

Expense Policy

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I. Title

Expense Policy

II. Policy

A. Purpose

This Policy sets forth the requirements and guidelines for determining allowable expenses for University funds to ensure compliance with Texas Wesleyan University purchasing, accounting and Federal policies and regulations regarding the use and reporting of business expenses.

B. Overview

Employees at Texas Wesleyan University have a responsibility to use tuition, gifts to the University, and other sources of revenue, wisely and carefully in furtherance of the University's educational mission. The University expects employees to diligently manage expenses and to utilize defined processes to use departmental and/or restricted funds to purchase goods and services within the scope of their available budget. The primary responsibility for adherence to these guidelines' rests with the budget officer for the department or grant.

The purpose of this Expense Policy ("Policy") is to outline guidelines for defining allowed versus disallowed expenses for University funds. This Policy is not intended to cover every situation. This policy is not intended to address the best use of allowed expenses within the budget for each

department. Questions about expenses, best and appropriate use of expenses, and requests for exceptions should be brought to your Division Vice President for discussion. If your Division Vice President decides an exception might be appropriate, final approval must be obtained from the Vice President for Finance and Administration. Approval exception must be received PRIOR to the expense being made. In addition, some Divisions, grants and gifts are subject to rules that are more stringent than these guidelines, and some departments may have more restrictive policies and procedures due to budget constraints and/or other reasons as determined by the department head. Employees should follow more restrictive policies and procedures in the event of a conflict with this Policy.

Employees should expend funds using University approved requisition process. If a vendor does not accept a purchase order, a purchasing card (pcard) may be used. In rare occasions, an employee may use personal funds and request reimbursement using the employee reimbursement process. If an employee or their department does not have a University issued purchasing card, a vendor does not accept purchase orders, and the expense is pre-approved, personal funds may be used and reimbursement will be issued after the submission of a signed Request and all receipts.

C. Scope

This Expense Policy applies to all University faculty and staff. Texas Wesleyan University may modify, suspend, update, or otherwise change this Policy as necessary.

D. Criteria for Determining an Allowable Expense

In order to be paid directly by the University or reimbursed to an individual, a business expense must be:

1. Necessary to perform a valid business purpose fulfilling the mission of the University.
An expense is necessary if there is a valid business purpose required to fulfill the mission of the University. The primary benefit of a necessary business expense is the University, not the individual. A necessary expense is the minimum purchase or service required to achieve a valid business objective.
2. Reasonable in that the expense is not extreme or excessive and reflects best value for the University.
Reasonable means the amount that normally would be spent in a specific situation. An expense is considered reasonable if it is not extreme or excessive and reflects a prudent decision and action to incur the expense. This policy does not define a precise dollar amount because the reasonableness of an expense depends on many factors including the purpose, context, location and circumstances surrounding the expenditure.

3. Appropriate in that the expense is suitable and fitting in the context of the valid business purpose.
Costs are appropriate if they are suitable or fitting for a particular business purpose. This presumes that there is a valid business purpose, which is normally the responsibility of the department or program to determine.
4. Allowable according to the terms of any federal regulation, sponsored contract, or University policy.
If an expense is necessary, reasonable, appropriate, and there are budgetary funds available to support the decision to make the purchase, the University considers it an allowable expense. However, Federal regulations contain categories of expenses that are unallowable as either direct or indirect costs. For example, while certain entertainment costs may be allowable as University expenditures, these costs may be expressly prohibited by regulation on federal grants and contracts, and therefore, would be unallowable for use by those funds. For this reason, employees using grant and sponsored program funds must do so in accordance with allowable and unallowable expenses outlined in the Texas Wesleyan Grants Manual.

E. Allowable Expenses

The list below highlights commonly allowable expenses but is not intended to identify every allowable business expense.

