

# **Internal Audit Travel & Entertainment Expense/PCard Learning Session**

**October 2016**

# General Note

This following references to the CWRU Business Policies are not intended to replace the Business Policies on the CWRU website\*:

<http://www.case.edu/bizpolicies/> but to serve as a guide to common observations we find during our review process.

*\*Note – the references to the University Business policies in the subsequent pages are as of October 2016. As such, we recommend visiting the University’s Business Policies website on a periodic basis to check for updates to the applicable policies.*

# FY16 T&E Material

# University Travel Policy – Two Necessary Starting Points

1. Policy requires that all travelers must be familiar with all relevant CWRU policies prior to their trip to ensure full reimbursement of expenses. Lack of awareness is not a valid rationale for out-of-policy spend.
2. Policy mandates that all travel is pre-approved by the traveler's supervisor. This should be done prior to advance booking, except under exceptional circumstances. Internal procedures can be developed by an administrative unit to support this as a matter of budgetary control. It is strongly recommended that an email trail of pre-approval, at a minimum, be used so there is no confusion about the trip and/or its budget after the fact.

# AMEX Travel and Expense Card

- As a preferred alternative to personal credit cards, CWRU offers travelers the use of an American Express Travel and Expense Card. Among a number of features, card expenses are paid directly to American Express and credited to cardholder accounts once the card's expense reports are approved in PeopleSoft Financials. Cardholders have no adverse impact on their credit (FICO) score for the card application or the card's policy-supported use.
- Payments are sent via electronic funds transfer (EFT) each business day to American Express. Over 99% of all card payments are successfully posted by AMEX within three business days of AP approval.
- Cards must be limited to policy-supported business (no personal use)
- Payments must be made through the PeopleSoft Travel And Expense Module

# AMEX Travel and Expense Card - continued

- Payments for American Express T&E Card accounts in the PeopleSoft Travel and Expense Module must have “Payment Type” designated as “T&E Card (CWRU)” for payments to flow to American Express for the crediting of their account. Personal reimbursements and AMEX payments can be included on the same report, as long as personal expense reimbursements are designated with the “Personal Out-of-Pocket” payment type.

\*Business Purpose

\*Report Description

Default Location

Attachments

**Expenses**

Expand All | Collapse All    Add: My Wallet (168) | Quick-Fill

*Date	*Expense Type	Description	*Payment Type	Totals
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="Personal Out of Pocket Expense"/> PrePaid (CWRU) T&E Card (CWRU)	

Expand All | Collapse All

# References to CWRU Business Policies on Common T&E Problems

# Common Observation: Lack of Sufficient Documentation

## Travel Policy

Per the University Travel Policy, reimbursements must include an explanation of the business purpose for the expense and the receipt must detail the date, location, and amount of the expense. A sufficient form of supporting documentation would be an itemized receipt (e.g., hotel receipt detailing the date, location, number of nights, and the cost per night plus tax).



# Common Observation: Spousal Meal/Travel Reimbursement

## **Travel & Meal and Entertainment Policy**

Per the Meal & Entertainment Policy, generally, entertainment expenses for spouses or spousal equivalents of University employees are not reimbursable. However, such expenses may be reimbursable if the inclusion of the University spouse or equivalent serves a bona fide business purpose (e.g., fundraising or recruiting).

Per the Travel Policy, no travel-related expenses for spouses, dependents, or other persons accompanying employees on University travel will be reimbursed unless such travel provides a clear and direct benefit to the University. The provost or chief financial officer should approve the individual's presence on the trip in advance.

# Common Observation: Lack of Business Purpose for a Meal / Alcohol

## Meal and Entertainment Policy

The Meals & Entertainment Policy requires meal reimbursements to include detailed, original receipts as well as the following information:

- Date;
- List of items ordered (including alcohol) and gratuity paid;
- List of names, titles and affiliations of the individuals in attendance — for groups of more than 10 people, a general description of the group is sufficient; and
- The educational, business, or research purpose of the meal

Any alcohol expense incurred as part of the business meal must be charged to account code 599020.

