Business Expenses and General Payments

I. Purpose

This Policy provides requirements for the appropriate use and stewardship of Albert Einstein College of Medicine (“Einstein”) funds, regardless of their source, and defines the appropriate procedures for payment of transactions. It will address:

- Responsibilities related to the use and management of Einstein funds
- Identifying expenses that are appropriate and allowable
- Determining expenses for which Einstein funds may not be used
- Proper methods of incurring expenses

This Policy provides general guidelines for identifying business expenses that are appropriate, verifiable, and in compliance with federal, state, and Einstein policies and regulations. It also provides guidelines for employees to understand proper procedures.

II. Scope

This Policy applies to all employees representing Einstein in business transactions, especially Senior Administrators, Deans, Directors, Department Heads, and Finance/Procurement staff.

Employees should also refer to the policies of their department as they may be more restrictive than the Einstein Policy. In no case will any department, fund, or unit policy on business expenses be less restrictive than the Einstein Policy.

Employees and students are responsible for expending funds in accordance with the guidelines in this Policy. If there is any question about a transaction’s compliance with Einstein policy, or about proper procedure for any transaction, it is the responsibility of the person incurring the expenses to seek direction from the appropriate contact listed in this Policy.

III. Policy

III.A. General

Einstein funds may be used for reasonable, necessary, and verifiable business-related expenses incurred in support of Einstein’s mission.

Einstein disburses funds for payment and/or reimbursement only when all of the following conditions are met:

- Expenses are appropriate and have been incurred for a valid business purpose
- Goods or services have been properly procured
• Transactions have been properly approved
• Complete and accurate supporting documentation has been provided
• Expenses are submitted within 90 days of purchase

Business expenses may take the form of direct payments to individuals or agencies that provide Einstein with goods or services, or reimbursements to Einstein employees for costs they incur while conducting Einstein business. This Policy does not address appropriate expenses specifically related to travel. Please refer to the Einstein Travel Policy for guidance on any travel-related expenses.

III.B. Roles and Responsibilities

III.B.1. Initiator

It is the responsibility of any employee initiating a transaction to be certain that the expense is incurred appropriately. This process begins before the expense is incurred and funds are committed. Specifically, the initiator must ensure that:

• The business expense is appropriate and permitted in accordance with this policy
• Necessary approvals have been obtained
• The business expense is within budgetary constraints
• The business expense is in compliance with any funding designations and/or guidelines
• The business expense is in compliance with individual departmental guidelines
• The appropriate purchasing method has been utilized (see following section)

In case of employee reimbursement, it is the initiator’s responsibility to complete the reimbursement form in Concur and provide complete supporting documentation. Supporting documentation is considered complete when it provides:

• A clearly stated, valid business purpose
• Original receipts which show date of purchase, name of vendor, itemized list of goods/services, and total amount.

It is also the initiator’s responsibility to obtain approval(s) after all supporting paperwork has been completed.

III.B.2. Approver

The Approver is responsible for ensuring the following:

• The business expense is appropriate and permitted in accordance with this policy, and that no non-reimbursable expenses are included
• The business expense is within budgetary constraints
• The business expense is being charged to the appropriate 11-digit General Ledger account
• The business expense is in compliance with any funding designations and/or guidelines
• The business expense is in compliance with all other appropriate Einstein policies
• The business expense is in compliance with individual departmental guidelines
• Complete documentation, as defined in the next section, has been provided
• The appropriate mechanism has been used (PO, contract, request for payment, personal funds, petty cash).
The Primary Approver must also be aware of any secondary approval that may be required depending on the type and dollar threshold of the expense. A list of approvers and their signatures must be on file with Accounts Payable.

_Under no circumstances may an individual approve his or her own transaction or that of a person to whom he or she reports._

### III.C. Purchasing Methods

The following purchasing methods should be utilized for most Einstein expenses and are listed in order of preference:

1. Purchase order
2. Purchasing card
3. Request for payment or reimbursement on Concur
4. Petty cash

Purchase orders, purchasing cards, and many other types of purchases are handled through Procurement Services. Procurement Services partners with the Einstein community to obtain goods and services in the most cost-effective, risk-averse, timely manner possible. Employees should contact Procurement Services before initiating any new transactions in order to confirm they are using the most efficient and appropriate process. Any purchase requiring a contract – including all consulting and independent contractor work – must be handled through Procurement Services.

As a 501(c)3 organization, Einstein is exempt from paying many sales taxes. To avoid incurring unnecessary taxes, employees should use the preferred purchasing methods. If it is necessary, for an employee to purchase items outside of the preferred paths, tax exempt forms may be obtained by contacting Accounts Payable or Procurement Services and will be emailed directly to the vendor.

#### III.C.1. Purchase Order

A purchase order is the preferred method of procuring most goods and services. In order to create a purchase order, funds must be requisitioned and proper approvals obtained in advance. It is vital that employees communicate with Procurement Services prior to needing to make a purchase, and familiarize themselves with procurement policies and procedures. In many cases, Procurement Services may be able to identify a quicker procurement path, such as a Quick Order, e-commerce, or a contractual arrangement, which can speed the process while still being in compliance with procedures.

