



## The American University of Kurdistan Policy of Expense Reimbursement

Policy Number: BF005  
Effective Date: May 28, 2023

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### I. INTRODUCTION

- a. **Authority:** The Board of Trustees (herein referred as “Board”) at The American University of Kurdistan (herein referred as “AUK” or “University”) is authorized to establish rules and regulations to govern and operate the University and its programs.
- b. **Purpose:** This policy is intended to provide general guidelines to help all employees of AUK 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 may not be used;
  - properly record and report expenses incurred in support of University missions; and ensure consistent compliance.

The University expects employees to act responsibly and professionally when incurring and submitting expenses. Employees must adhere to the following general guidelines in order to be reimbursed for any expenses:

- Original receipts are required for reimbursement; if original receipts cannot be provided, employees must submit a signed statement explaining this omission;
- All receipts, supporting documentation, and Supervisor approval must be submitted to Finance within 20 business days of incurring the expense; and

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- All reimbursable expenses in excess of \$50 are subject to prior written approval by the employee's Supervisor.

If the employee does not comply with the guidelines set forth within this policy, their request will not be approved.

- c. **Scope:** The expense reimbursement Policy includes all employees at AUK.

## II. ROLES AND RESPONSIBILITIES

- a. **Responsible Executive:** VPAF
- b. **Responsible Administrator:** Director of Finance
- c. **Responsible Office:** Office of Finance
- d. **Policy Contact:** Office of Finance

## III. POLICY STATEMENT

The University will reimburse employees for expenditures made while conducting University business. The majority of these types of expenses should be purchased through Procurement, and not purchased directly by the employee. In certain circumstances, it may be acceptable to reimburse the employee for funds expended on behalf of the University.

The University will reimburse employees for the costs of events involving faculty, staff, students or guests of the University of which a substantial purpose of the event is business. Certain social activities such as fundraising, recruitment, employee appreciation, and other similar functions may be reimbursable. Specific conditions must be met in order for reimbursement to occur:

- If the event involves external parties, the parties must have an actual or potential business relationship with the University.
- The event must provide some documented benefit to the University.

In cases where there is a discrepancy between this policy and a granting agency or donor policy, the more restrictive policy will apply.

## IV. GENERAL PROCEDURE FOR EXPENDITURE REIMBURSEMENT

### Payee

The individual incurring the business expense must be familiar with this policy in order to ensure compliance and the prudent spending of University funds. Employees whose expenses will be charged to a sponsored project must also be familiar with the particular expense restrictions of that project. The Payee is also responsible for obtaining all proper documentation for each expense. Typically, this documentation will be a receipt that identifies the expense and reflects proof of payment of the expense. The Payee is also responsible for documenting the business purpose or justification for each expense. This helps to document why the expense is eligible for reimbursement.

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The Payee should request reimbursement within 10 business days of the expense. Late submissions may only be reimbursed with the approval of the payee's Supervisor. Supporting documentation must be provided in order to describe the circumstances leading to the late submission. Expense reimbursements requested more 90 days from the date of expenditure will not be reimbursed even if accompanied with a justification for late submission.

### **Supervisor**

The Supervisor has the authority to approve advances and expense reimbursements for faculty and staff in the college/unit. If the Payee does not have a Supervisor within their respective unit, the Payee must submit directly to the Director of Finance. Supervisors review the documentation and certify that the expense is appropriate, valid, policy compliant, and within budget.

Regardless of the Payee's authority, under no circumstances may an individual approve his or her own report. Deans and V.P.s must have their reports signed by the appropriate Supervisor or President.

### **Director of Finance**

The Finance Department will process all approved requests and prepare and issue the payment to the Payee. Finance has the authority to perform audits of these requests including the documentation submitted.

Finance will assist employees and approvers with policy and procedure questions. Requests for exceptions or adjustments to the policy will be reviewed by Finance.

### **Receipts**

The employee is expected to obtain receipts for all expenses for which they will be requesting reimbursement. A receipt may take many forms (i.e., cash register receipt, copy of an order form, web receipt or confirmation). A receipt must identify:

- the date of purchase;
- the vendor name;
- itemized list and unit price of the purchased items;
- the total amount; and
- proof of payment.

If the Payee is unable to obtain a receipt that contains all the required information, documentation should be submitted to demonstrate as many of the required items as possible.

### **Proof of Payment**

The payee is expected to obtain proof of payment for any expenses that require receipts. Proof of payment may take many forms but must demonstrate that payment was tendered and must identify the means by which payment was tendered by the Payee. This information is usually included on the receipt. Examples of this may include notation of:

- "Cash Tendered"
- "Paid"
- A zero balance due
- Debit/Credit card payment (card type, last four digits of card and/or signature)

If no proof of payment is available in this form, a debit or credit card statement may be provided. The Payee must black out any private or unrelated information.

