



To: All Full-time Faculty of Columbia Business School
Cc: Divisional Administrators, Senior Staff, and Center Administrative Directors
From: The Office of the Dean
Date: Original: June 18, '09; revised July 21, '15, March 22, '17, May 2, '19, and July 1, 2022
Re: Updated 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 periodically since, 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 policies 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. This is important to safeguard the University's 501 © 3 nonprofit status.

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 July 1, 2022.

Guiding Principles

All Business School expenses must have a ***clear, unambiguous business purpose*** related to our mission of advancing knowledge and learning ***that is both necessary and reasonable***, and adheres to the detailed policies and limits below.

Referencing the University policy, we must all keep in mind that the IRS grants the University tax exemption as a 501(c) 3 organization in order to accomplish this mission. "Since the University is directly supported by students and donors, and indirectly by the taxpaying public, we must be a careful steward of our funds." When it is not clear if an expense meets these criteria, it can help to use the "front page test" – and to consider whether this expense being charged to student tuition funds will seem appropriate to others if reported on prominently in a top news source.¹ Faculty members should use good judgement and provide robust documentation of the business purpose, necessity, and reasonableness 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.²

Staff supporting faculty purchasing and reimbursement processes should seek to be as efficient as possible in procuring items and processing reimbursements economically and quickly, while at the same time complying with policies, using good judgement, and helping to secure exceptions where warranted.

¹ <https://universitypolicies.columbia.edu/content/business-expense-policy> (see appendices)

² <http://www.nytimes.com/2012/12/02/nyregion/sudhir-venkatesh-columbias-gang-scholar-lives-on-the-edge.html>

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 left of the following policy library pages (under *Policy Text*) on the University website:

<https://universitypolicies.columbia.edu/content/travel-expense>

<https://universitypolicies.columbia.edu/content/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 do not appear to comply.

- 1. The University requires itemized receipts, proof of payment, with appropriately documented 'necessary and reasonable' business purposes to be submitted in Concur.**

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 signature or name)

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 purchases for which proof of payment is available, as described above.

Documenting a Business Purpose that is Necessary and Reasonable

All expenses must be for a valid business purpose, that is necessary and reasonable, in order to conduct University business.

Business purpose must be specific enough that a third-party reviewer can understand it.

- "Dinner with donor to discuss alumni event ideas", "High end computer for editing class videos and statistical analysis with multi-million record data sets" or "Travel to Boston, MA to speak at Accounts Payable Network conference" are appropriately documented business purposes.

- “Dinner with donor”, “High end computer for teaching and research” or “Travel to Boston for conference” are not.

The business purpose of an expense may be obvious to the Payee, but not to a third-party reviewer.

Evaluating whether an expense is “necessary” and “reasonable” is by its very nature a matter of judgement.

Determining whether an expense is ‘**necessary**’ can be clarified by the question “is the employee able to do their work without incurring this expense.” Examples such as the following are provided for illustration, and are not exhaustive:

- Is it necessary for a tenure-track faculty member to attend an academic conference in order to do their job? (Yes. Tenure-track faculty are expected to attend academic conferences to learn about their field.)
- Is it necessary for a faculty member to take a faculty recruit out to dinner during a recruiting visit in order to do their job? (Yes, it is an expected part of faculty recruiting to dine with people being recruited in order to allow the candidate to get to know the department faculty and the faculty to get to know the candidate.)
- Is it necessary for a faculty member to get a massage at the spa while attending a conference in order to do their job? (No. Although they may be happier if they get a massage along with other colleagues while attending a conference, their ability to do their job is not predicated on having a massage, therefore the University should not pay for it.)
- Is it necessary for a faculty member to purchase a Peloton bicycle for their office? (No. Although they may be happier if they can do a work-out in their office without having to go to the Gym, their ability to do their job is not predicated on being able to do a work out in the office, therefore the University should not pay for it.)

Determining whether an expense is ‘**reasonable**’ can be clarified by the question “does the employee need to spend this much money to achieve the necessary functionality.” Examples such as the following are provided for illustration, and are not exhaustive.

- Is it reasonable for a faculty member to fly business-class to a conference 4 hours away? (No, the University’s policy is that faculty should purchase the least expensive coach fare except under specific circumstances specified below.)
- Is it reasonable for a faculty member to fly business-class for 13 hours in order to teach an EMBA course at HKU (Yes. University policy allows for exceptions for business class travel under certain circumstances, and Business School policy allows for business-class flights when faculty members are teaching in EMBA programs, because they need to be able to effectively teach their classes when they arrive and flying business-class facilitates that – see below.)
- Is it reasonable for a faculty member to purchase \$700 BOSE noise canceling headphones so that they can participate in zoom calls during COVID work at home? (No. It is possible to purchase effective noise cancelling headphones at a much lower price point.) In general, if the item in question costs 20% more than the base model price, the School will not approve the expense.³
- Is it reasonable to take a donor out for a meal that includes a bottle of wine that costs \$100 and charge that to the University? (No. It is possible to be generous to a donor without spending \$100 on wine and charging it to Columbia.) A faculty member may use their own money (not University funds) to purchase more expensive items, but may not charge them to the University.

