

To: All Full-time Faculty of Columbia Business School
Cc: Divisional Coordinators, Senior Staff, and Center Administrative Directors
From: Kathy Phillips, Senior Vice Dean, Janet Horan, Vice Dean of Administration, and the Executive Committee of the Faculty
Date: Original: June 18, 2009; Revised July 21, 2015, Revised March 22, 2017
Re: New Expense and Purchasing Policies for Columbia Business School Faculty

Preamble

The original policies from 2009 were developed by a faculty ad-hoc committee and were approved by the School's Faculty Executive Committee. After seven years, the Dean's Office revised these policies and has modified them in order to remain true to our responsibility to use University funds in support of the University's [mission](#) (to advance knowledge and learning), while at the same time, seeking to eliminate unnecessary bureaucracy.

The objective of these changes to highlight our responsibilities as stewards of tuition, gift, and grant resources and remind everyone that funds can only be spent in accordance with the University's mission, applicable laws, and IRS regulations. The reason this matters is the safeguarding of the University's 501 (c) 3 nonprofit status, which underlies our future.

Please review these policies carefully, as you will be responsible for adhering to them, and the School will no longer routinely approve exceptions. These policy changes will go into effect on April 1, 2017.

Guiding Principles

The Business School will reimburse employees only for expenses that have a ***clear, unambiguous business purpose*** related to advancing knowledge and learning, and adheres to the detailed policies and limits below.

Faculty members should use good judgement and provide robust documentation of the business purpose of each expense. Expense reimbursement documents are often reviewed by many people both inside and outside of the School and University, (including auditors) therefore, even the appearance of impropriety can have significant consequences for the School and the individual. ¹

Administrative Guidance on University Policies and Procedures

All spending must adhere to University policies in order for an employee to be reimbursed. The full text of these policies is available at the bottom right of the following policy library pages on the University website:

<http://policylibrary.columbia.edu/travel-expense-policy>

<http://policylibrary.columbia.edu/business-expense-policy>

Faculty members are expected to understand and comply with these policies and with the limits and procedures outlined below.

Staff members who work with faculty on purchasing and/or reimbursements are also expected to know and comply with these policies and to bring the relevant policy to the attention of faculty members if they believe spending plans or reimbursement requests to not appear to comply.

¹ <http://www.nytimes.com/2012/12/02/nyregion/sudhir-venkatesh-columbias-gang-scholar-lives-on-the-edge.html>

1. The University requires itemized receipts and proof of payment.

The relevant text from the University Policies is copied below. Expense reports that do not adhere to these guidelines will be sent back to the School by the University.

Receipts

The employee is expected to obtain original receipts for all expenses for which they plan to have reimbursed. An original receipt may take many forms (i.e. cash register receipt, copy of an order form, web receipt or confirmation). **A receipt must identify:**

- the date of purchase
- the vendor name
- itemized list and unit price of the purchased items
- the total amount

Proof of Payment

The employee is expected to obtain proof of payment for all expenses for which they plan to have reimbursed. Proof of payment may take many forms but must demonstrate that payment was tendered and must identify the means by which payment was tendered by the employee. This is often part of the original receipt. Examples of this may include notation of:

- "Cash Tendered"
- "Paid"
- A zero balance due
- Debit/Credit card payment (card type, last four digits of card and/or signature)

If no proof of payment is available in this form, a debit or credit card statement may also be provided. Please black out any private or unrelated information.

Credit card statements are NOT required for items that demonstrate proof of payment through other means as described above.

Prompt Expense Report Submissions

2. Expense Reports must be submitted promptly

- The University will not process expenses being charged to grants after 90 days.
- The IRS requires that the University tax any reimbursements submitted after 120 days.

Business Expenses that Cannot be Reimbursed via Expense Reports

3. All Services Must Be Procured with a Purchase Order

- Any services, such as consulting services, data purchases, software, or venue rentals must be handled through the Office of Financial Planning with a purchase order not as a reimbursement.

4. Employing Staff

- All research and support staff must be hired by the University before they begin work and cannot be hired unless they are eligible to work in the United States.

5. Office Supplies

- Must be ordered via Staples through the University's contract. Other office supplies will not be reimbursed.