*Please note: Incurring expenses and attempting to use the procurement process to pay those expenses “after the fact” does not constitute compliance with the process.*

#### III.C.2. Purchasing Card

Please reference the Forms of Payment – Checks, ACH, Wire and Credit Card tab found under the [http://einsteinmed.org/administration/procurement/policies-and-procedures/](http://einsteinmed.org/administration/procurement/policies-and-procedures/) for Policies and Procedures related to the Purchasing Card.

#### III.C.3. Request for Payment or Employee Reimbursement

A payment to a vendor or an employee reimbursement may be requested only when the use of preferred
purchasing mechanisms is not possible. Requests for payment should be used in very rare and specific circumstances. Common circumstances include:

- Honorarium Payments: Einstein funds may be used for an amount or item presented as a gesture of goodwill or in appreciation of efforts and time given by individuals to Einstein, such as a guest speaker or visiting faculty from outside Einstein.
- Subscriptions, Dues, and Memberships: When a purchase order cannot be used to pay directly for subscriptions, dues, and memberships to professional journals and associations, Einstein will accept a request for payment or reimburse employees for such expenses.

To receive reimbursement or payment, the transaction must comply with this Policy and the requester must complete the appropriate forms (Request for Payment or reimbursement on Concur). The following are additional requirements that must be met to receive reimbursement:

- Submission Time Limit: Expenses must be submitted in a timely manner. Any expense that is reported more than 90 days after it was incurred will not be reimbursed or paid.
- Business Purpose: A business purpose must be provided for all expenditures. The business purpose description must be specific and comprehensive enough that a third-party reviewer could understand it.
- Documentation: Original receipts are required for all expenses. Documentation must identify:
  - Date of purchase
  - Name of vendor
  - Itemized list of goods
  - Total amount
- Appropriate Approval: The employee is expected to obtain appropriate approval prior to incurring the expense.

III.C.4. Petty Cash Funds

Petty cash funds should be used to directly pay for, or reimburse individuals for, minor out-of-pocket business expenses. There must be a valid reason for using petty cash in place of using a purchase order, quick order, procurement card, or request for payment. The detailed Petty Cash Policy provides the complete policy regarding use and restrictions of petty cash funds.

Non-compliance with this Policy may result in removal of authorization to approve transactions. In the case of employee reimbursements, non-compliance with this policy may result in non-reimbursement of funds. Repeated use of reimbursements in place of preferred mechanisms may also be considered a violation of this policy.

III.D. Appropriate and Inappropriate Expenses

By following preferred method of payment guidelines and working within Einstein procurement policies, employees will avoid incurring costs which are not reimbursable or payable. However, certain expenses are considered inappropriate by their very nature. An expense with any of the following characteristics does not reflect the proper stewardship of Einstein funds and is considered inappropriate:

1. It does not explicitly support Einstein missions
2. It is high risk, fraudulent, or illegal
3. The expenditure was or will be reimbursed from another source
4. It is a personal expense. Personal expenses refer to those expenses that are not related to any activity of Einstein, are not required in carrying out an individual’s task or responsibility at work, or do not benefit Einstein. Personal expenses include, but are not limited to, the following:

- Amusement, entertainment, or social activities that do not directly advance Einstein missions and purposes
- Costs to recognize birthdays, childbirth or adoption, weddings, anniversaries, retirement, or office professional's/Secretary's Day for faculty, staff or students
- Dues, membership fees, subscriptions not directly related to the employee’s duties
- Courses, training, licensing, exam fees or other professional development and education costs not in accordance with human resources policy
- Personal automobile repairs, parking permits, gas
- Costs associated with personal telephone use
- Child care
- Pet care
- Mobile phone accessories such as Bluetooth devices, belt clips, or phones cases that exceed $50
- Communication costs for the home (such as for dedicated telephone lines or Internet service providers) unless previously approved in writing
- Purchase or upgrade of home computer for compatibility with office equipment
- Clothing purchases and tuxedo/formalwear rentals; dry cleaning

7. Reimbursement or compensation for lost or stolen personal property

8. Political contributions: Einstein will not pay or reimburse employees for contributions or donations made to another organization. Albert Einstein College of Medicine is a not-for-profit, tax-exempt institution, categorized by the Internal Revenue Service as a 501(c)(3) organization. The IRS does permit contributions from one 501(c)(3) to another 501(c)(3), but not to other types of legal entities. Any contribution to a 501(c)(3) organization must be related to Einstein’s mission and the expense justified by a Dean, Director, or other senior administrative official.

9. Purchases from auctions and on-line auctions

Inappropriate expenses will not be paid or reimbursed by Einstein. If the employee has any questions regarding the appropriateness of the expense, it is that employee’s responsibility to seek direction from the appropriate reimbursement contact prior to incurring that expense.

Transactions funded by a grant or contract must comply with both this policy as well as to the terms of that grant or contract with regard to allowable and appropriate expenditures.

In addition, specific policies and procedures govern the following types of transactions:

- Travel
- Local Travel
- Wireless/Phone Services
- Payments to non-employees
- Einstein catering

III.D.1. Travel

The full Einstein Travel Policy is available on the Finance website.