Prompt Expense Report Submissions

2. Expense Reports must be submitted promptly in Concur

- The University will not process expenses that are charged to grants after 90days.
- The IRS requires that the University tax any reimbursements submitted after 120 days.
- Expenses submitted after one year are not reimbursable.

³ See [Baseline Equipment Cost Table](#) at the end of the policy

Business Expenses that Cannot be Reimbursed via Expense Reports

3. All Services Must Be Procured with a Purchase Order

- Any non-technology services, such as consulting services, data purchases, 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.

Spending Limits and Purchasing Policies

5. Spending limits for an individual faculty member's meal will be enforced as follows (as per [University policies](#)).

- \$150 for dinner with non-Columbia guest(s) for fundraising, recruitment, or recognition of a speaker at a Columbia sponsored event.
- \$75 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 \$600 per meal, or \$150/person, whichever is smaller. This can be spent as 4 people at up to \$150/person, or 6 people at up to \$100/person, 7 people at up to \$85/person, etc. (Note: This 2019 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%. The tip amount should be a percentage of the meal subtotal before taxes and fees.
- 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.⁴
- 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 for Faculty Affairs (as per University policy).

6. 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.

⁴ 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.

- Business class travel on Amtrak Acela train is allowed without prior approval 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 for Faculty Affairs in advance in order to be reimbursed.
- 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.
- Faculty can always use their own money (i.e., not COSTAR) to upgrade if they so desire. They will be reimbursed for coach, and must have a record of the coach fare at the time of booking.

7. 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.

8. 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.
- Increased scrutiny of these types of expenses by auditors and government have motivated this policy clarification.

9. 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 for Faculty Affairs (such as an illness or disability that needs to be accommodated.)
- Although a blanket exception for technology purchases that were necessary for remote work during the COVID-19 Pandemic was issued on March 27, 2020 and a clarification on October 20, 2020. This policy is no longer in effect because one is presently required to work from home .

10. Office Furniture

The School provides functional office furniture to all faculty members. [Furniture Policy](#), COSTAR funds should not be spent on office furniture.

11. 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 matters as well, the Business School moved to a new system for cell phone purchases and ongoing cell phone and internet plan expenses several years ago.

- Full-time faculty members who elect to, will receive an annual ***un-taxed*** stipend of \$ 1,800 (equal to \$ 150 per month.) This stipend will appear in faculty pay checks and be charged to faculty COSTAR accounts in semi-monthly installments of \$75.
- 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 or other university funds.
- 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 Wi-Fi 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.

12. Food and refreshments for MBA students may not be billed to theSchool

- 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"⁵

13. Faculty Computer Incentive & Purchases

- Faculty members 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 are intended to supplement other COSTAR funds and encourage faculty to keep systems up to date.
- Faculty may purchase up to 2 computers every 4 years (normally 1 desktop and 1 laptop, tablet, or iPad). Older end-of-life machines do not count against this total. Permission to purchase additional machines with University funds requires an exception from the Senior Vice Dean for Faculty Affairs.

14. Faculty Computer + Related Technology Purchases

The processes for purchasing computers and related equipment are intended to balance (sometimes competing) needs: making the process as smooth as possible for faculty and their support staff, following University and IRS guidelines for demonstrating that purchases are "necessary and reasonable," and where appropriate to provide for managed computing services (in order to maximize the safety of the University's network, to provide remote support when desired, and to provide documentation of the University's assets as is often required).

⁵ <http://www8.gsb.columbia.edu/faculty-staff/system/files/Classroom%20Expense%20Policy%207-21-2011.pdf>

Faculty may use University funds to purchase up to three devices (desktops, laptops, tablets) every three years, and they may spend up to \$3000 on an individual device without needing any approvals. The School provides a \$1,500 computer incentive added to each faculty COSTAR account every four years to supplement other COSTAR funds and to encourage faculty to keep their systems up to date. The [schedule](#) for these deposits is available on the Faculty Governance Website.

In order to purchase a device:

- Faculty should submit a request to ITG.
- If requested, ITG will within 2 business days provide three quotes (one from the preferred University supplier; one directly from Apple, Dell, or from Amazon; and one from a competitive, reputable online supplier) that include the cost and timeline for the purchase. If this is not requested, ITG will proceed with the purchase that best balances cost and delivery time.
- Faculty can select their preferred quote, and ITG will process the purchase.
- Once purchased, the device must be tagged in order to follow University guidelines.

The following circumstances require approval from the Senior Vice Dean for Faculty Affairs:

- Purchases greater than \$3000
- Purchase of more than three computers/tablets in a three-year period
- Running a device on the University network that is not managed by ITG