Spending Limits and Exception Policies

6. Spending limits for meal costs will be enforced as follows (as per [University policies](#)).

- \$100 for dinner with non-Columbia guest(s) for fundraising, recruitment, or recognition of a speaker.
- \$50 for dinner alone or with Columbia guest(s)
- \$35 for lunch
- \$25 for breakfast
- Alcohol is not reimbursed when employee is dining alone, and must always be segregated on expense reports.
- Seminar and recruiting dinners will be capped at a total of \$500 per meal, or \$100/person, whichever is smaller. This can be spent as 5 people at up to \$100/person, or 6 people at up to \$83/person, 7 people at up to \$71/person, etc. (Note: This 2015 change does not increase seminar budgets, it just allows for a different allocation of funds without need for an exception.)
- All of the above limits do not include tax or tip, which may be an additional amount.
- The School strongly recommends tipping 15% in recognition of our nonprofit status. Tips will not be reimbursed above 20%.
- Faculty members will pay out of pocket for any additional expenses beyond the meal limits unless prior approval is requested or there are truly exceptional circumstances.²
- For recruiting meals, it is a best practice for senior faculty members to pay the bill and request the reimbursement, rather than to leave this responsibility to the junior faculty member.
- Events that take place in private residences require advance approval from the Senior Vice Dean (as per University policy).

7. Tax exempt status for meals should be used whenever possible

- Faculty should work with divisional staff to ensure that University tax-exempt certificate is used if at all possible. This allows 8.75% tax to be waived for group dinners. Administrators can fax a form in advance to restaurants when they make the reservation to avoid confusion or embarrassment when paying the bill. **University Policy only allows for tax exempt certificates to be used in conjunction with a purchase order or a contract, therefore going forward tax must be paid on all meals where a reimbursement is requested.**

8. Restrictions on Business and First Class Travel

- Business Class air travel is not normally allowed by Columbia University.
- Travelers must purchase the lowest available airfare when traveling on University business. This means the lowest coach airfare, which does not include a full coach class ticket with an automatic upgrade.
- The Business School allows the following exceptions without advance approval (although exception paperwork is still required by the University):
 - Business Class travel for EMBA teaching is allowed without prior approval, subject to spending limits set by the EMBA program.
 - Business class travel on Amtrak is allowed without prior approval for the Acela train because coach class is not available. All other train travel must be in coach class.
 - Flight legs scheduled for more than 13 hours.
- Exception requests for Business Class travel outside the situations above, must be approved by the Senior Vice Dean in advance in order to be reimbursed.

² Explanations such as “speaker ordered expensive wine” or “extremely distinguished speaker” are not considered exceptional. Events that include donors will receive special consideration, but should be submitted for pre-approval if at all possible.

- First class travel is never allowed unless Business class travel is not available and advance approval is secured.
- If pre-approval is not secured, the Business School will reimburse only up to the cost of an equivalent lowest coach class nonstop flight booked 3 weeks in advance.

9. Hotels & Lodging while on University Business

- Hotel limits per night are set by the University at \$350 domestic & \$400 international (excluding taxes)
- AirBnB or other larger boarding options are acceptable if business purpose warrants it, however if partners, families, or colleagues share the space pro-rating by head count is expected.

10. Defining Business Travel

- Faculty members often have to travel for business and research purposes such as to attend conferences and meetings, to consult research data or archives, or to meet with colleagues. Business expenses for such travel, however, must be restricted to the **actual business purpose** of the expense (such as flying to the conference). Reimbursement requests should not include expenses which would be paid for out of pocket if the faculty member were in New York (such as rent, groceries, or meals of family members).
- If faculty members choose to include personal or family travel at the beginning, during, or at end of a business trip, it is not allowable to request reimbursement for the non-Columbia, personal, or family portion of the trip or vacation from University funds.
- In instances where faculty members go to other locations for more than a week and/or on trips that include a mixture of research, family, and/or vacation travel or work for other institutions, the *Columbia business portion* of expenses could be charged to the research budget. However even if pro-rated, reimbursement should not include ordinary living expenses such as meals, housing, or car rental without advance approval from the Senior Vice Dean in recognition of an exceptional circumstance.
- Increased scrutiny of these types of expenses by auditors and government have motivated this policy clarification.

11. Limits on Home Offices

- Furniture and equipment (printer, wireless network, office chairs, bookshelves, or desks, etc.) for a home office will not be reimbursed unless there are exceptional circumstances approved in advance by the Senior Vice Dean (such as an illness or disability that needs to be accommodated.)

12. Office Furniture

The School provides functional office furniture to all faculty members. Except under exceptional circumstances, as outlined in the [Furniture Policy](#), COSTAR funds should not be spent on office furniture.

13. Cell Phone & Internet Expenses

In an effort to adhere more consistently to the expense limits introduced in 2009, and to acknowledge that a portion of cell phone and home internet use is Columbia related, but that most are used for personal business as well, the Business School will move to a new system for cell phone purchases and ongoing cell phone and internet plan expenses.

