally Accepted Accounting Principles (GAAP)

Fundamental principles of accounting that are used as guidance in the preparation of the University’s financial statements.

Gross Income

Refers to items of value received by an employee from the University, including those reimbursements employees receive for business expenses they incur that do not meet the “accountable plan” criteria.

Indirect Cost

See Facilities and Administrative Cost.

Initiator

An individual who generates a business transaction.

OMB A-21

A federal circular (issued by the Office of Management and Budget) establishing cost principles applicable to grants, contracts, and other agreements with educational institutions.

Reasonable

Not extreme or excessive. A cost may be considered reasonable if the nature of the goods and services reflects prudent action.

Recoverable Cost

See “Federal Allowable Cost.”

Reviewer

An individual who verifies information and ensures that a transaction complies with the policies and procedures of NYU, and other relevant external guidelines and restrictions.

Stewardship

The careful and responsible management and protection of the University’s resources, which includes ensuring that resources are used appropriately or used according to applicable policies of the University.

Transaction

Any event that involves an exchange of funds, such as paying a bill to a vendor, collecting a fee from a student, or making an interdepartmental charge.

University

New York University

University Funds

All funds received from internal or external sources and owned by the University, which carry with them fiduciary responsibilities. These include, but are not limited to, discretionary funds, tuition paid by students, and funds from other sources.

You

Any employee of the University, including student employees.

Policy

Introduction to this Policy

Business expenses are those costs that are incurred for activities that benefit the University and advance its missions of education, research, public service, and patient care. Business expenses may take the form of direct payments to individuals or agencies that provide the University with goods or services, or reimbursements to University employees for costs they incur on behalf of the University.

University funds may be used only for business expenses. This policy provides the guidelines on the various expenses for which University funds may be used. It is intended to provide general guidelines to help all employees of New York University specifically to:

- understand their responsibilities related to the protection, use, and management of University funds;
- identify expenses that may be charged to specific University funds;
- determine expenses for which University funds could not be used;
- properly record and report expenses incurred in support of University missions; and,
- ensure consistent compliance with applicable federal, state, and local regulations.

Before incurring or approving any expense on behalf of the University, you must know which expenses are allowable or unallowable under the guidelines of the federal government and which are permissible or nonpermissible according to the policies of the University. To avoid costs for which you will not be reimbursed and to avoid incurring financial risks or liabilities to the University, follow the guidelines provided in this document.

Note: Refer to the policies of your school, department or unit as they may be more restrictive than the University policy. In no case will any school, department or unit policy on business expenses be less restrictive than the University policy.

Stewardship Responsibility

All individuals who incur or authorize business expenses on behalf of the University have a responsibility to ensure that University funds are used appropriately. All employees of the University are expected to exercise due diligence when generating, reviewing, and approving transactions that commit the University to an expenditure.

Transaction Authority

Certain individuals are delegated the responsibility or authority to initiate or enter into transactions that commit the University to spend funds. All individuals incurring, approving, recording or processing payment of business expenses must know the signatory approval structure established in his/her school, department, or unit. This structure ensures that business expenses are properly reviewed.

Conflict of Interest

The Board of Trustees of New York University prohibits those activities or behavior which conflict with the best interests of the University. Transactions therefore between a supplier of goods or services and the University in which a conflict of interest exists are prohibited.

“Conflict of interest” is defined as a situation in which a University official, faculty, staff, or any of his/her family or associates either has an existing or potential financial or other material interest that (1) impairs or might appear to impair his/her independence and objectivity of judgment in the discharge of responsibilities to the University, or (2) may

receive a financial or other material benefit from knowledge of information confidential to the University.

For specific rules and requirements established by the Board of Trustees, see the Conflict of Interest Policy of the University.

For additional rules and requirements that apply to sponsored programs, see the Web site of the Office of Sponsored Programs (www.nyu.edu/osp).

University Policies on Purchasing and Expense Reimbursement

To avoid incurring costs for which you may not be reimbursed, or committing the University to costs that cannot be paid using University funds, check the purchasing policies of the University before you incur the expense. Certain expenses may be subject to specific procurement rules and requirements of the government.

Individuals who incur business expenses using personal funds may be reimbursed by the University through Accounts Payable, Office of the Bursar, or their department's petty cash fund. See the Expense Reimbursement Policy and the Petty Cash Fund Policy of the University for specific guidance. These policies are established to ensure that valid business expenses are reported, recorded, and reimbursed in a consistent manner; and to ensure University compliance with applicable federal, state, and local rules and regulations.

Sponsored Projects

Business expenses charged to sponsored projects are subject to the guidelines provided in this policy, unless the funding agency imposes greater restrictions. The terms of a particular grant or contract should be referred to for guidance on what expenses are allowed.

For guidance on expenses that can or cannot be charged to projects that are funded by the federal government, refer to the Office of Management and Budget (OMB) Circular A-21. Examples of costs deemed unallowable by the federal government (as identified in Section J of the Circular) are listed in Appendix 1. The University however may deem certain federal unallowable costs permissible and identifies in this document those costs for which University funds may be used. Specific requirements apply on how those costs are incurred, recorded, and reported. For more information, see "Federal Allowable and Unallowable Expenses" section in this document.

Also, refer to the Federal Acquisitions Regulations (FAR) for guidance on laws that govern procurement of goods and services, and to applicable state and local regulations that may apply.

For questions related to a specific grant or contract, contact Sponsored Programs Administration (SPA) in the Controller's Division or the Office of Sponsored Programs.

Allowable and Unallowable Expenses

The University permits the use of University funds for those expenses that support its missions. For details on these expenses, see the “NYU Permissible Expenses” section of this document. For types of expenses that the University will not permit University funds to be used, see the “NYU Nonpermissible Expenses” section.

Certain expenses that the University deems legitimate and permissible may be deemed unallowable by the federal government. The University will permit University funds to be used for such expenses, however, they must be identified and segregated in the University’s general ledger. See the “Federal Allowable and Unallowable Expenses” section for more information.

To ensure that federal guidelines are identified and distinguished from those guidelines specific only to or established by NYU, expenses that are deemed permissible/nonpermissible by the University will be referred to in this document as “NYU permissible/nonpermissible expenses.” Expenses specifically identified in OMB Circular A-21 will be referred to as “federal allowable/unallowable expenses.”

Federal Allowable and Unallowable Expenses

General Comments

NYU receives support from a variety of external sources, including Federal, State and City governments, private foundations, and various industries. The University is therefore required to comply with certain cost accounting and expense allowability policies that the government and other donors have established.

Federal standards, in particular, form the framework for this NYU policy on business expenses because they apply not just to federal funds themselves but to all funds at the University.

Federal standards mandate that certain costs must not be charged directly to a federal fund, or charged indirectly to a federal fund through the University’s facility and administrative (indirect) cost rate. To help determine those costs that the federal government will or will not allow, the Office of Management and Budget (OMB) has issued Circular A-21. The Business Expenses Policy of the University reflects the principles established in the Circular; it details the requirements that apply and provides procedures that will help ensure the University’s compliance to those requirements.

Federal Allowable Expenses

OMB Circular A-21 deems allowable those expenses that are incurred in tasks and functions related to research and development, training and other work at the University that the federal government sponsors (under grants, contracts, or other agreements).

Also, OMB Circular A-21 deems allowable those costs that are reasonable and necessary in activities that support the missions of the University. Facility and administrative costs that are incurred for objectives common to or shared by the University and the federal

government (which therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity) are also allowable. Such expenses are considered the government's "fair share of total costs" and may therefore be reimbursed by the government.

