Senior Executive Expenses
Common Items and General Guidelines
March, 2011

- **Athletic tickets** – According to a 1995 memorandum from the Dorsey Whitney law firm, senior University officials who receive Gopher season athletic tickets purchased with University (Foundation) funds have a responsibility to document who used the tickets and the business purpose of this use. If this is not done, the cost of the tickets must be added to the senior officer’s taxable income. Contact Kelly Farmer in the University Tax Department for more information.

- **One-up approval** – Approval of expenses incurred by senior employees should be made by a person who has knowledge of the appropriateness of the expenses, and who has the authority to approve or deny the expenses. Normally the approver would be the supervisor of the employee, but it may also be another person who is not the supervisor but has been delegated the authority to approve or deny expenses. The delgee should not have a reporting relationship to the person whose expenses they are approving. This applies to expense reimbursements and PCards held directly by the senior employee in their name (but not PCards held by others in the senior employee’s office). A few recommendations to assist with this:
  - All expense reimbursement requests for the President, along with his/her PCard reports, should be forwarded to the Board of Regents for approval.
  - All expense reimbursement requests for Sr. Vice Presidents and Vice Presidents, along with PCard reports for those who hold a PCard in their name, should be forwarded to the President’s Office for approval. In the cases where a Vice President reports to both a Sr. Vice President and the President, those expense reimbursements and PCards could be forwarded to the Sr. Vice President.
  - All expense reimbursements and PCard reports for individuals should be approved by an individual who has been delegated this responsibility, and who does not have a reporting relationship to the employee. Executive officers should consider how and to what degree they monitor expenditures of their direct reports.
  - Expense report forms should be filled out completely, including any prepaid expenses such as airfare and conference registration. This will ensure that the supervisor is aware of these expenses, and that transaction will withstand audit scrutiny.
  - In situations where a senior employee attends a meal or similar activity with persons who report to him or her, and the senior employee has requested or initiated the meal or activity, the senior employee should not ask his or her employees to pay for the activity and request the reimbursement. This will ensure that “one up” approval for expenses occurs.

- **Rental cars** – Consider the necessity of rental cars on business trips, especially when employees are staying at the conference hotel, or other situations where very few miles will be travelled. We noted one example of a rental car being driven 11 total miles at a cost of almost $300, and another example of 86 miles being driven at a cost of $425.

- **Alcohol purchases** - Units should ensure that the entire cost of alcohol purchased for University business is paid for via Foundation funds. This includes both the sales tax and any additional taxes charged on alcohol. The amount varies by location.
• **Reimbursable mileage** - Travelers should be made aware of the restrictions on reimbursable mileage. Namely, if the travel occurs on a weekday, the normal number of miles the traveler commutes from home to work must be deducted from the mileage driven for any trips beginning or concluding at the traveler’s home. See ‘Mileage Claim on a Workday’ section of [http://policy.umn.edu/Policies/Finance/Travel/TRAVEL_RATES.html](http://policy.umn.edu/Policies/Finance/Travel/TRAVEL_RATES.html)

• **Foundation purchases** – Certain expenses are not allowable on University funds, whether they be O&M funds or Foundation funds. These expenses include holiday parties and other expenses that are not allowable per the hospitality policy. Some of these expenses may be allowable per Foundation policy; in those cases, the appropriate Foundation (UMF/MMF) should be consulted about the payment or reimbursement.

• **Gift cards** – Any cash-equivalent gift cards given to employees, in any dollar value, are taxable to the employee. The Gift Card/Certificate Reporting Spreadsheet is available on the Office of Human Resources website at: [http://www1.umn.edu/ohr/payroll/forms/index.html](http://www1.umn.edu/ohr/payroll/forms/index.html). See policy at [http://www.policy.umn.edu/Policies/Finance/Misc/HOSPITALITY_APPD.html](http://www.policy.umn.edu/Policies/Finance/Misc/HOSPITALITY_APPD.html)

• **Detailed receipts** – We noted many instances of expenses (especially hospitality meals) being reimbursed while lacking detailed receipts. The lack of detailed receipts reduces the ability for proper oversight and also makes it difficult to determine allowability of the expense and ensure the use of proper funding sources. See [http://policy.umn.edu/Policies/Finance/Travel/TRAVEL_PROC02.html](http://policy.umn.edu/Policies/Finance/Travel/TRAVEL_PROC02.html)

• **Per diem** – University employees should not submit receipts when requesting per diem reimbursement for meals while travelling on University business.

• **Adequate justifications** – Care should be taken to completely justify expenses. We noted many justifications that did not fully address the business purpose of the expenses. We also noted several purchases of food and/or drinks for staff meetings that did not include the business purpose of the meeting and an agenda. See [http://policy.umn.edu/Policies/Finance/Accounting/TRANSACTION_APPA.html#1](http://policy.umn.edu/Policies/Finance/Accounting/TRANSACTION_APPA.html#1)

• **REPAs** – Emphasis should be placed on ensuring that REPAs are created timely by all employees and approved timely by supervisors.