1. Advertising – recruiting employees and other activities surrounding the promotion of the University.
2. Appliances in common areas: These are allowable if they are available to all of the department and do not require special installation conditions.
3. Awards for student achievement, athletic achievement, employee achievement.
4. Books associated with employee/departmental professional development or academic preparation may be purchased with the approval of your budget officer.
5. Fuel, maintenance and annual registration costs for University owned or leased vehicles are allowable.
6. Conferences and meetings hosted by the University: Expenses for food and beverages during a University hosted conference or meeting are allowable when associated with business activities. The cost should be reasonable based on the number of people attending.
7. Facilities Modifications: Any expense related to the long-term modification of University Facilities may only be done in accordance

with the Facility Operations Policy Statement. All such expenses must be done only after consultation with the Executive Director of Facilities Operations or their designee and using vendors approved by the Facilities Department and Purchasing.

8. Food – Business Meeting meals and Office Social Events
 - a. Business meetings between University employees: As a general rule, meetings between employees of the University should take place during normal office hours if at all possible. If schedules require that the only time to hold a meeting is over a meal time, the cost of the meal is an allowable expense, but should be an exception rather than the rule. The concept of reasonableness should apply to all food costs. Whether meeting on or off campus, the normal guideline for allowability would be the average cost of a comparable meal at a University facility or from Dining Services catering. If the meeting is inter- departmental, the most senior member of the staff should pay for the charge.
 - b. The primary beneficiary of expenditures for food and entertainment should be the University. If the food/entertainment is used as a reward or morale booster, these situations must not be excessive in nature.
 - c. Coffee service, soft drinks and bottled water: When made available to all members of a department and visitors, these expenses may be incurred at the discretion of the department.
 - d. Social events: Occasional office parties, picnics, retreats, or other social gatherings for faculty, staff and students are acceptable with prior approval from the division vice president. The costs of food and the venue should be reasonable.
9. Gratuities should not exceed 20%.
10. Gifts for employee recognition:
 - a. Gifts for retiring employees are allowed with prior approval from the division vice president. Because of IRS regulations, cash or cash equivalents (such as gift cards or certificates) must be treated as compensation and are not considered appropriate for this type of expense.
 - b. Farewell receptions for departing employees are allowed with prior approval from the division vice president.
 - c. Gifts such as flowers or fruit baskets may be appropriate to recognize a personal event such as the birth of an employee's child, extended illness or death of a close family member. These should be from a department or the University rather than an

individual and require prior approval from the division vice president.

d. Gifts to non-employees

Gifts of modest value may be given to individuals not employed by the University in recognition of events. An example of this would be a gift to a donor that has participated in a special University event. Shows of appreciation should be consistent with University policy and ideally would represent the University or the State of Texas or City of Fort Worth in some way.

11. Licensing Fees: Licensing fees required to perform one's University duties are allowable at the discretion of individual departments.
12. Memberships:
 - a. Individuals: Memberships in professional organizations related to one's position at the University are allowable expenses at the discretion of individual departments.
 - b. Institutional Memberships: These are allowable but should be made either through the Office of the President or the Divisional Vice President's offices.
13. Mileage: Mileage will be reimbursed by the University for use of the employee's car for approved activities. Miles should be computed based on the distance from the University to the destination unless the activity is happening during non-work hours or unless the distance from your residence is closer to the approved activity. Mileage will be reimbursed based on the current rate per mile as posted by Business Services based on IRS rates. All reimbursement for use of a personal vehicle should be through the mileage reimbursement process using the Employee Travel and Expense Reimbursement form. The University purchasing card should NOT be used to purchase gas for the employee vehicle in lieu of the mileage reimbursement process. Mileage is designed to cover all costs associated with the use of the employees' vehicle EXCEPT for parking and tolls as outlined below.
14. Office Furniture: Office furniture should meet standards set by the Purchasing Office and should be suitable for commercial use in an office setting. Please see the Purchasing website for approved furniture sources.
15. Office Supplies and equipment: Office supplies and equipment should be purchased through the approved office supply contract whenever possible. Check Purchasing website for current preferred vendors.
16. Parking: Necessary charges for parking while in a University owned

vehicle or in an employee vehicle on an approved trip may be paid. Parking tickets WILL NOT be paid for or reimbursed.