- Full-time faculty members will receive an annual **un-taxed** stipend of \$ 1,800 (Equal to \$ 150 per month.)
- This stipend is intended to *partially* offset cellphone equipment, calls, home internet, and data plan expenses.
- The School will no longer reimburse or pay for any cell phone equipment or regular bills from COSTARs.

- Faculty members are encouraged to arrange for international calling plan upgrades needed to conduct Columbia business while abroad, or to use free or low cost WiFi calling and may submit reimbursement requests for international overage charges if business related communication exceeds the monthly stipend. Columbia will not reimburse for overages that result if an international calling plan upgrade is not requested or for calls that are not business related.
- Faculty members can purchase any phone, phone related accessories, or equipment they would like, out of pocket (without reimbursement) and it will be their personal property, and need not be tagged by ITG.
- Faculty members who currently have cell phones plans through the Business School will need to have their plans transitioned to personal plans. University discounts will continue to apply. The pro-rated stipend will begin once the transition has been completed. Transitions are expected to take place for July 1, 2017.

14. Food and refreshments for MBA students may not be billed to the School

- Faculty may not charge food, refreshments, or gifts for E/MBA students to instructional or COSTAR accounts.
- Faculty should not provide food, refreshments, or gifts to students even when paid for personally.
- Exceptions must receive prior approval from the Dean's Office.
- This policy, in effect since 2011, is intended to discourage the "rat race of entertaining students as (a misguided) component of the classroom environment"³

15. Faculty computer incentive

- Faculty members will continue to receive a \$1,500 computer incentive added to their COSTAR account every 4 years. The [Schedule](#) for these deposits is available on the Faculty Governance Website.
- These funds may be used at any time. COSTAR resources can be used to supplement the incentive funds.

16. Changes to Faculty Computer and Technology Purchasing Processes. To facilitate enhanced service levels across the University, using University-wide Purchasing Agreements with a number of approved vendors is strongly recommended by the University.⁴

- To that end, we ask that all faculty members begin technology purchases by requesting a quote and time estimate through ITG for their preferred computer configuration.
- The School acknowledges that sometimes, cost is lower or the business purpose is enhanced, when faculty members make a purchase directly through an outside vendor and requests reimbursement.
- In the following 3 circumstances, faculty members may purchase equipment directly without pre-approval. However if one of these conditions is NOT met, faculty would need written pre-approval from the Senior Vice Dean to be reimbursed for the items purchased directly.
 - 1) **Cost of item:**
 - i. If the cost of the item is less than \$ 150, the item may be purchased directly without prior approval.
 - ii. If the cost of the item ***including*** equivalent warranty, taxes, and shipping is less through an outside vendor than through ITG vendor. A quote from ITG showing the higher price is required to use this exception. (If the outside vendor does not offer the same length extended warranty, then ITG should be asked to provide a quote with the shorter warranty for comparison.) If the final order price exceeds the ITG quote, reimbursement will only be made up to the level of the ITG quote.

³ <http://www8.gsb.columbia.edu/faculty-staff/system/files/Classroom%20Expense%20Policy%207-21-2011.pdf>

⁴ <http://finance.columbia.edu/procurement/purchasing> (see University-wide Purchasing Agreements (UwPA) link)

2) **Timing to receive the item:**

- i. If, after ITG has explored expediting opportunities, the expected delivery date leaves the faculty member **without equivalent functional equipment** for more than **2 days longer than available through ITG**, then the faculty member may purchase directly. This means that the current equipment is no longer functioning and there is no viable loaner, not that the newest model is not available immediately. Circumstances such as “I wanted to bring the newest i-pad with me to my conference tomorrow” does not fall into this category. Documentation of such a circumstance confirming that expediting has been requested, must be provided by ITG.
- ii. If, after ITG has explored expediting opportunities, the expected delivery date leaves the faculty member **without the requested upgrade** for more than **4 weeks**, then, if direct order provides delivery more quickly, the faculty member may purchase directly. Documentation of such a circumstance confirming that expediting has been requested, must be provided by ITG.

3) The product that the faculty member wants to purchase is not available through ITG.

- Equipment must be tagged by ITG as School property, and configured in accordance with current policy (which could require re-installation of the operating system) in order for the School to issue a reimbursement.
- If faculty members leave the School, and wish to retain the equipment, they will normally have the opportunity to purchase the item from the School at the depreciated value on their last day of employment.
- If faculty prefer not to purchase extended warranties, they may elect to sign a document relieving ITG of support responsibility for the item. However the item would still need to be tagged and configured if the faculty member requests reimbursement.