Federal Unallowable Expenses

Federal unallowable costs refer to expenses that are not deemed reimbursable by the federal government under the rules defined in OMB Circular A-21. Such expenses must NOT be charged directly to accounts funded by the federal government, or indirectly through the University's facility and administrative cost rate. Wherever necessary, the Business Expenses Policy of the University identifies those costs that are unallowable under federal guidelines and provides guidance on how to record and report them (see Appendix 1 for a list of common federal unallowable costs).

All schools, departments, or units of the University are required to be diligent in identifying costs that are deemed unallowable by the federal government.

Segregation of Federal Unallowable Expenses

A federal unallowable cost may be permissible under University guidelines. Flowers and alcoholic beverages are examples of costs that are "unallowable" for federal purposes. However, when deemed appropriate and legitimate under University guidelines, the University may permit such expenses.

Federal regulations require that all federal unallowable costs be segregated in the University's general ledger so that they can be excluded from the University's indirect cost submissions. To ensure that an unallowable cost is not inadvertently charged directly or indirectly to federal funds, unallowable costs must be identified, segregated, and charged to appropriate NYU accounts.

Note: It is because of this federal rule on "unallowable costs" that certain requirements in this policy and in the Expense Reimbursement Policy of the University are very specific. To ensure University compliance, all expenses submitted to the University for payment or reimbursement must be (1) justified to establish their business purpose, and (2) sufficiently substantiated by such documents as detailed original receipts to identify the nature of each expense. See the Expense Reimbursement Policy for details on the University's documentation requirements and for examples of documentation deemed appropriate for specific business expenses.

NYU Nonpermissible Expenses

General Comments

Any expense that does not support the missions of the University and does not reflect proper stewardship is considered by the University as nonpermissible regardless of the source of funds.

When the nonpermissible expenses listed below are submitted to the University for reimbursement or payment, they will be rejected, unless they are justified in a memo as necessary in carrying out a University task or function. The memo should provide a clear explanation of why such an expense should be deemed a business expense, and should be submitted to the “Approver” (the individual responsible for funds being charged) for review and approval. Accounts Payable will not process any payment or reimbursement of nonpermissible expenses unless the memo is attached.

Personal Expenses

Personal expenses refer to those expenses that are not related to any activity of the University, are not required in carrying out an individual’s task or responsibility at work, or do not benefit the University. Personal expenses include, but are not limited to, the following:

- Automobile repairs
- Child care
- Credit card annual fees
- Delinquency fees or finance charges on NYU Travel Card or personal credit cards
- Dues in private clubs
- Frequent flyer and other similar awards for hotel and car rentals
- Grooming services (haircuts and shoe shines)
- Gym and recreational fees, including massages and saunas
- In-room movies
- Medical care
- Pet care
- Telephone charges in excess of what is deemed reasonable for calls to home when on business travel (see “Expenses Related to Business Travel” section in this document)
- Traffic violation penalties -Upgrades (air, hotel, car, etc.) when traveling on University business

Expenses of Non- employees

University funds cannot be used for expenses of individuals who are not employees of the University, are not affiliated with the University, and whose activities do not advance University missions. Examples include, but are not limited to, the following::

- travel expenses of a spouse accompanying a University employee on business travel (unless the travel itself of the spouse is deemed a legitimate NYU business expense and meets University guidelines)

Note: University funds may be used for expenses related to spousal travel only when circumstances show that the attendance of a spouse was necessary in carrying out a University task or function, or supports University business. Travel must be approved before departure. A memo justifying the travel itself must be provided to the appropriate “Approver” (the individual responsible for funds being charged) and attached to the request for payment or reimbursement submitted to the University. See “Non-Employee Travel” section in this document for more information.

- expenses of students and other individuals affiliated with but not employed by the University

Note: Expenses incurred by students are paid or reimbursed by the University only when (1) the students are also NYU employees and the expenses are related to their employment, or (2) the expenses are related to a specific program and are approved by the department. Expenses by other individuals not employed by the University must meet applicable requirements in order to be paid using University funds. See appropriate sections in this document under “NYU Permissible Expenses” (e.g., Non-Employee Travel; Gifts, Prizes, Awards to Non-Employees; etc.).

Other Nonpermissible Expenses

Other expenses for which University funds cannot be used are:

- Expenses that should not be paid using personal funds (e.g., independent contractor fees, stipends, cash gifts, etc.; these types of expenses should be charged directly to the University)
- Expenses that will be reimbursed from another source
- Any fraudulent expense
- Any expense prohibited by law (e.g., University funds cannot be used for payments or donations to political organizations or candidates)

NYU Permissible Expenses

General Comments

Expenses that support the missions of the University are deemed valid and therefore permissible. The following sections of the document detail those expenses that are generally deemed permissible.

All schools, departments and units of the University must identify who within their area may initiate expenses as well as inform all concerned on any processes, forms, or approval structures that they may require in addition to those defined in this policy.

When any individual has reason to believe that a transaction is not in compliance with the Business Expenses Policy of the University, it is the responsibility of the individual to seek direction from the Department Head or the Controller's Division.

Note: In all cases, the Controller's Division has the responsibility to audit and confirm the permissibility of business expenses.

There are many methods to purchase and pay for business expenses (see Appendix 2 for a general reference table). University employees are advised to use established University methods to incur business expenses. Whenever feasible, a business expense should be paid by the University directly to the vendor through Accounts Payable; procured through a Purchase Order or Low Dollar Order; purchased using the Procurement Card; or, when expenses are related to travel, incurred using the NYU Travel Card or the Business Travel Account (BTA).

Certain expenses may be incurred by University employees in the conduct of University business using personal funds. These expenses may be reimbursed when University and government requirements are met (see the Expense Reimbursement Policy of the University for specific guidance). They may also be excluded from an individual's taxable income if they meet IRS requirements for an "accountable plan."

1. Expenses Related to Business Travel

The University deems permissible those expenses related to business travel that are reasonable and necessary to conduct University business. Individuals who travel on University business are responsible for verifying availability of funds, permissibility of expenses, and obtaining necessary approval before departure.

Note: This policy applies to all University business travel regardless of the source of funds (whether federal, state, private, or general). However, when travel is charged to federally funded or sponsored projects, the terms of a particular grant or contract should be consulted before incurring any expense to ensure compliance to specific or additional requirements. See section on sponsored projects in this document.

1.A Transportation

- Air Travel

Travelers are expected to choose the lowest-priced, most feasible airfare available considering the following:

- travelers' preferred airport;
- travelers' preferred times of departure and arrival;
- travelers' itinerary and connection times; and,
- restrictions and/or cancellation/change fees.

First-class and business-class airfares are deemed unallowable under federal guidelines. Business-class airfare is permissible only when travel involves transoceanic flight or continuous flight exceeding six hours.

The University will not reimburse tickets purchased using frequent flyer miles.

- Travel by Rail

Rail travel may be used whenever feasible and/or when it is more economical than air travel. Travelers are expected to choose the lowest, most reasonable fare available.

- Ground Transportation

Travelers will be reimbursed for ordinary and reasonably priced ground transportation to and from airports or railroad stations when such service is not included in air or rail fares, and for regularly available transportation between the traveler's hotel and other points of business.

Ordinary taxi rides in and around New York metropolitan area that are taken while on University business are permissible.

Car services may be used if approved by the school, department, or unit. Most local firms accept the NYU Travel Card.

- Personal Vehicles

Employees may use personal vehicles for business travel when doing so is less expensive than renting a car or taking a taxi. Valid expenses related to the use of personal vehicles for business travel are reimbursed based on the federal government's standard mileage rate, which covers the use of the vehicle and gasoline. A new rate is issued each January by the IRS; for current rate, see the Controller's Division Web site (www.nyu.edu/cdv/policies).

Costs of repairs to personal vehicles during business travel are deemed personal expenses; University funds cannot be used for such expenses.