17. Subscriptions: Appropriate publications and journals related to the employee's responsibilities and intended to increase business or educational knowledge are appropriate.
18. Technology: Computer hardware and software should only be purchased after consultation with the University IT department. Technology purchases must go through the Purchase Order process.
19. Tolls: Tolls will be reimbursed for charges applied to the employees account when the employee vehicle is used for travel to approved activities (only tolls between the University and the destination are allowed unless travel is done outside of working hours).
20. Training: Training expenses on-site, off-site and those utilizing online strategies related to the employee's responsibilities or needed skill sets are appropriate.

F. Unallowed Expenses from University Funds

The list below highlights commonly unallowable expenses but is not intended to identify every unallowable business expense.

1. Food: Casual meals with colleagues aside from the specific items mentioned above are not allowable. Meals or snacks while running errands locally for the University are not allowed.
2. Commuting costs: Employee travel to and from work is not reimbursable.
3. Credit card fees: Annual fees or late fees on personal credit cards are not reimbursable even if the personal credit card has been used for University purchase.
4. Gifts to employees: Individual gifts are not allowable except as approved by the division vice president.
5. Gift Cards: The purchase of gift cards are not allowed except as noted below.
6. Goods for personal use: These would include such items as an individual coffee maker or other personal small appliances.
7. Parking tickets or traffic violations: These are not allowable even if incurred while conducting University business.
8. Political contributions: These are not allowable either as a University

representation or on behalf of an employee's political viewpoint;

9. Payment of student expenses: Books, housing deposits and other student expenses are not allowed to be paid from University operating funds. All payments benefiting students other than programmatic (for example, travel expenses for conferences, paper presentation, or athletic travel) should be processed through Financial Aid;
10. Sales tax: Sales tax will not be reimbursed;
11. Stolen lost or damaged personal property: These are not replaceable out of University funds even if incurred while on University business or property.

G. Gift Cards

Gift cards may only be purchased for prizes or recognition awards for students or the University community and cannot exceed \$25 per card. The Business Services Office, with assistance from the Purchasing Department, will be responsible for maintaining and ensuring proper documentation has been submitted according to the Gift Card Procedures.

Gift cards may not be purchased for, or given to, the following:

- a. University employees.
- b. To pay/compensate student employees, independent contractors, volunteers, or other individuals for services/work performed.
- c. Holiday or other gifts to students; or
- d. To pay suppliers and consultants for goods and/or services received.

H. Expense from Grants or Sponsored Program Funds

All expenses made using funds provided by grants or other sponsored programs should be made in accordance with the policies and procedures outlined in Section V of the Texas Wesleyan Grants Manual. Any questions about allowability of expenses should be directed to the Office of Sponsored Programs PRIOR to the expense being made. Failure to follow those policies may result in the expense being denied and could jeopardize the grant status.

I. Approved Methods for Expending University Funds

1. Purchase Orders – This is the preferred method for purchases of goods and services. The use of a purchase order involves the creation of a requisition by the department initiator which is subsequently approved by the department budget officers. The purchase order process should be completed prior to the shipment of the goods or the performance of the services.
2. Purchasing cards – Purchasing cards may be used when a vendor

does not accept a purchase order. The purchasing card is the preferred use for travel expenses. See Travel Policy.

3. Employee Reimbursement – An employee may use their personal funds for a business expense and seek reimbursement by using the Employee Travel & Expense Reimbursement form. The employee must receive prior approval for the expense is made.