III.D.2. Local Travel

For travel within the New York City area, employees are encouraged to use public transportation or
personal vehicles whenever possible. If neither option is possible, employees may use one of the preferred vendors for car service. All costs for local travel must be incurred through the use of a valid purchase order. Please note that car/cab service is not approved for student transportation in any situation.

III.D.3. Wireless Service

Wireless devices may be procured for Einstein staff who have a demonstrated need, and in particular those whose duties require them to be available regardless of their physical location or the time of day. Einstein covers the cost of the device itself and of basic coverage. If there is a legitimate need for a particular service above and beyond the most basic coverage, it must be documented and justified and submitted for the approval of the CFO. This includes additional coverage for international travel.

Wireless devices are intended for Einstein business use only, and not for personal use. Any overage charges will be the responsibility of the employee unless it can be explicitly documented that all charges are specifically related to Einstein business. Under no circumstances will Einstein pay for the purchase of accessories including but not limited to belt clips, protective covers, Bluetooth devices, headsets, etc.

III.D.4. Payments to Non-Employees

III.D.4.a. Independent Contractors and Consultants

Einstein will pay to engage independent contractors or consultants when the services provided by those parties cannot easily be provided by Einstein. There are specific and important federal guidelines governing these types of payments, so it is important to follow proper procedures when incurring such costs. All payments to independent contractors and consultants require a contract, which must be negotiated by Procurement Services.

III.D.4.b. Honoraria

Occasionally it may be appropriate to pay a minimal sum to individuals who have performed a service for Einstein, such as a guest lecturer. Such payments are taxable to the individual, and a W-9 must be obtained from the payee and submitted along with a Request for Payment Form. These payments must always be made to the individual performing the service, and not to a third-party organization.

III.D.5. Einstein Catering

All on-site catering must be ordered through Einstein Food Service by calling x5181.

III.E. Extraordinary Situations

Although exceptions to stated policies are strongly discouraged, there may be circumstances that warrant such exceptions. In cases where a request for a payment or reimbursement does not conform to stated Einstein policies, an exception memorandum must be included with the expense report explaining why this exception was necessary. The memorandum should be provided to Office of the CFO for approval. All efforts should be made to receive approval for exceptions prior to incurring the expense, and repeated violations will be examined.
III.F. Contacts

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Telephone</th>
<th>Fax/Internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval/Authorization Requirements (Grants)</td>
<td>Suzanne Locke</td>
<td>718-430-2205</td>
<td><a href="mailto:suzanne.locke@einsteinmed.org">suzanne.locke@einsteinmed.org</a></td>
</tr>
<tr>
<td>Approval/Authorization Requirements (Non-Grants)</td>
<td>Peter Bernacki</td>
<td>718-430-8889</td>
<td><a href="mailto:peter.bernacki@einsteinmed.org">peter.bernacki@einsteinmed.org</a></td>
</tr>
<tr>
<td>Business Expense and General Payment Policy Clarification</td>
<td>Daniel Zambo</td>
<td>718-430-8654</td>
<td><a href="mailto:daniel.zambo@einsteinmed.org">daniel.zambo@einsteinmed.org</a></td>
</tr>
<tr>
<td>Existing Contracts</td>
<td>Peter Bernacki</td>
<td>718-430-8889</td>
<td><a href="mailto:peter.bernacki@einsteinmed.org">peter.bernacki@einsteinmed.org</a></td>
</tr>
<tr>
<td>Federal Allowable Costs</td>
<td>Suzanne Locke</td>
<td>718-430-2205</td>
<td><a href="mailto:suzanne.locke@einsteinmed.org">suzanne.locke@einsteinmed.org</a></td>
</tr>
<tr>
<td>Purchasing Policies and Procedures</td>
<td>Peter Bernacki</td>
<td>718-430-8889</td>
<td><a href="mailto:peter.bernacki@einsteinmed.org">peter.bernacki@einsteinmed.org</a></td>
</tr>
<tr>
<td>Reimbursements</td>
<td>Helen Martinez/Daniel Zambo</td>
<td>718-430-86543011</td>
<td><a href="mailto:helen.martinez@einsteinmed.org">helen.martinez@einsteinmed.org</a>/ <a href="mailto:daniel.zambo@einsteinmed.org">daniel.zambo@einsteinmed.org</a></td>
</tr>
<tr>
<td>Travel Policy</td>
<td>Peter Bernacki</td>
<td>718-430-8889</td>
<td><a href="mailto:peter.bernacki@einsteinmed.org">peter.bernacki@einsteinmed.org</a></td>
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IV. Definitions
None.

V. Effective Date
Effective as of: 10 February 2021

VI. Policy Management and Responsibilities
Einstein’s Business Services department is the Responsible Office under this Policy. Einstein’s Associate Dean for Administration and Finance is the Responsible Executive, and Einstein’s Senior Director of Business Services is the Responsible Officer for the management of this Policy.

VII. Approved (or Revised)

\[Signature\]

Responsible Executive  Date

10 February 2021

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