Before using personal vehicles for business travel, check the requirements of your school, department, or unit. Prior approval, in some cases, may be necessary.

The owners of those vehicles used for University business are responsible for ensuring adequate insurance coverage for their protection and for the protection of any passengers. Their personal auto insurance carrier is deemed the primary insurance carrier. NYU does not protect the driver or the owner against loss resulting from bodily injury or damage to property. Contact the Insurance Department of the University for specific guidance.

Frequent use of personal vehicles for University business is discouraged.

- Rental Cars

Costs related to rental cars are deemed valid business expenses when renting a car is less expensive or more feasible than other transportation options available. Reimbursable costs include daily rental fee, mileage fee, tolls, and authorized insurance charges. Non-reimbursable costs include but are not limited to vehicle repairs, parking tickets, and fines for traffic violations.

Travelers are urged to choose standard, compact-sized cars, and to use the rental car agency that has insurance coverage agreement with NYU and offers negotiated rates.

To minimize risk and liability to yourself and to the University, you are advised to determine and understand the insurance provisions and requirements of the University before renting a car for business travel, as well as to determine from the rental car agency what your insurance coverage and liability responsibilities are. See Table 1 in the “Insurance” section for types of insurance related to rental cars.

Note: Employees who rent a car are covered for loss and damage to the vehicle and liability insurance only when the car is rented for University business from an agency that has insurance coverage agreement with the University. Travelers are advised to check the Purchasing Services Web site (www.nyu.edu/purchasing.services) for suggested car rental agencies and for current information on applicable insurance coverage and rates related to rental cars

Departments who authorize students to rent a car for University business should first check with the Insurance Department for specific insurance requirements. Students are not covered under the University’s insurance program.

For other related information, see “Insurance” section in this document.

1.B Meals

Individuals who travel on University business are reimbursed for meal expenses they incur. The University reimburses meal expenses in two ways: according to actual, substantiated costs, or at established “per diem” rate. Travelers cannot switch between these two methods in one trip; the method travelers choose applies to all meal expenses incurred throughout the trip.

When opting to be reimbursed based on actual costs of each meal, travelers are required to provide detailed receipts or other appropriate documentation for all meals taken throughout the trip. Documentation is necessary in satisfying requirements of the University’s “accountable plan,” an expense allowance and reimbursement arrangement governed by IRS regulations (see the Expense Reimbursement Policy for detailed information).

The alternative to keeping receipts and other appropriate documentation for each meal during travel is the “per diem,” or being reimbursed at an amount set as meal allowance for each day of travel. The per diem applies only when overnight travel is involved. The per diem rate is \$50.

When reporting meal expenses for reimbursement based on the per diem rate, you are required to prorate the meal allowance for the first and last day of your trip. For example, if you left for your trip at 1 p.m., you cannot claim meal allowance for breakfast on that day; or, when you return home from your trip at 3 p.m., you cannot claim meal allowance for dinner on that day.

For foreign per diem rates applicable to federally sponsored projects, refer to www.state.gov/travel.

Gratuities for meals are deemed part of the meal cost and will be reimbursed by the University provided these are reasonable (that is, do not exceed 20% of total meal cost). Note: The University permits the use of University funds for employees' meal expenses only when overnight business travel is involved, or when employees are away from their normal work location for an entire day on University business (e.g., all-day conference or meeting "off-campus").

The University's general guideline is that total expenses for lodging and meals should not exceed \$350 per day. Exceptions will be granted if the expense is necessary, documented, and approved by the appropriate school/department representative.

1.C Lodging

Individuals who travel on University business are expected to stay in a standard room at a hotel that is on or close to the location of business. Costs that are charged to the hotel room are deemed valid and reimbursable if they are related or necessary to University business and are reasonable (e.g., business telephone calls, calls to home, meals, laundry if travel exceeds five business days, etc.). The final hotel folio, which reflects all charges made to the room, is required for reimbursement.

The University's general guideline is that total expenses for lodging and meals should not exceed \$350 per day. Exceptions will be granted if the expense is necessary, documented, and approved by the appropriate school/department representative.

1.D Telephone, Fax, and Internet Usage

Costs related to telephone calls, internet activities, and faxes that are made in connection with the conduct of University business are deemed permissible. Necessary for reimbursement is an original phone bill or the final hotel folio that itemizes costs and identifies the organization/party contacted, or receipts that include a notation specifying the party contacted or the event/project to which the costs relate.

Personal calls to home while on business travel are deemed valid reimbursable expenses, so long as they are reasonable.

1.E Cash Advances

The University allows a maximum of \$500 on a seven-day period to be issued as a cash advance to any University employee about to travel on University business. The amount may

be issued in check through Accounts Payable, or withdrawn from any participating Automated Teller Machine (ATM) using the NYU Travel Card. You will be assessed a fee on your withdrawal; this fee is reimbursed as part of your business expenses.

Cash advances are intended for anticipated expenses that are best paid in cash, and for which the NYU Travel Card may not be feasible (e.g., taxi fare, gratuities, etc.).

Cash advances should not be used for airfare, lodging, conference fees, or other substantial costs that can be paid using the NYU Travel Card, or can be “prepaid” and invoiced through Accounts Payable. Because of tax implications, cash advances should also not be used for service payments such as honorariums, or for such expenses as gifts, prizes, or awards.

Cash advances should be cleared within 30 days from the “end date” of the trip or event specified on the cash advance request in AP Workflow.

Abuse of cash advance privileges may result in revocation of such privileges in the future.

1.F Insurance (Business Travel)

The University’s insurance program provides accidental death and dismemberment insurance to all permanent, regular employees who travel on University business (refer to NYU Benefits package for more information, or visit the Human Resources Department Web site at www.nyu.edu/hr). Insurance coverage related to business travel include the following:

- Air and rail transportation charged to the NYU Travel Card or the University’s Business Travel Account (BTA) is automatically covered by \$350,000 business travel insurance. The University therefore urges travelers to use BTA or their NYU Travel Card as much as possible. Travelers are also advised to refrain from using their NYU Travel Card to pay for air and rail transportation charges of other employees; the insurance coverage applies only to cardholders.
- Tickets purchased using the NYU Travel Card or BTA come with lost baggage insurance of up to \$1,750.
- Employees who rent a car for business use are covered for loss and damage to the vehicle and liability insurance only when the car is rented from the rental car agency that has an insurance coverage agreement with the University. See Table 1 below for types of car rental insurance and their description.

Table 1: Types of Car Rental Insurance

Loss Damage Waiver (LDW)/Collision Damage Waiver (CDW)

Protects from liability for damage to the car caused by collision or rollover.

Note: This insurance coverage is essential; you are advised to purchase it if you are using a credit card that does not provide this kind of insurance, or a rental car agency that does not have an insurance agreement with the University. You will be reimbursed for the cost.

This insurance is automatic when you rent a car from the agency that has an insurance coverage agreement with the University (refer to the Purchasing Services Web site for the suggested rental car agency). This coverage applies only when you rent a car for business use. A valid NYU ID is required at time of rental. You will not be reimbursed for additional loss and damage insurance coverage you purchase when you rent a car with the agency that has an agreement with the University.

Liability Insurance Supplement (LIS)/ Additional Liability Insurance (ALI)

Protects you and the University from liability for damage claims by a third party. This kind of insurance should come with the rental vehicle. If it does not, purchase only the basic liability coverage. NYU will reimburse you only for the basic liability coverage charges.

Personal Accidental Insurance (PAI)

Coverage in case of accidental death or dismemberment. You do not need to purchase this coverage as NYU employees are already covered with accident insurance up to a maximum of \$1,000,000. You will not be reimbursed for PAI coverage you purchase.

Personal Effects Coverage (PEC)/ Personal Effects Insurance (PEI)

Coverage for loss or damage to personal belongings. This coverage is not reimbursable. You may purchase it using personal funds.