### **Segregated Costs**

The AUK will not reimburse certain expenses, termed *unallowables*. These include expenditures for alcohol, entertainment, flowers or gifts or excessive costs, such as first or business class travel and lodging or meals over the designated University thresholds.

## **V. REIMBURSABLE EXPENSES**

### **a) Business Meals**

Business Meals are reimbursed on an actual basis and include reasonable and necessary meal expenses for business meetings involving only University personnel and students during which focused business discussions take place. The frequency of such meetings and the related expenses must be reasonable and appropriate to the purpose of the discussion and the nature of the business conducted. Such meetings include:

- Breakfast, lunch and dinner meetings which are necessary to conduct University business.
- Formally organized meetings which are necessary to carry out the business of official committees appointed by the University, College or Unit.
- Meetings of an organized work group of employees or students that require the work of the group to progress through normal meal time.

### **b) Business Meals Hosted by AUK Involving Certain External Parties**

The University will pay for approved, necessary and reasonable business meal expenditures that are hosted by and paid for by an employee and include guests, business colleagues, donors, trustees, and prospective employees which result in a business benefit to the University. Examples are limited to fundraising, recruitment, trustee meetings, and recognition of a speaker. These may occur either locally or during out-of-town travel.

The cost of alcoholic beverages consumed during a meal may not be reimbursed. In addition, reimbursements for business meals that meet the following criteria require additional justification:

- Reimbursement for business meals that require attendance by an employee's spouse, significant other, and/or dependent require Payee justification, Supervisor approval and Finance Director approval.

The restaurant or cash register receipts for business meals must be obtained and submitted with the Payee's request. The receipt(s) must include:

- the date and location;
- the meal items purchased (identify alcohol for exclusion);
- the total amount of the meal;
- proof of payment;
- a list of all attendees with the relationship to the University for each;
- and the business purpose of the meal.

### **c) Entertainment Expenses**

The University prefers that entertainment be purchased through an approved purchasing mechanism or vendor. Alternatively, the University will pay for approved, necessary and reasonable entertainment expenses if such activity was directly related to University business and was conducted for the benefit of individuals outside the University who were present. Business entertainment includes events (such as theatre, sporting events, recreational outings) that are directly related to a University business purpose. These types of entertainment expenses may not be charged to a sponsored research grant.

Subject to budgetary constraints, a department may consider group celebrations for an occasion. Departmental funds may be expended for food, decorations, or other entertainment, depending upon the nature of the event.

### **d) Celebration of Personal Occasions as Employee Appreciation**

The University strongly suggests that employees first consider funding these celebrations with their own contributions. Departments may choose to celebrate personal occasions as an expression of collective employee appreciation. Should a college/unit decide to approve expenses of this nature, they must consider:

- Fair and consistent application among employees;
- Budgetary constraints; and
- The “front page test” – will it seem appropriate to others (i.e., donors, taxpayers) that the University, a non-profit organization, pays for this event?

Entertainment expenses for personal celebrations that will **not** be reimbursed include:

- Showers for birth or adoption of a baby;
- Engagements, weddings, or anniversaries;
- Individual birthday celebrations; and
- Congratulations on personal related individual achievement.

The receipts/invoices for events must include:

- the date and location;
- the items purchased;
- the total amount of the expense;
- proof of payment;
- the focused purpose of the business event (vague, unfocused purposes (such as “to foster collaboration”) are not acceptable); and
- a list of attendees with their relationship to the University.

### **e) Gifts to Employees**

In general, the University will not approve gifts given to employees using University funds, unless they are for Business Performance and/or Years of Service.

Should a college/unit decide to approve expenses of this nature, it must consider:

- Fair and consistent application among employees;
- Budgetary constraints; and

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- “Front- page test” – will it seem appropriate to others (i.e., donors, taxpayers) that the University, a non-profit organization, pay for this event?

Gifts, prizes or awards given to employees as recognition for exemplary business performance may be considered appropriate business expenses.

### **f) Years of Service**

Gifts, prizes or awards related to length of service and retirement are considered appropriate business expenses and will be reimbursed by the University. In order to be non-taxable to the employee, the gift must be non-cash and meet the following criteria:

- must be awarded as part of a meaningful presentation (ceremony or celebration); and
- cannot be given before the 5th year of service, and with at least 5 years in between each years of service award.

A years-of-service gift or retirement gift to an employee requires Payee justification and Supervisor approval.

### **g) Gifts to Non-Employees**

Gifts to non-employees may only be given where there is a valid business purpose, such as business development, recognition of an individual's efforts in support of the University, and the like. These gifts should be appropriate to the individual circumstances and in keeping with the University's mission.

Gifts of cash to non-employees (i.e. honoraria) must be processed with the Provost's approval.

Gifts to vendors are not reimbursable.

