

Krieger School of Arts and Sciences (KSAS) Supplement to Johns Hopkins University (JHU) Travel and Business Expense Policy

The goal of this supplement is to facilitate faculty research and teaching efforts while managing our financial resources most effectively. This supplement provides guidance for determining which expenses may be charged to non-sponsored sources of funding, including faculty start-up funds, faculty research budgets (FRB), Gift, Endowment, Discretionary and Operating accounts. The purpose of this supplement is to ensure sound business practices, timely and accurate recording of expenses, and compliance with tax regulations under the Internal Revenue Code. In some cases, KSAS requirements may be more stringent than those set forth in the University policy. Proper spending of sponsored funds (Federal) is governed by federal regulations <http://www.gsa.gov/portal/category/21222> or the granting agency if non-Federal.

Roles & Responsibilities

The faculty member or his/her designee is responsible for:

- Ensuring that expenses charged are in accordance with these guidelines,
- Consulting with the department administrator on any questions about the guidelines.

The department administrator is responsible for:

- Ensuring the appropriate preparation and approval of requests,
- Raising questions with the KSAS Business Office about whether expenses are allowable.

The Business Office is responsible for:

- Ensuring that expenses charged are fair and equitable to the individual and the University, and ensuring that expenses are made in accordance with the University Travel and Business Expense Policy, this supplement and external regulations.

KSAS Travel and Business Expense Guidelines

Domestic Travel – Domestic travel is reimbursed on actual expenses or per diem. KSAS Divisional Business Office pre-approval is no longer required for per diem meals & incidentals when charging non-sponsored funds. Meals should not be submitted on a per diem basis when they are not paid for by the traveler, such as:

- Meals provided by a conference.
- The host pays for a meal (guest, institution, etc.).

International Travel – Use of per diem rates for international travel when charging non-sponsored funds (e.g. FRB, Start-up, Gift, Endowment, Discretionary, Operating) requires prior approval from the Dean's Office. Please attach pre-approval from Dean's Office when submitting travel reimbursement document.

Sponsored Funds – The allowability of international and domestic per diem charged to sponsored funds is dictated by the granting agency.

Documentation – KSAS will follow the same dollar threshold for receipts as Accounts Payable Shared Services. Below is a quick reference regarding dollar thresholds:

Only receipts of \$75 or more must be scanned and attached to the TRIP document.

For meals with NO receipt or itemized receipt available:

- \$0.01-\$24.99 should be charged to the corresponding general ledger account (G/L)

- \$25.00 - \$74.99 should be charged to the unallowable G/L (642001) since alcoholic beverages may have been included.

- If the traveler asserts that no alcohol was included in the meal, attach a completed Missing Receipt Affidavit to that effect to the TRIP transaction and charge the corresponding G/L as normal.

For meals \$0.01 - \$74.99 with an itemized receipt available:

- Expenses should be allocated to the correct G/L based on the items purchased.

For meals \$75.00 and up:

- An itemized receipt with all necessary documentation is required as described by Accounts Payable. (See section AP-TRV-GS-01 of the Accounts Payable – Travel Guide Policies and Procedures.)
- Expenses for alcoholic beverages with business meals should be separately itemized and reported so that the appropriate G/L can be used.

Account Types

Faculty start-up funds: Funds allocated by the Dean and/or allocated from department's internally designated funds to cover approved start-up costs for newly hired faculty.

- The following are examples only. Faculty start-up costs may include: new office computer; software; laboratory equipment; temporary transition costs for research activities, payment to Post Docs and Research Assistants.
- Cannot be used to supplement a faculty member's academic year salary, to cover personal expenses, or for summer salary support unless it is negotiated separately at the time of hire.
- Start-up funds are University funds and are not the personal funds of the faculty member available for any purpose.
- If uncertain whether an expense would be eligible, the faculty member should contact his/her department administrator or the Business Office.

Faculty Research Budgets (FRB): Funds allocated annually in support of faculty development, research and other scholarly activities. Each FRB will be assigned its own account number and surplus balances will be allowed to carry forward to the next fiscal year while deficit balances will reduce the next year's allocation. Overspending of an FRB in any given year must have prior approval of the Senior Associate Dean of Finance & Administration.

- FRBs cannot be used to supplement a faculty member's academic year salary or to cover personal expenses.
- FRBs are University funds and are not the personal funds of the faculty member available for any purpose.

Faculty Banking: Subject to all the same criteria for allowability of expenses except that salary and fringe benefits may be charged to these accounts.

Other Non-Sponsored accounts: Can include general funds, gift and endowment accounts as well as discretionary funds. Donor intent for gift and endowment funds can further restrict the allowability of certain expenses. Please be sure to check donor restrictions before making a purchase.