When renting a car in a foreign country, all employees are advised to purchase all available insurance offered by the rental car agency.

When travel involves a group or students of the University (using charter bus for instance) check with the Insurance Department before making arrangements. Group travel insurance (related to charter bus, charter cruise, space rental) requires review and approval of the University's Insurance Department.

Only NYU employees are covered under the University's insurance program. Individuals listed as drivers on the rental car agreement who are not employees (e.g., employee's spouse or companion) are not covered under the program. For specific guidance on other insurance issues, contact the Insurance Department.

1.G Group Travel

The University deems travel that involves 15 or more persons as "group travel." In order to ensure adequate insurance coverage, each member of the group is advised to use his/her individual NYU Travel Card to purchase tickets or to use the University's Business Travel Account (BTA). Student Scholar Groups are subject to purchasing policies (See Purchasing Policies and Procedures Manual for bidding requirements, etc.). Group travel insurance

(related to charter bus, charter cruise, space rental) requires review and approval of the University's Insurance Department.

1.H Foreign Travel

All foreign travel must be approved by the individual responsible for the funds being charged. Expenses incurred on foreign travel must be reported in U.S. dollars. Reimbursement will be at the applicable rate as reported by the Wall Street Journal on the date the expense was incurred. Conversion fees will also be reimbursed (attach conversion slip when reporting expenses).

Foreign travel that is paid by a government grant or contract usually requires the use of U.S. airlines, unless the destination point is not served by a U.S. airline.

Contact the Insurance Department prior to foreign travel for insurance requirements that may apply.

1.I Sponsored Projects Travel

All travel charged to sponsored projects must be approved by the Principal Investigator or the individual responsible for the management of "restricted" funds. Before making travel arrangements, make sure that travel is allowed under the terms of an agreement or contract. In some cases, the sponsor's written approval may be required prior to any trip.

Foreign travel that is paid by a government grant or contract usually requires the use of U.S. airlines, unless the destination point is not served by a U.S. airline.

1.J Extended Travel

Domestic or foreign travel that extends up to one year (e.g., a six-month teaching assignment abroad, a yearlong stay as resident representative of the University in another state or country, etc.) is deemed permissible when the business purpose of the travel is substantiated and travel itself is authorized by an appropriate University designee. Extended travel of up to one year is considered as a "temporary assignment" and is subject to the same rules as regular business travel. Expenses related to extended travel must be supported by original receipts and other appropriate documentation.

1.K Cancellations, Unused/ Voided Tickets

Tickets that have been purchased using personal funds for future trips that are subsequently cancelled may be reimbursed, provided the reason for cancellation is beyond the individual's control. Unused tickets have a cash value and must not be discarded or destroyed. Contact the airline about future use of such tickets.

See the Expense Reimbursement Policy on how to be reimbursed for tickets paid using personal funds for travel that is cancelled. The University will reimburse cancellation fees, when cancellation is due to circumstances beyond travelers' control. Cancellation fees

incurred due to travelers' negligence are not deemed valid business expense and therefore not reimbursable.

1.L Miscellaneous Expenses Incurred While on Business Travel

Other expenses that are incurred while on business travel will be deemed permissible so long as they are necessary and reasonable. Such expenses include, but are not limited to, the following:

- overnight delivery postage for business documents;
- laundry/dry cleaning when travel exceeds five business days;
- visa, passport/Consulate fees (for foreign travel); and,
- business supplies, such as presentation materials, that were not anticipated.

1.M Non-Employee Travel

Student Travel

Travel expenses of NYU students are deemed valid business expenses only in cases listed below:

Case 1: When the students are also NYU employees and travel is related to their employment.

Case 2: When travel itself and the expenses incurred are related to a specific program or department function and are approved by the department (e.g., travel to attend a conference or to visit a field site or laboratory facility).

Case 3: When travel directly supports a faculty member's project or research program, or is an integral part of the student's degree work.

Reimbursement for expenses incurred by students on approved travel are not reportable as income to the student, provided detailed receipts and documentation that establish the business purpose of the expenses are submitted.

Lecturers and Official Guests

The travel expenses of non-employees such as lecturers, official guests and the spouses of official guests are permissible only when the travel serves a legitimate business purpose and is approved in advance by the school, department, or unit responsible for the expense. The travel expenses of foreign visitors may also be paid with University funds provided the visit is related to University business and the visitor enters the United States on an appropriate visa. When submitted to the University for payment or reimbursement, these expenses should be appropriately documented. The "Approver" responsible for the funds charged should attach a memo to a payment or reimbursement request explaining why such expenses

should be paid with University funds. Unless specifically cited as allowed, these types of expenses cannot be charged to a federal grant or contract.

Volunteers

The travel expenses of volunteers are permissible when the travel serves a legitimate business purpose and is approved in advance by the school, department or unit responsible for the expenses.

Volunteers are individuals who are not on University payroll but who perform duties or functions for the University on a voluntary basis (e.g., alumni who volunteer to assist in University events). Travel expenses of volunteers must satisfy University and federal requirements on permissibility and allowability as detailed in this document. Necessary for payment or reimbursement are:

1. a memo from the school, department or unit establishing the business purpose of the travel itself and confirming the involvement of the volunteer employee as necessary or relevant to University missions (Accounts Payable will not process payment or reimbursement unless the memo is attached); and,
2. documentation of expenses reported (see the Expense Reimbursement Policy for guidance on what are deemed appropriate documentation for specific expenses).

When the volunteer happens to be a spouse of a University employee and who accompanies this employee on business travel, there are additional IRS and federal requirements that must be met. Travel expenses of spouses who accompany University employees on business travel may be deemed personal expenses and thus deemed nonpermissible and unallowable under University and federal guidelines (see “Nonpermissible Expenses” section of this document and Appendix 1: OMB Circular A-21, Section J-19). The University, however, will permit and reimburse expenses related to spousal travel when the spouse fits the definition of a volunteer employee and travel serves a legitimate business purpose, is appropriately substantiated, and is approved in advance by the school, department or unit responsible for the expenses.

When expenses related to spousal travel are submitted to the University for payment or reimbursement, a memo establishing all points below must be provided:

- that the spouse served or will serve as a volunteer whose duties or functions are necessary and essential, not just beneficial, to University business; and,
- that the attendance of the spouse is not primarily for vacation purposes (If socializing is part of the spouse’s services, the expenses may be deductible if substantive business-related functions were performed while traveling).

Note: Accounts Payable will not process requests for payment or reimbursement unless the memo is attached.

Due to federal rule on unallowable costs, every expense related to spousal travel must be identified and segregated. Itemized receipts are necessary to establish the type of expenses incurred. Also, due to IRS regulations on expense reimbursement, detailed records such as an expense log should be kept on the spouse's expenses as well as detailed vendor-generated receipts. When expenses of both travelers are reported on a single form, those of the spouse must be identified and segregated from those of the NYU employee. For more detailed instructions, see the Expense Reimbursement Policy of the University.

2. *Meals (Non-Travel) And Other Expenses Related to Business Meetings and Events*

Meals (that are not related to travel) and other costs that are related to business meetings and University events may be paid using University funds when they advance University missions.

Meals at Business Meetings

A business meal is defined as a meal taken with University faculty, staff, or students which may or may not include others from outside the University at which a substantial and bona fide business discussion takes place. The University requires the following for reimbursement:

- 1). substantiation of the meal itself as having a business purpose, which involves providing the reason for the meal itself, the names of individuals or group of individuals present, and the affiliations of those present.
- 2). adequate documentation, which identifies specific costs and shows that no alcoholic beverages are included, or when included, shows that alcoholic beverages have been segregated and charged to an appropriate NYU account.

