



THE CATHOLIC UNIVERSITY OF AMERICA
Washington, DC 20064

Business Purpose

When using University funds or requesting a reimbursement from University funds, documentation of a clear business purpose is required so that an approver, reviewer and /or auditor may reasonably conclude and agree that the expenditure is an appropriate business expense.

The **business purpose**, which is defined as one that supports or advances the goals, objectives and mission of the university, adequately describes the expense as a **necessary, reasonable and appropriate** business expense for the University. All expenses must support a University Business Purpose.

Defining an Appropriate Business Purpose

The 5 “Ws” (Who, What, Where, When, and Why) can help you determine if the expense meets the criteria of a University business purpose.

Who –The documentation must note specifically who the expense is for or who was at the event funded by the University. Example – Travel Meal -: John Smith and Susie Cardinal.

What – The University needs to know what type of event or activity occurred, or what was purchased. All receipts or invoices must be itemized. For example: 2 printer toner cartridges and 1 stapler for VP’s office.

Where – Document where the business activity took place. For example: **Airfare AMA Conference New York**

When – Document when an event occurred. For example: **9-5-12 Grad Student Reception**. Travel expense reports should include the beginning and the ending travel dates.

Why – Most importantly, substantiate **why** the expenses are reasonable and appropriate for the university. The “why” should include the primary reason for the expense. The table below provides examples of appropriate and insufficient business purposes for the same expense.

| Type of Expense | Appropriate Business Purpose Description | Insufficient Business Purpose Description | Comment |
|-----------------|--|---|--|
| Business meal | <i>Finalize FY13 budget with Chair</i> | <i>Lunch with Dept. Chair</i> | All attendees should be listed. |
| Hosting | <i>Grad reception for guest lecturer, Prof James Jones</i> | <i>Hosting for grad students</i> | Reception for graduate students to meet visiting lecturer, Prof. James Jones, who presented a lecture on Baroque art on 1/10/12. |
| Travel | <i>2013 AMA Conference New York</i> | <i>Conference</i> | Start and end dates of the travel. |
| Travel | <i>Taxi from Airport to Hotel</i> | <i>Taxi fare</i> | |
| Purchases | <i>Copy Paper and Pens</i> | <i>Office Supplies</i> | |

Note: Expense approvers are responsible and accountable to determine whether expenses comply with the business purpose guidelines and the expenses are actually **necessary**. Examples of expenses that will not be approved: catering that is not required for a University business event; business travel that is not pre-approved; buying books that are not essential to office operations.

Applicability

This regulation applies to faculty, staff and students of The Catholic University of America who use University funds. University funds are any funds contained within the University financial systems, including but not limited to, general, reserve, sponsored research, gift, endowment and capital.

This instruction is applicable for any expenditure of University funds, such as requests for reimbursement or payment by the University regardless of the form of payment including, but not limited to, requests for reimbursement of personal funds and use of Procurement Cards (Pcards/Procards) and Corporate Cards. The documentation of a business purpose is always required. Additional documentation of the business purpose may be required for purchase requisitions where the business purpose is not obvious.

Taxes

The University is a tax exempt organization. Every effort must be made to avoid paying sales tax using the University Procurement card or using the tax exempt certificate. Taxes for purchases will not be reimbursed. The use of the sales tax exempt certificate is allowed for University business purposes only. You are responsible and accountable for ensuring that sales tax is not charged on purchases.

Business Purpose and Benefit to the University

An explanation of the business purpose must be documented and should contain sufficient information so the approver, reviewer and/or auditor will clearly understand how the expense benefits Catholic University. Explanations such as “research”, “business meeting” or “lunch meeting” are NOT sufficient explanations of business purposes.

Transactions that are determined to be of personal use or personal benefit will not be reimbursed. Below is a non-exhaustive list of expenditures that require a much higher level of substantiation of business purpose:

- Subscriptions for general interest newspapers, magazines, or on-line services.
- Books that, by their title, would not seem to apply to the discipline or academic field of study or area of responsibility.
- Any expenditure for an entertainment item or activity.
- Goods or services that are commonly used personally.
Tablet computers (e. g. iPads). These must be tagged and tracked in the University’s asset inventory system.

FINAL AUTHORITY REGARDING THE ADEQUACY OF BUSINESS PURPOSE

Final determination of the adequacy of the business purpose explanation and whether it sufficiently justifies the expenditure of University funds resides with the Vice President for Finance and Treasurer and is administered by the Associate Vice President for Finance & Assistant Treasurer.

The Finance Division will enlist, as appropriate, those subject-matter experts (e.g., General Counsel, Internal Audit, etc.) needed to ensure that all uses of University funds are consistent with the mission, and in the best interest of The Catholic University of America.