

Central Financial Services (CFS)

Reimbursement Policy & Procedure

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I. Overview

The purpose of this document is to ensure sound business practices and proper reporting of travel, entertainment and non-travel business expenses in compliance with tax regulations under the Internal Revenue Code.

This policy highlights the following:

- When receipts are reimbursable vs. when they are paid out as reportable income.
- The time frame for requesting exceptions.
- How the policy is to be applied to employees and non-employees.
- How to process reimbursements.

II. Applicability

The Reimbursement Policy applies to the following individuals traveling, entertaining, or incurring non-travel business expenses on behalf of OHSU, and who are seeking reimbursement for those expenses from OHSU, regardless of the funding source:

- Employees of OHSU.
- Non-employees who have been invited to OHSU or have been authorized to travel, entertain, or incur non-travel business expenses on behalf of OHSU.

III. Definitions

A. Employees – Defined as faculty, exempt and non-exempt staff, Post-Doctoral Fellows/Research Fellows and students..

B. Non-employees – Job applicants, prospective students, guest lecturers, invited guests with no OHSU appointment, and other visitors.

IV. Accountable Plan

OHSU maintains an Internal Revenue Service “accountable plan” under which reimbursements for travel, entertainment, and non-travel business expenses are not required to be reported as income to the employee. Under the accountable plan, travel advances and reimbursement of expenses must meet three requirements: (per Internal Revenue Code Sec. 62 (c) and IRS Regulation 1.62-2)

1. Advances and reimbursements must be made only for travel, entertainment, or non-travel business expenses that directly benefit OHSU.
2. Employees must provide a statement (with appropriate documentation) substantiating the amount, time, use, and business purpose of the expenses within a reasonable period of time.
3. Any amount paid to the employee that is more than the business-related expenses adequately accounted for must be returned within a reasonable period of time.

Any expenses that fail to meet all three rules for the accountable plan must be treated as income to the employee and reported to the IRS on Form W-2 (subject to withholding of employment taxes) or Form 1042-S (subject to section 1441 withholding), as applicable.

V. Roles & Responsibilities

Fiscal Authority approvers have primary responsibility for ensuring compliance with the OHSU Reimbursement Policy as they are more familiar with expenses incurred on behalf of their departments or centers. The authorized approver should have authorization over the account being charged and cannot be the individual seeking reimbursement.

Employees and non-employees traveling on business or incurring entertainment or non-travel business expenses on behalf of OHSU are responsible for complying with OHSU and CFS policy and procedures. Individuals should exercise the same, if not greater, prudence and care in incurring expenses for OHSU as they would for their own personal expenses.

VI. Reporting Timeframe – Employees

A. Within Sixty (60) Days – Departments have 60 days from the end date of a trip or the date an entertainment or non-travel expense was incurred to submit reimbursement requests to the OHSU Central Disbursements Office. Individual departments are strongly encouraged to set their own internal deadlines to ensure timely submission of requests.

B. Beyond Sixty (60) Days – Claims submitted for reimbursement more than 60 days after the completion of a trip or the date on which an entertainment or non-travel expense was incurred will be treated as income to the employee unless extenuating circumstances exist.

Such claims must be processed as additional income using a (LRF – Late Reimbursement Form - over 60 Days). Copies of all receipts should be attached to the LRF and forwarded to the OHSU Central Disbursements Office. Original receipts should be returned to the traveler. **“Grossing-up” of these payments to offset tax consequences is strictly prohibited.**

For charges on sponsored funds, fringe associated with these transactions must be redistributed to non-sponsored sources of funding through a labor distribution adjustment.

C. Exceptions Granted between Sixty-One and Ninety Days – Departments may request an Exception Approval from the Senior Manager of Central Disbursement to process receipts as reimbursements instead of income if compelling, extenuating circumstances exist. The Central Disbursements office cannot grant exceptions under any circumstances for receipts older than 90 days.

D. More Than Six (6) Months – Any claim left unreported for more than six months (182 days) after the completion of a trip or the date on which an entertainment or non-travel expense was incurred will not be reimbursed, granted an exception, or paid as additional pay by OHSU.

E. While on Leave – Business expenses incurred by an employee while on leave (e.g. sabbatical or personal leave) must be submitted for reimbursement within the time frame outlined above.

F. Prepayments – Travel expenses charged to personal credit cards or paid out-of-pocket will not be reimbursed in advance.

IX. Reporting Timeframe – Non-Employees

A. Timely Submission – To ensure timely and accurate reporting of expenses and non-employees should make every effort to follow the 60-day time frame when submitting requests for travel and non-travel expense reimbursements.

B. No Exception Approval Required for Travel Expenses – Exception Approvals are not required for reimbursement requests from non-employees regardless of the time frame within which the requests are submitted.

C. Prepayments – The rules associated with prepayments for employees also apply to non-employees. No reimbursements are allowed until after the trip or the date on which the non-travel expense was incurred.

XII. Processing Exceptions

Requests for Exception Approval are handled by the Senior Manager, Central Disbursements through an Exception Request Form. Completed forms must be forwarded electronically only by Department Directors/Deans for approval. Each request will be evaluated individually on the basis of this policy, and External regulations.

XIII. Contacts

For further information or assistance with this policy, please contact:

Mary Justice, Sr. Manager, Central Disbursements at 503-494-4714 or justicem@ohsu.edu

XIV. Appendixes

Appendix A – Overview of University Reimbursement Policy

Appendix B – Exception Request Form & Instructions