J. Sales Tax

Texas Wesleyan University is a tax-exempt institution for tax imposed by the State of Texas for almost all categories. For this reason, when a University vendor is set up for purchase order use, they are required to honor our tax exemption. An employee who uses a purchasing card must present the appropriate University tax exempt form to the vendor from which they are purchasing. If purchasing from an internet site, the cardholder must contact the vendor to determine how the sales tax exemption will be honored. Employees who submit receipts for reimbursement will NOT be reimbursed for sales tax. The responsibility for making sure the University does not pay sales tax rests with the employee.

K. Substantiation of Expenses

“Substantiation” describes the set of written documents that support an incurred business expense. Such documentation consists of the original detail receipts, notation of business purpose, names of persons in attendance (when applicable) and the appropriate report for the type of incurred cost (Expense description in allocation software for purchasing card charges or Employee Travel and Reimbursement Form for reimbursement of personal funds). Allowable business expenses must be properly substantiated and approved in order to be paid or reimbursed. If a required receipt has been lost, a missing receipt affidavit which has been signed by the employee’s supervisor must be submitted.

L. Timeliness of Invoice Submission

To ensure vendors are paid timely, all invoices should be sent to Accounts Payable at accountspayable@txwes.edu. If an invoice is sent to the employee or department, the invoice should immediately be forwarded to Accounts Payable.

M. Ethics and Conflicts of Interest

1. As a general rule, Employees of the University have an obligation to avoid activities or situations that may appear to be, or could result in, a conflict of interest. Employees must not use their University positions to influence outside organizations or individuals for the direct financial, personal, or professional benefit of themselves or

members of their families. Any potential conflict of interest between a Texas Wesleyan employee and a potential vendor should be disclosed at the time of vendor set up.

- 2 Selection of vendors should always be based on best value to the University and not influenced by any special treatment or favors offered by an outside company.

N. Exception Approval

The Division Vice President must submit any requests for Policy exceptions approval to the Vice President of Finance and Administration and if approved, that approval must be submitted in writing to Business Services with the expense documentation.

III. Definitions

Business Purpose: A statement that explains why an expense is reasonable and necessary for a business or organization. It shows how the expense supports and/or advances the university's goals, mission, vision, and strategic plans.

Business Expense: Any cost that contributes to the organization's overall cost of doing business.

Purchase Order: A legal document sent by a buyer to a supplier/vendor. It demonstrates their commitment to pay for specific products or services from a seller and establishes terms for payment and expectations for the transaction.

Purchasing Card: A corporate credit card that allows employees to make business-related purchases.

Receipt: A document that the seller issues as proof of payment to the buyer or the customer. It confirms that the seller has received the amount due for the products or services sold, as listed on the receipt, and is normally provided after the transaction is completed. It must show the details of the items and not just a summarized version with only the total amount paid.

Requisition: A request from an employee or department to buy goods or services. After internal review and approval, it is used to create a purchase order that is sent to the supplier.

Vendor: A company or individual that sells good or services directly to a customer.

IV. Relevant Federal and State Statutes

<https://www.irs.gov/forms-pubs/about-publication-463>

<https://www.irs.gov/pub/irs-pdf/p5137.pdf>

Internal Revenue Code (I.R.C.) §102(c)

V. Relevant TXWES Policies, Procedures, and Forms

TXWES Employee Expense Reimbursement Policy & Procedures

TXWES Travel Policy and Procedures

TXWES Employee Travel & Expense Reimbursement Form

TXWES Purchasing Card Policy

TXWES Cash Advances Policy and Procedures

TXWES Gift Card Procedures

VI. Who Should Know

All employees who make or authorize purchases on behalf of the University.

VII. TXWES Office(s) Responsible for Policy

Responsible Officer: Vice President of Finance and Administration

Sponsoring Department: Business Services

VIII. Dates Approved or Amended

Approved by President's Cabinet on March 3, 2025

IX. Contact Information

All questions regarding this policy should be directed to Office of Finance & Administration: oofa@txwes.edu