Note: The federal government deems alcoholic beverages as unallowable (see Appendix 1: OMB Circular A-21 summary). When reporting expenses related to business meetings or events, make sure that every expense is identified and that receipts include a notation that either a) alcoholic beverages are not part of the expenses, or b) alcoholic beverages are included and have been segregated.

See the Expense Reimbursement Policy of the University for more information on reimbursement of business meals.

University funds cannot be used to pay for meals for which there is no clearly documented business purpose.

Meetings, Events, and other Business Activities

Costs related to meetings, events, and activities that advance University missions are permissible. Such activities include informational or training sessions provided by one

administrative unit to representatives of a school or another administrative unit, or meals for employees attending a meeting onsite that extends over meal periods.

Costs related to activities involving official guests of the University are permissible so long as they are reasonable and have prior approval of the person responsible for the funds charged. All costs must be justified and properly substantiated in order to be deemed valid for payment or reimbursement. See the Expense Reimbursement Policy of the University for specific guidance on documents required by both the University and government.

3. Conference, Seminars, and Development

University funds may be used for costs related to conferences, seminars and other professional development activities that University employees attend. These costs should be approved by the school or Professional department before being incurred.

4. Goods And Services

General Purchasing Guidelines

The Purchasing Services and Contract Administration Department of the University has been given the responsibility by the Trustees of New York University to purchase goods and services on behalf of the University, which includes the selection of vendor, negotiation of price, and assurance of quality and delivery. Purchasing Services functions as an agent of the University and is responsible for advising schools, departments, and units on availability and value of goods and services in the marketplace.

NYU Purchasing Services is required by federal regulations to maintain a formal procurement system. Its purchasing files are subject to audit by federal agencies and must include proper documentation (i.e., purchase orders, contract negotiations, bid awards, sole source justifications, etc.).

Any goods and/or services purchased with University funds or University-managed funds (i.e., Sponsored Research Accounts), unless identified as outside of Purchasing Services purview, are bound by conditions and requirements detailed in the Purchasing Policies and Procedures Manual.

Goods purchased and charged to sponsored projects, regardless of the amount, are subject to the terms and conditions of a particular grant or contract. These terms should be referred to for guidance on what expenses are allowed. Projects that are funded by the federal government are subject to the rules and requirements detailed in the Office of Management and Budget (OMB) Circular A-21 (see Appendix 1 for summary). All schools should contact Sponsored Programs Administration (SPA) in the Controller's Division or the Office of Sponsored Programs for questions related to a specific grant or contract.

Goods and Services Not Subject to Purchasing Policies

In general, goods and services listed in categories below are not within the purview of Purchasing Services.

These expenses may be incurred without Purchasing Services review and approval:

A. Goods and services managed by a specific University designee:

1. the purchase, sale or lease of real estate (which is handled by NYU's Office of Real Estate);
2. the design, construction, or alteration of plant (which, is handled by NYU's Planning and Construction Department);
3. the procurement of books and periodicals for University libraries (which is handled by the University Libraries)

B. Items that do not require a Purchase Order, such as the following:

1. Goods or services below a specific value obtained through the following methods:
 - goods or services totaling \$2,500 or less that are obtained using the Procurement Card;
 - minor, incidental expenditures that may be paid or reimbursed through a department's petty cash fund (see "Goods of Minimal Value" section below).
 - goods or services totaling \$1,000 or less, that are obtained using the Low Dollar Order (LDO). A Low Dollar Order may *not* be used for the purchase of goods and services listed below:
 - All expenditures for personal services (consultants, temporary employment, etc.)
 - Office supplies available through Staples i-Buy or the NYU Bookstores
 - Rentals where the total rental exceeds the Low Dollar Order limitations
 - Building Maintenance and/or repairs handled by NYU Facilities Manager
 - To establish a Blanket Order
 - Items disallowed under a sponsor's regulations
 - Travel & Entertainment
 - I-Buy Suppliers
 - Expenditures that involve the signing of a contract or agreement
 - Expenditures for items prohibited by other directive

Please see the Low Dollar Order System FAQ's at:

<http://www.nyu.edu/purchasing.services/restricted/about-faq-LDO.html>

If you have questions, please contact Purchasing Services at purchasing.info@nyu.edu or 998-1030.

2. Catering expenses totaling \$1,000 or less.

Note: Effective September 1st, 2010, the Re-Engineering II Catering initiative requires that all on-campus catered events costing more than \$1,000 be conducted with a very limited number of catering firms. Such catering expenses per occasion must be handled via Purchase Order.

3. Goods and services in specific categories, regardless of value:

- advertisements*
- advisory fees
- annuity payments
- books and periodicals
- cable and television bills
- car services*
- commission fees
- conference/registration fees
- conference space*
- courier services
- events tickets when purchased for program related activities
- insurance payments (comprehensive, general liability, malpractice)
- legal fees**
- mailing lists

- mass transit tickets to be used for local business travel by the school or department
- medical billing companies*
- membership fees
- permits
- refunds (Sponsored Research grants, classes or seminars not paid through the Office of the Bursar, patient refunds)
- reprints
- subscriptions (renewals, magazines, newspapers, etc.)
- temporary service agencies
- test materials (standardized testing)
- utility bills

*These do not require a Purchase Order when no contract is required; a Blanket Order may be established when ordered on a repetitive basis.

** All invoices for legal services must be reviewed and approved by the University's Office of General Counsel prior to being submitted to Accounts Payable for payment. Please contact the Office of General Counsel for more information.

4. Professional or consulting services provided by **companies or individuals** involving fees less than \$50,000. When fees involved are over \$50,000, Purchasing Services requires a Purchase Requisition. The Purchase Requisition is not required only when the service provider has signed a University Consulting Agreement, (see Purchasing Services website at www.nyu.edu/purchasing.services) or a distinct signed agreement that has been approved by the University's legal counsel. Appropriate school or departmental approval is always required.

Note: Professional or consulting services provided by individuals are subject to specific federal rules and requirements. To ensure compliance and provide guidance to those involved in the

procurement and payment of these services, complete the [Independent Contractor Questionnaire](#) (Form IND4000A) available in the Forms section of the Controller's Division website (<http://www.nyu.edu/financial.services/cdv>).

For goods and services not included above, specific purchasing policies may apply. To avoid incurring inappropriate costs, check the Purchasing Policies and Procedures Manual before you incur an expense.

Goods of Minimal Value (Petty Cash Fund Transactions)

Petty cash funds are established and maintained by authorized academic or administrative units of the University for the purpose of providing cash sufficient to cover minor office expenditures, reimbursements to students, and payments to participants in research studies. All employee requests for reimbursement and advances must be submitted through AP Workflow.

Expenses that may be reimbursed from the petty cash fund include, but are not limited to, the following:

- Payments to Human Subjects, when the fund is set up for this purpose. All expenses must be allocated to account 65295 – “Payments to Human Subjects”.
- Student related expenses such as taxi fare, parking fees, tolls not connected with University Travel. Reimbursement may not exceed \$150.
- Meal allowance (normally provided when an “exempt” employee is required to work two or more hours over regular time; the rate at date of publication is \$10. See the HR policies online at www.nyu.edu/hr for more information).
- Incidental office expenses

Expenses that must NOT be reimbursed from the petty cash fund include, but are not limited to:

- All employee travel advances and reimbursements must be processed through AP Workflow. Per diem allowances are not reimbursed through the petty cash fund.
- Expenses that do not comply with the Business Expenses Policy and Expense Reimbursement Policy of the University (e.g., personal expenses, any fraudulent and illegal expense, expenses that will be reimbursed from another source).
- Student related purchases in excess of \$150 per order (reimbursements for such purchases must be processed through AP Workflow). A student has the alternative to complete the EXP2000S form for expenses up to \$300. This form

will be taken to the Office of the Bursar. The student must present a valid student ID with the request.