The receipts/invoices for gifts must include:

- the date;
- the items purchased;
- the total amount of the purchase;
- proof of payment; and
- the purpose of the gift must be clearly documented.

### **h) Group Conference and Venue Bookings**

Reservation for non-travel Conference and Venue related booking expenses should be made by Procurement.

### **i) Human Subject Study Payments**

Human research relies on volunteers to participate in studies. It is not uncommon for a researcher to reimburse subjects for travel or other expenses that they may incur as a result of participation in a study. Some studies may also offer compensation as a means to attract volunteers. The Institutional Review Board reviews all proposed plans for reimbursement or compensation provided to subjects to ensure that such payments are not coercive or provide the potential for undue influence. Another consideration of the Institutional Review Board, particularly for research involving the collection of sensitive data, is that the confidentiality of the subject(s) is protected. The University will reimburse an employee who has expended their own funds and is requesting reimbursement.

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The employee should provide the date of expense, the study name or number, the participant ID, the amount paid, and the nature of the payment (incentive compensation vs. reimbursement) when requesting reimbursement.

### **j) Purchase of Supplies/Equipment**

The University requires that employees use Procurement to purchase supplies and equipment. An employee may occasionally have to incur expenses for purchases of supplies or equipment when Procurement is not available. The employee will be reimbursed for these expenditures under \$150. Expenditures in excess of \$150 will not be reimbursed unless the Payee provides justification and obtains approval.

### **k) Contributions or Donations**

The University will not reimburse employees for contributions or donations made to another organization.

### **l) Payments for Services**

The University will not reimburse an employee for a payment made to an individual (including students) who provided service to the University.

### **m) Personal Vehicle**

Only if no university vehicle is available, the employee may be eligible for reimbursement for the use of their personal vehicle. The employee must receive approval prior to the business-related trip from their Supervisor for reimbursement for the use of their personal vehicle. The employee will be reimbursed at the approved mileage guideline. Mileage reimbursement covers fuel, maintenance/repairs, transportation and operating costs, so these will not be reimbursed separately. The employee will not be reimbursed for the cost of vehicle purchase or lease.

In addition to the mileage allowance, tolls and necessary parking charges may be reimbursed.

The University does not assume liability for damage to personal automobiles used on University business. Expenses for vehicle repairs are not reimbursable. Under no circumstances will the University reimburse parking fines and moving violations on personal vehicles and university vehicles.

### **n) Other Forms of Transportation**

For local business transportation, employees will be reimbursed for bus, or other mass transportation, shuttle, taxi fares, or private car service plus reasonable tips. Payees need to be aware that there is no guarantee of safety when using such services.

Employees should attempt to obtain a receipt from the driver or transportation company. The receipts for fares must include:

- the dates and points of origin and destination;
- passenger names;
- the total amount of the fare; and
- proof of payment.

### **o) Expense Report Reimbursement**

Expense reports are eligible for reimbursement if an employee, submit the complete expense report and Employee Reimbursement Form with all the necessary information.

**p) Commuting and Parking Costs**

The University does not reimburse for commuting or parking costs from home to AUK.

**V. NON-REIMBURSABLE EXPENSES (Unallowables)**

Any expense that does not support the mission of the University and does not reflect proper stewardship is considered by the University as non-permissible regardless of the source of funds. When the non-permissible expenses listed below are submitted to the University for reimbursement, 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 only with the approval of the employee's Supervisor. Finance will not process any payment or reimbursement of non-reimbursable expenses unless the memo is attached and has been approved at all levels. Some categories of such non-reimbursable expenses include, but are not limited to:

- Baby-sitting
- Barbers and hairdressers
- Clothing or toiletry items
- Dry cleaning
- Internet/wifi/mobile phone charges
- Loss or theft of cash advance money
- Loss or theft of personal funds or property
- Magazines, newspapers, personal reading materials
- Personal entertainment
- Pet care
- Recreational expenses
- Saunas, massages, spa visits
- Shoe shines
- Souvenirs or personal gifts
- Snacks

**VI. ADVANCES**

Advances for business expenses may be requested by an employee to help cover payments for conferences or research participants. Requests for an advance should include a description of the circumstance that would require the advance and a brief budget of expenses.

An advance should be reconciled within 10 business days after the completion of the conference or event. An employee must reconcile an outstanding advance before being issued a new one. If the advance is not reconciled within the stated time, the employee will not be eligible for advance privileges in the future. Upon termination of employment, all employees must promptly reconcile all outstanding advances.

**VII. EXPENSE REPORT REIMBURSEMENT**

Expense reports are eligible for reimbursement if an employee, submit the complete expense report and Employee Reimbursement Form with all the necessary information.



**VIII. POLICY HISTORY**

- a. **Approved by:** Board of Trustees
- b. **Adopted:** May 28, 2023