Allowability of Expenses

Expenses that serve a business purpose (i.e. research or scholarly activities) are allowed while personal expenses are not. This section applies to all expenditures without regard to the funding source – School

funds, department funds, endowments, and gifts. Items purchased with University funds, regardless of source, are the property of Johns Hopkins University. See Departure of Faculty Member section for “buy back” guidelines.

Below are some examples of *allowable* expenditures. This list is not meant to be exhaustive.

- Transportation, lodging, and meals for University business in compliance with University travel and business expense policies,
 - Business purpose must include the names of participants and a detailed purpose for the meeting
 - Business meals generally include individuals from outside the University who take part in the business purpose of the meeting. However, there are instances where business meals among University personnel may be reimbursed.
 - Meals/alcohol will be reimbursed only up to what would be spent by a prudent person. Although we do not typically pay per diem, per diem rates can serve as a proxy for what is a reasonable expense
 - Alcohol purchases should be reasonable, not lavish or excessive. For example, a bottle of wine costing \$75 or more could be lavish or more than one bottle of wine for a business dinner with 2 persons attending could be excessive. (See section AP-TRV-PL-21 of the Accounts Payable – Travel Guide Policies and Procedures.)
 - The School will not reimburse for gratuities that are greater than the accepted standards. (Currently, the domestic standard is 15-20% of the total bill; international standards may vary.)
- professional conference fees,
- dues to professional organizations,
- subscriptions to journals or other publications relevant to teaching or research,
- compensation of student research assistants (hourly and/or stipend),
- compensation of professional editors or research assistants,
- copyright fees and publication subvention,
- books, reprints, scores, photographs, films, software, recordings and other items related to teaching or research,
- continuing education such as coursework, seminars, and workshops relevant to teaching or research
- laptops, tablets, wireless data cards for such devices.

Examples of *unallowable and non-reimbursable* charges:

- Transactions that could be construed as personal expenses.
- Items that do not have a clear and direct purpose in supporting research or scholarly activities.
- Items that do not have a clear benefit to the teaching and research missions of the Krieger School of Arts & Sciences (KSAS).
 - Family or companion expenses. Research funds cannot be used to offset the costs of having a spouse/partner or dependent travel with you (rare exceptions apply when the faculty member requires physical assistance)nor can they pay for family or pet care in your absence.
 - Home office. Research funds cannot be used to furnish, improve or maintain an office at home. They may be used to furnish, improve or maintain your office at the KSAS.
 - Internet connectivity fees. The cost of connecting while traveling for business can be covered but not for connecting from home.
 - Everyday living expenses. Commuting to the KSAS regardless of home location, groceries, dry cleaning, house cleaning, etc.
 - KSAS prohibits the use of faculty support funds for gifts, donations, flowers, parties, and/or any costs unrelated to faculty research or scholarly activities.
 - Rare books, works of art .

Special Circumstances

Leave of Absence (LOA) – FRB balances can be used for legitimate business purposes while on LOA, with or without pay; however, when on LOA without pay, the use of these funds must be authorized in writing by the Dean's Office.

Departure of Faculty Member - Unspent balances, durable assets, or items of value remain with the KSAS upon the departure of a faculty member. Faculty start-ups, faculty banking, and FRBs will be frozen upon a faculty member's announcement of resignation. Exceptions to this rule must be approved by the Dean's Office. Emeritus faculty may continue to use unspent balances from their faculty support funds to support their research and scholarly activities.

If a faculty member, upon resigning or retiring (and no longer research active) from KSAS, wishes to acquire equipment or other items of value previously purchased with University funds, he or she should contact the Business Office. Items determined to be eligible for purchase will carry fair market value with payment made to KSAS.

Fair market value for computer equipment is determined by using online auction websites (typically eBay). IT staff identifies the equipment configuration as best as possible, including manufacturer and model, as well as system components (processor type and speed, RAM, HD type and capacity, video, etc.). Staff then searches for recently completed auctions for comparable systems. The final cost to the departing faculty member is calculated as the average of three auction sale prices plus 6% for MD state sales tax.

Determining the market value of non-computer equipment will be handled on a case by case basis.

Tax Implications

As long as funds are used within University spending guidelines and the KSAS supplement, there are no tax implications. Failure to abide by these guidelines may result in tax consequences; the IRS views faculty support funds that are used for the direct personal benefit of a faculty member as additional income and would require the University to withhold income taxes as a result. Under audit, the IRS could disallow expenses reimbursed and consider them income retroactively to all years under audit. This would result in corrected W2's and having to amend tax returns.