The petty cash Fund may not be used to cash checks of any kind or to grant salary advances to University personnel.

Please refer to: Petty Cash Funds Policy 1.16

5. *Professional and Other Services*

Independent Contractors and Consultants

The University allows schools, departments, or units to engage the services of independent contractors or consultants when the needed skills or expertise are not readily available within the University.

The classification and reporting of payments to individuals who provide services to the University as independent contractors and consultants are subject to specific federal regulations. The tax and other requirements appropriate to their designation differ from those applied to individuals classified as employees.

Incorrect classification of a service provider as an independent contractor may subject the University to significant tax penalties and other risks.

Therefore, those intending to engage the services of independent contractors and consultants are required to complete the [Independent Contractor Questionnaire](#) (Form IND4000A) available in the Forms section of the Controller's Division website (<http://www.nyu.edu/financial.services/cdv>).

Honorariums

University funds may be used for an amount or item presented as a gesture of goodwill or in appreciation of efforts and time given by individuals to the University, such as a guest lecturer or a speaker from outside the University. The University requires that such expenses be reasonable and made under conditions or circumstances that do not create a significant likelihood for the gesture to be deemed as "disguised" payment.

Honorariums are considered taxable income to the individual receiving the benefit.

Study Subject Fees/Cash Incentive Payments

Cash incentive payments are usually issued in appreciation and to encourage the participation of individuals in research projects (as human subjects), when such participation agrees with conditions of sponsoring agencies and the Institutional Review Board (IRB). These payments, to be deemed valid, must be made in accordance with the terms and conditions of sponsor agencies.

All schools contact Sponsored Programs Administration (SPA) in the Controller's Division or the Office of Sponsored Programs.

Legal Services

All invoices for legal services must be reviewed and approved by the University's Office of General Counsel prior to being submitted to Accounts Payable for payment. Please contact the Office of General Counsel for more information.

6. *Expenses Related to Improvement of Working Conditions and Relations*

University funds may be used for expenses related to the improvement of working conditions and employee relations (e.g., gifts and awards). While these expenses may be permissible by NYU, they are not however allowable under federal guidelines. Therefore, these expenses must not be charged to sponsored projects or restricted funds, should be identified on the payment form using an appropriate code or account, and segregated in the University's accounting system.

Expenses in this section should be reviewed on a case-by-case basis, approved by an appropriate University designee (Department Head or Dean), justified through a memo, and supported by appropriate documentation. Because they primarily benefit individual University employees and students, these expenses may be deemed taxable income to the individual receiving the benefit unless the expense has a bona fide business purpose and is sufficiently documented.

For documentation to be deemed sufficient, it should establish the amount, time, and place of purchase as well as the business purpose of each expenditure. For gifts, the business relationship of the University with the recipient must also be established.

All documentation should be collected and maintained as support for the exclusion of fringe benefits in W-2 income. If the record keeping requirement is not satisfied, the employee will be taxed on the entire benefit received. (See the Expense Reimbursement Policy of the University for more information on documentation requirements.)

Gifts, Prizes, Awards to Employees

The University recognizes the contribution of employees to the furtherance of University missions and may on occasion confer gifts, prizes or awards as tokens of appreciation. The federal government deems these expenses as "unallowable costs" (see Appendix 1, Section J-14). However, wherever deemed appropriate and so long as reasonable, justified, and substantiated, these expenses may be deemed permissible under NYU guidelines. Specific requirements apply for gifts, prizes, and awards to be deemed excludable from the recipient's taxable income.

- Gifts: Cash gifts (including gift certificates) are considered taxable income and are subject to withholding tax, unless the gift is less than \$25. Non-cash gifts or gifts of property are exempt from tax if the value is minor; the value of a non-cash gift is deemed minor when it does not exceed \$400.

- Length of Service Award: To be considered a “length of service award” and excluded from taxable income, all the conditions below must apply:
 - The award is administered under a University-wide program and every University employee is presented with the award at least five years apart.
 - The employee presented with the award has been employed by the University no less than five years.
 - The value of any non-cash gift presented in recognition of an employee’s length of service must not exceed \$1600. When the value of the gift exceeds \$1600, the amount in excess of \$1600 will be reported as income to the individual. The University is required to include the taxable amount in the employee’s W2 and to deduct withholding taxes on his/her paycheck.

For government rules on items listed above, see Section 74 of the Internal Revenue Code: Prizes and Awards at http://uscode.house.gov/title_26.htm.

Note: Under no circumstances will individuals be reimbursed for cash gifts (cash or personal checks) given to another employee or student. All cash gifts, regardless of the amount, must be issued as University Accounts Payable checks or processed through Payroll to ensure correct documentation and tax reporting.

Flowers, Fruit Baskets, Donations, etc.

University funds may be used for flowers, fruit baskets, and small donations when these expenses are incurred under reasonable and appropriate circumstances (such as when an employee or a student is hospitalized, when an employee retires, or when an immediate family member of an employee is ill or dies).

Note: Any cash donation given to an employee must follow the guidelines provided above on gifts, prizes, and awards.

Office Parties and Events

University funds may be used for expenses related to office parties and events that are intended to foster better relations among employees and improve working conditions. It is necessary however to itemize the expenses (to document expenses that may not be allowable under federal guidelines), provide adequate documentation (original receipt), explain the specific purpose of the event, and provide a list of individuals (or groups of individuals) involved.

7. *Institutional Development*

The federal government deems the following costs unallowable: public relations and advertising (except advertising necessary to recruit employees), alumni and fund raising activities, investment management, donations and contributions. University funds may however be used for these costs when they benefit the University and are approved by an appropriate University designee. These costs must not be charged to sponsored projects.

University funds must not be used for payments, donations, or contributions to political organizations or candidates.

Lobbying activities intended to advance University missions are in general deemed unallowable under federal guidelines but may be deemed permissible by the University. Expenses for such activities are subject to review and approval of appropriate University designees. Contact the Office of University Relations and Public Affairs for more information.

8. *Expenses related to employment*

Expenses related to employment are subject to the Human Resources policies of the University. Consult the University's HR Department before incurring employment-related expenses, including those listed below.

Recruitment

Expenses related to recruitment of prospective employees may be deemed valid business expenses only when appropriate, necessary, reasonable, and authorized. Reimbursements for such expenses must comply with the University's guidelines in order to be excluded from a payee's reportable income. See the Expense Reimbursement Policy of the University for more information.

Relocation

Expenses related to the relocation of employees are deemed business expenses only when appropriate, reasonable, authorized by an appropriate University designee, and when they meet the conditions established below by the IRS:

1. **Distance:** The new principal place of work must be at least 50 miles farther from the taxpayer's old residence than the old residence was from the taxpayer's old place of work. If there was no old place of work, the new place of work must be at least 50 miles from the old residence.
2. **Length of Employment:** During the 12-month period immediately following the move, the taxpayer must be employed full time for at least 39 weeks.
3. **Commencement:** In general, the move must be in connection with the commencement of work at the new location and the moving expenses must be incurred within one year from the time the taxpayer first reports to the new job or business.

Relocation or moving expenses are deemed either taxable or non-taxable income to the employee.

