

Financial Services Manual (FIN)

FIN 420–01: Faculty and Staff Reimbursements: Accountable Plan Rules

Effective: 6/1/1987

Revised: 11/1/2025

Purpose

To permit reimbursements to faculty and staff for authorized expenditures under the IRS Accountable Plan rules

Sources

IRS Publication 463: *Travel, Entertainment, Gift, and Car Expenses*

University policy

Applicability

All university faculty and staff

“Non-employees,” (e.g., independent contractors) on university business

Background

For ASU to reimburse faculty and staff for authorized business expenses incurred on behalf of ASU the reimbursement must meet the requirements outlined in the IRS Accountable Plan rules.

ASU's reimbursement policy incorporates all the required IRS Accountable Plan rules, as follows:

1. faculty and staff must have paid or incurred expenses while performing services as an employee of ASU
 2. faculty and staff are required to properly account to ASU for the expenses within a reasonable period of time, generally within 7– 60 days of when the expenses were paid or incurred
- and
3. any excess advance must be returned to ASU within a reasonable time. If faculty or staff are paid more than the business-related expenses that have been incurred, the excess must be timely returned to ASU, generally 30 days after the expense was paid or incurred.

When these three rules for Accountable Plans are met, reimbursements are not included in the taxable compensation for faculty or staff. However, if the above requirements are not met, the amount that is paid to the employee is treated as paid under a Nonaccountable Plan and is taxable as compensation, subject to income and payroll taxes, as applicable.

If a non-employee does not properly account to the university for reimbursed expenses, the reimbursement will be reported as compensation to the non-employee.

Policy

Substantiation of Expenses and Receipts

Proper substantiation must be made for reimbursements. Elements of proper substantiation include records to establish the following:

1. amount of expense
2. time and place
3. public purpose
and
4. business relationship.

Receipts are required for faculty/staff reimbursement of university expenses (that serve a legitimate business need for ASU).

Travel Expenses

The university reimburses approved travel expenses. Refer to [FIN 501](#), “ASU Travel Policy” for guidance on travel.

Faculty and staff may obtain travel advances (short-term cash advances) from the university (see [FIN 501](#), “ASU Travel Policy”).

Travel expense reimbursements are claimed on a My ASU TRIP or Workday expense report, depending on the type of travel (see [FIN 401-01](#) “Disbursement Methods”). Reimbursements for parking/mileage only for in-state trips may be claimed through a Workday expense report.

Post-Payment Adjustment

Subsequent to the reimbursement of claimed expenses, an audit or other review may identify an error that resulted in an over- or underpayment to the employee. In these cases, a repayment to the university by the employee, or an additional payment to the employee by the university, may be made.

Business Meals, Food, and Related Expenses

Faculty and staff may be reimbursed for business meals, food, and related expenses (see [FIN 420-02](#), “Business Meals, Food, and Related Expenses”).

Moving Expenses

New faculty and staff may be compensated for costs related to moving their household goods and personal effects and for traveling to their new home (see [FIN 420-03](#), “Moving Expenses”). These are considered a nonaccountable plan.

Other Expenses

Faculty and staff may procure goods or services that cost less than \$1,000 directly from a supplier and request reimbursement if adequate documentation of the purchase is provided, i.e., the original vendor receipt.

Reimbursements for an amount greater than \$1,000 require dean or director approval, the respective provost, vice provost, or vice president approval, and Purchasing and Business Services approval. Purchases prohibited in [FIN 401-03](#), “Prohibited Transactions,” cannot be processed as an employee’s reimbursement.

Additionally, payments that constitute compensation for services rendered should not be paid for by faculty or staff directly. Compensation includes, but may not be limited to, payments for services performed by employees or independent contractors/consultants, payments for student support, and payment of expenses incurred by an employee

or independent contractor/consultant. Reimbursements for purchases of prepaid calling cards require special attention as detailed in [FIN 420-07](#), “Prepaid Calling Cards.”

Reimbursement by a Third Party

Faculty and staff who receive reimbursement from a third party for any expenses paid or reimbursed by ASU must return those funds to ASU. The returned funds shall be deposited to the account where the payment or reimbursement was processed.

Purchasing Card

The Purchasing Card is the preferred method of making small-dollar purchases for those departments authorized to use the Purchasing Card. Departments are responsible for reconciling credit card statements and retaining documentation in accordance with the policy pertaining to the purchasing card, per [PUR 201-01](#).

ASU Travel Visa Card

Faculty and staff are eligible for an ASU-sponsored ASU Travel Visa Card, which may be used for approved university travel expenses. ASU pays the bank directly. Cardholders are responsible for submitting the charges and required receipts on a My ASU TRIP expense report within 60 days of trip end.

Warehouse Club Memberships (Costco, Sam’s Club, etc.)

Purchasing items from a warehouse club can be cost effective for departments purchasing items in large quantities. In the event that a department deems it in the best interest of the university to purchase a business membership to a warehouse club, the department should only join at the regular business level and not the higher “executive level.” All cards related to the membership must be held by ASU employees and used only to purchase supplies for ASU.

Purchases of warehouse club memberships require vice provost/vice president approval.

For additional approval information, see [FIN 401-02](#), “Provost/Vice Provost/Vice President Approvals.”

Cross-Reference

[FIN 501](#), “ASU Travel Policy.”