# Example of Leading Practice

Meals and Entertainment Policy requires meal reimbursements to include detailed, original receipts as well as the following information:

The educational, business, or research purpose of the meal

Name of individual(s) in attendance

Purpose: Discuss NIH Grant Submission Timeline.

Guest(s): Dr. J. Smith

**PACOS**  
tacos tequila

Pacos Tacos  
6140 SOM CENTER ROAD  
440-600-2010

Server: Michelle  
Table 23/1  
Guests: 0

08/04/2016  
6:50 PM  
50017

TABLESIDE GUACAMOLE	10.00
TRADITIONAL MARGARITA	8.00 ALC
ROAST PORK TACO	3.00
TUNA TACO	4.00
FROZEN MARG	8.00 ALC
CHICKEN MOLE TACO	3.00
BAJA FISH TACO	3.00
Complete Subtotal	39.00
Subtotal	39.00
Tax	3.12
Total	42.12
Balance Due	42.12 + Tip \$7.00 = <u>\$49.12</u>

Happy Hours 3pm-6pm & 9pm-close  
Monday-Rotisserie Chicken for 2 \$15  
Tuesday-Buy 1 Taco, Get One Free  
Wednesday-Kids Eat Free  
Thursday-\$5 Margaritas all day  
Friday-Live Music  
Sat & Sun- \$5 Signature Bloody Mary's

LESS: ALCOHOL \$16.00

FOOD \$33.12

The date

List of items (including alcohol) and gratuity paid

Alcohol must be charged separately to account code 599020

# Common Observation: Birthdays & Other Social Occasions

## **Meal and Entertainment Policy**

The Meals & Entertainment Policy states that University funds cannot be used to sponsor a gathering or function for employees in recognition of birthdays or other similar social, non-business occasions. Expenses for entertainment must be related directly to or associated with the active conduct of University business.

# FY16 PCard Material

# References to CWRU Business Policies on Common PCard Problems

# Common Observation: Keeping Your PCard Confidential

## PCard Policy

Per PCard Policy, cardholders are responsible for securing PCards in the same manner that cash and checks are handled. Cardholders may not share or lend their PCard to others and must keep the PCard number confidential.

# Common Observation: Lack of Monthly Reconciliations

## PCard Policy

Per PCard Policy, monthly reconciliations are required. Leading practice is that reconciliations be independently prepared and reviewed/approved in a timely manner. If there is an error on the account, the cardholder must contact the supplier to resolve the error or complete a “charge dispute form.”



# Common Observation: PCard Transactions Incurring Sales Tax

## PCard Policy

Per PCard Policy, purchases made on PCards should not incur sales tax (in most states). Cardholders are responsible for informing suppliers that the University is exempt from sales tax or contacting the supplier to have the tax reversed after a purchase. Vendors or suppliers who have not previously done business with the University may ask for a copy of the University's sales and use tax exemption form. Procurement Services maintains these exemptions for a number of states, and can provide copies of the forms upon request.

# Common Observation: PCard Used for Prohibited Purchases

## PCard Policy

The PCard Policy restricts certain purchases on the PCard. The following includes examples of commonly purchased items that are prohibited:

- Bulk office supplies
- Food and beverages (available on the DCard)
- Copier supplies
- Donations
- Furniture

Refer to Exhibit B in the PCard Policy for a complete list of prohibited categories.

# Common Observation: Splitting Transactions to Circumvent Monthly/Single Transaction Dollar Limits

## **PCard Policy**

The PCard Policy states that the relevant Finance Director and Procurement Department will authorize a monthly credit limit as well as a single purchase dollar amount limit for all PCards. Cardholders may not split a purchase into more than one transaction to circumvent these dollar thresholds.

# Helpful Contacts

<b>Department / Topic</b>	<b>Contact</b>	<b>Phone</b>
Compliance	Lisa Palazzo	368-5791
Travel Services	Michael Kurutz	368-6092
PCard Policy	Mandy Carte	368-2595
PCard Administrator	David Stout	368-4474
Procurement / Accounts Payable	Mandy Carte Judy Gilchrist	368-2595 368-0063