1) Taxable relocation expenses

Relocation expenses that may be deemed in certain cases as permissible by the University are deemed taxable income to the employee under IRS guidelines. Regardless of whether they are paid directly by the University to the vendor or are issued as reimbursement to the employee, the University is required by law to include payments for these expenses as income in the employee's W2 Form and to deduct appropriate withholding taxes on this income from the employee's paycheck. These expenses include, but are not limited to, the following:

- personal expenses
- pre-move house hunting, including travel, meals and lodging
- any part of the purchase of a new home or sale of the old home, including real estate fees incurred when leaving former residence and acquiring new one
- expenses related to getting or breaking a lease
- loss on the sale of the old home
- mortgage penalties
- losses from cancellations of club memberships
- meals and lodging while occupying temporary quarters
- in-transit storage charges beyond 30 days

2) Non-taxable relocation expenses

Expenses that are deemed non-taxable refer to expenses incurred to move household goods and personal effects from a former residence to the new residence, as well as those related to the new employee's travel from the former residence to the new. Such expenses include:

- packing of furniture and personal items;
- transportation of furniture and personal belongings from the previous principal place of residence to the new principal place of residence;

- insurance and in-transit storage for periods of up to 30 consecutive days;
- travel and lodging costs, excluding meal costs, associated with one trip to move from old to new residence.

Non-taxable relocation expenses, however, may either be reportable or non-reportable to the government:

2.a) Non-taxable and non-reportable

Non-taxable relocation expenses are not reported in the employee's W-2 only when they are paid directly by the University to the moving company or vendor.

2.b) Non-taxable but reportable

When the non-taxable relocation expenses however are issued as reimbursement to the employee, the reimbursement is deemed reportable. The University is required under Section 132 of the Internal Revenue Code to "report" the reimbursement in Box 12 of the employee's W2. The amount reported in Box 12 is not deemed income; it has no impact on the tax treatment of an individual's gross income. Box 12 serves only to "inform" the IRS of any reimbursement the University issues to individuals according to requirements specific to certain types of expenses.

Wherever possible, therefore, a Purchase Order should be processed to arrange for direct payment from the University to a moving company or vendor for qualified moving expenses.

9. *Miscellaneous Expenses*

Expenses that are not incurred in a regular manner (or deemed necessary to day-to-day operations of the University) but are incurred in the furtherance of University missions may be deemed permissible. However, these expenses (examples listed below) should be reasonable, justified, properly substantiated, and authorized before being incurred.

Payments or reimbursements for some expenses in this section may be considered taxable income to the individual receiving the benefit. Consult Tax Services at the Controller's Division for specific requirements before incurring the expense.

Gifts, Prizes, Awards to Non-Employees

University funds may be used for costs related to gifts, prizes, and awards presented to individuals who are not University employees, provided they serve the mission of the University and are authorized. Such costs must not be charged directly or indirectly to a federally sponsored account.

Membership in Professional Organizations, Professional Dues/Fees, Subscriptions

Membership or professional dues or fees are deemed business expenses only when membership is primarily for University purposes or representation of the University in the organization or association. Subscriptions are also deemed business expenses when they are for publications related to the functions of individuals in the University. Payment or reimbursements for some expenses of this kind may be deemed taxable income to the individual receiving the benefit.

All membership dues or fees must be charged to a federal unallowable account.

Home Office Costs

University funds may be used for costs incurred by certain individuals who need, or are authorized, to work from home occasionally. These costs however must be necessary to meet official job duties, and should be approved before being incurred. Justification and appropriate substantiation are necessary for expenses related to home office functions to be paid from University funds.

Documentation and Record Retention

Documentation Requirements

University Policy on Substantiation of Business Expenses

Any expense that is paid using University funds must be justified as well as properly documented and substantiated. All individuals involved in initiating, processing, paying, recording or reporting of business expenses must know and understand the substantiation requirements of both the government and the University. Wherever appropriate, the documentation and substantiation requirements for specific business expenses are provided in this document. For guidance on specific documentation you need to provide when you present business expenses for reimbursement, see the Expense Reimbursement Policy of the University.

Record Retention

University and Federal Requirements

New York University requires that official financial records be retained for specific periods of time and has designated certain units in the University with specific responsibilities for the preservation, retrieval, use and disposition of these records.

Financial records produced or received by any unit or employee of New York University in the conduct of University business are official records that support and protect the fiscal integrity of the institution. All schools, departments, or units are responsible for maintaining any relevant documentation or approvals not forwarded to central University offices. For specific guidance, see the Records Retention Policy of the University.

Business Expenses

Responsible Office: University Controller
Effective July 15, 2004

TAX ISSUES

General

Certain transactions are not allowed under tax law. Others are subject to tax reporting, tax withholding, or both. Still others are subject to a variety of miscellaneous taxes. Those taxes that apply to specific business expenses have been identified wherever possible throughout this document. Below is a summary of those taxes with some general guidelines. For guidance on other or specific tax issues, contact Tax Services at the Controller's Division. Also refer to the Controller's Division Web site (www.nyu.edu/cdv/policies) for detailed information on tax issues and for forms necessary to specific tax reporting requirements.

- Payments to foreign nationals authorized to perform services in the United States are subject to specific tax rules and regulations. See the Controller's Division Web site (www.nyu.edu/cdv/policies) for detailed information.
- Many business expenses are subject to tax reporting. Therefore, vouchers must include information on an individual's citizenship, legal name, permanent mailing address, and in most instances a United States federal identification number, so that the University can meet tax-reporting requirements.
- Some business expenses must be treated as wages, subject to W-2 reporting and/or payroll tax withholding (e.g., cash awards to employees, most gift certificates, and certain moving expenses).
- Business expenses may be subject to miscellaneous taxes such as sales tax, excise tax, value added tax, gross receipts tax, etc. New York University is exempt from sales tax in certain states. A tax exemption certificate is available from Purchasing Services or Accounts Payable at the Controller's Division, and should be used wherever possible when purchasing items using University funds.

Responsibilities

The responsibilities of individuals and offices involved in transactions that concern University funds include, but are not limited to, the following:

Initiator

Individuals initiating a transaction on behalf of the University is responsible for assessing whether an expense supports University missions and may be paid or reimbursed using University funds. He/She must ensure that a business expense is:

- a permissible NYU business expense;
- within budgetary constraints;
- ordinary and reasonable;
- in compliance with the purchasing and other applicable
- policies and procedures of the University;
- in compliance with funding designations and/or guidelines;
- appropriately documented;
- approved or authorized.

Approver

Approvers are expected to be familiar with the types of expenses incurred in their area and to determine what may be valid, necessary, and reasonable expenses. Approvers therefore have the primary responsibility for ensuring that an expense:

- is legitimate or necessary in the conduct of University business in the area;
- is allowable under donor guidelines, when applicable;
- is supported by adequate and appropriate documents;
- meets all applicable compliance requirements;
- does not indicate apparent conflict of interest on part of
- individuals involved in transaction; and
- is charged to the proper account.

Controller's Division

Audit and confirm the allowability/permissibility of business expenses under federal/University guidelines.

Promptly process payments and reimbursements of business expenses.

Provide guidance on University policy on business expenses.

Department Heads

See “Approver.”

Office of the Bursar

Audit and confirm the allowability/permissibility of business expenses under federal/University guidelines.

Promptly process payments and reimbursements of business expenses less than \$150.

Contacts

Direct any general questions about the Business Expenses Policy to your department’s administrative office. If you have questions about specific issues, call the following offices:

*Approval/ Authorization
Requirements (Grants and
Contracts)*

Sponsored Programs Administration
(212) 998 - 2888

Office of Sponsored Programs
(212) 998 – 2121

*Approval/ Authorization
Requirements (Non-Grants)*

Accounts Payable Customer Service
Tel: (212) 998 - 2990
Fax: (212) 995 - 4382
Email: cdv.apcs@nyu.edu

Contracts, Leases, etc.

Office of Legal Counsel
(212) 998 - 2240

Purchasing Services
(212) 998 - 1030

*Contracts (Sponsored
Programs)*

Contract Office
(212) 998 - 2903

Office of Sponsored Programs
(212) 998 - 2121

*Federal Allowable and
Unallowable Costs*

Sponsored Programs Administration
(212) 998 – 2888

Office of Sponsored Programs
(212) 998 - 2121

Insurance Issues

Insurance Department
(212) 998 – 2755

Policy Clarification

Controller's Division
(212) 998 – 2990

*Purchasing Policies and
Procedures*

Purchasing Services and Contract Administration
Department
(212) 998 – 1030

Record Retention

Office of Legal Counsel
(212) 998 – 2240

Reimbursements

Accounts Payable
(212) 998 – 2990

*Sponsored Projects,
Expenses Charged to*

Sponsored Programs Administration
(212) 998 - 2888

Office of Sponsored Programs
(212) 998 – 2121

Tax Issues

Tax Services
(212) 998 – 1475

Notes

WEBSITE FOR THIS POLICY

This policy and related materials are available on new York University Policies & Compliance website (<http://www.nyu.edu/about/policies-guidelines-compliance.html>) and on the Controller's Division Web site (www.nyu.edu/cdv).

- 1. Dates of official enactment and amendments**
- 2. History:**
- 3. Cross References**

Related Documents

University Policies

- Conflict of Interest Policy
- Expense Reimbursement Policy
- Petty Cash Fund Policy
- Purchasing Policies and Procedures Manual
- Record Retention Policy

Other Documents

- Applicable IRS Regulations and Guidelines
- Federal Acquisitions Regulations (FAR)
- OMB Circular A-21 (Cost Principles for Educational Institutions)
- OMB Circular A-110 (Uniform Requirements for Federal Grants and Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations)

– Specific Sponsor Agency Guidelines

Appendix

Below is a list of some common federal unallowable costs detailed in OMB Circular A-21(Cost Principles for Educational Institutions). The Circular provides the guidelines for determining costs that the federal government will or will not allow to be charged directly to a federal fund, or charged indirectly to a federal fund through the University's facility and administrative (indirect) cost rate. All members of the NYU community are urged to be diligent in identifying federal unallowable costs. Such costs CANNOT be recovered from the federal government, either as a direct charge to a federally funded account or through the application of an indirect cost rate.

Wherever necessary, appropriate, and authorized, these costs may be incurred and charged to appropriate University funds.

Note: This list is not exhaustive; it includes only select categories that are presented in summary form. Under specific conditions, the federal government may allow certain costs that in general may be deemed as unallowable. Wherever possible, these conditions are identified below.

Appendix 1

Federal Unallowable Costs

J-1: Advertising and Public Relations

"Costs of advertising and public relations designed solely to promote the institution are unallowable. Costs of promotional items and memorabilia, including models, gifts, and souvenirs are unallowable."

J-2: Alcoholic Beverages

"Costs of alcoholic beverages are unallowable."

J-3: Alumni Activities

"Costs incurred for, or in support of, alumni activities and similar services are unallowable."

J-4: Bad Debts

"Any losses, whether actual or estimated, arising from uncollectible accounts and other claims, related collections costs, and related legal costs are unallowable."

J-6: Commencement and Convocation Costs

"Costs incurred for commencement and convocations are unallowable."

J-11: Defense and Prosecution of Criminal and Civil Proceedings, Claims, Appeals, and Patent Infringements

"Costs incurred in connection with any criminal, civil or administrative proceeding (including filing of false certification) commenced by the Federal Government, or a State, local or foreign government, are unallowable if the proceeding (a) relates to a violation of, or failure to comply with, a Federal, State, local, or foreign statute or regulation, by the institution (including its agents and employees); and (b) results in:

- A conviction
- A determination of institutional liability
- The imposition of a monetary penalty
- A final decision by an appropriate Federal official to debar or suspend the institution to rescind or void an award
- A disposition by consent or compromise, if the action could have resulted in any of the dispositions described above"

J-13: Donations and Contributions

"Donations or contributions made by the institution, regardless of the recipient, are unallowable."

J-14: Employees Morale, Health, and Welfare Costs and Credits

Unallowable items in this category include, but are not limited to, gifts to departing employees, flowers, cards, and other such items.

However, those costs incurred in University-wide activities related to NYU's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance, are allowable

J-15: Entertainment

"Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable."

This category also includes meals for which there is no clearly documented business purpose.

J-18: Fine and Penalties

"Costs resulting from violations of, or failure of the institution to comply with Federal, State, local, and foreign laws and regulations are unallowable."

J-19: Goods or Services for Personal Use

"Costs of goods and services for personal use of the institution's employees are unallowable regardless of whether the cost is reported as taxable income to the employees."

J-20: Housing and Personal Living Expenses

"Costs of housing, housing allowances and personal living expenses for/of the institution's officers are unallowable regardless of whether the cost is reported as taxable income to the employees."

J-21: Insurance and Indemnification

"Actual losses which could have been covered by permissible insurance (whether through purchased insurance or self-insurance) are unallowable. Costs of insurance with respect to any costs incurred to correct defects in the institution's materials or workmanship are unallowable."

J-22: Interest, Fund Raising, and Investment Management Costs

"Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contribution, are unallowable."

J-24: Lobbying

With limited exception, costs of lobbying activities to influence the outcomes of any Federal, State, or local government action are unallowable.

J-28: Membership, Subscriptions, and Professional Activity Costs

"Costs of membership in any civic or community organization are unallowable. Costs of membership in any country club or social or dining club or organization are unallowable."

However, costs of the institution's memberships in business, technical, and professional organizations are allowable.

J-37: Recruiting Costs

Costs related to recruitment of students are unallowable.

Meanwhile, staff recruiting costs are allowable but subject to restrictions. Recruitment advertising may be allowable, but cost in excess of black and white is unallowable. Also, and relocation expenses of recruited employees may be allowable, but if the employee resigns for reasons under his or her control within twelve (12) months, and relocation costs are unallowable.

J-42: Selling and Marketing

"Costs of selling, marketing, and promoting any products or services of the institution are unallowable."

J-45: Student Activity Costs

"Costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the sponsored agreements."

J-48: Travel: Airfare

Airfare costs in excess of the lowest available commercial coach rate are normally unallowable. Exceptions can be granted if unreasonable travel arrangements would result when traveling coach, the upgrade would decrease the cost, or it is required to meet the medical needs of the traveler.

"In order for airfare costs in excess of the customary standard commercial airfare to be allowable the institution must justify and document on a case-by-case basis the applicable condition(s)."

J-50: Trustees

The costs are subject to restrictions regarding lodging, subsistence and air travel costs provided in J-48.

Appendix 2
Incurring and Paying for Various Types of Business Expenses

Type of Expense	Processing Methods		Contact for More Information
	Incurring Expense	Paying Expense	
Business expenses under \$300	Procurement Card	Direct charge to account	Accounts Payable
Business meals (non-travel)	NYU Travel Card Personal credit card	Direct charge to account Standard reimbursement process	Accounts Payable
Business Meals (travel)	NYU Travel Card Personal credit	Standard reimbursement process	Accounts Payable

	card/funds Cash (Issued as advance)		
Employee services, stipends	Human Resources Department	Payroll	Human Resources Department Payroll
Gifts, Prizes, Awards (to employees)	Purchase Requisition	Accounts Payable	Accounts Payable
Independent Contractors	Consulting Agreement or Contract	Accounts Payable	Accounts Payable
Items within Purchasing Services purview	Purchase Order	Accounts Payable	Purchasing Services Accounts Payable
Professional services (not involving Purchase Orders)	Consulting Agreement or Contract (Wherever applicable)	Accounts Payable	Accounts Payable
Office parties and other business events	Purchase Order Personal credit card/funds Cash (Issued as advance)	Accounts Payable Standard reimbursement process	Accounts Payable Purchasing Services
Travel (Air/Rail transportation, lodging, etc.)	NYU Travel Card	Standard reimbursement process	Accounts Payable