

Elements of a Business Purpose

COMPONENTS OF A BUSINESS PURPOSE:

Who - Provide information on who attended an event, function, or meal. Include the person's relationship to the University.

What - Describe the good or service being purchased.

Where - Provide the location of the event or function.

When - Provide the dates of the event, function, service, or purchase of goods.

How/Why - Describe how the good or service benefits the University and/or why the purchase is necessary.

For items where their use is self-explanatory, such as lab or office supplies, a detailed business purpose is not required.

Purpose

A business purpose states the business reason for using University funds.

It is required by the IRS for any expenditure purchased with University funds without a tax implication to the payee or employee.

Always ensure your business purpose is concise, relevant, and directly tied to institutional goals.



Students are the primary beneficiaries when expenses directly support their educational experience:

- Travel costs to present research in support of their thesis
- Books or supplies for a class
- Other expenses that enhance their academic experience

The University is the primary beneficiary when expenses relate to a student's role at the University or University-related activities:

- Expenses related to a student's job at the University
- Expenses related to Student Organizations
- Expenses for student-athletes
- Travel to a conference for the purpose of assisting in the presentation of their faculty's research

ITEMS TO CONSIDER WITH A GOOD BUSINESS PURPOSE:

- For expenses related to students, provide the primary beneficiary of the expense (see section to the left for more information)
- Must provide approvers, auditors, and reviewers information required to fully understand the intent of the purchase or service and how it relates to the University's mission.
- When groups of 8 or more are in attendance, the group can be named vs. listing each person in attendance, or an excel spreadsheet can be attached to the Expense Report or Invoice transaction.

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Type of Expense	Insufficient Business Purpose	Appropriate Business Purpose	Additional Information
Business Meal - Job Candidate	Faculty candidate visit August 31, YYYY	<p>Candidate interview dinner held on August 31, YYYY. People in attendance were:</p> <ul style="list-style-type: none"> Joan Smith, candidate for <Position Name> Steven Smith, candidate's spouse Professor's Name Chair's Name 	A list of attendees must be added to the business purpose, along with their relationship to the University.
Local Meals between Employees	Meal between <Employee's Name> and <Employee's Name>.	Meal for <Employee's Name> and <Employee's Name> on <Date> to discuss <topics of discussion>. No other time was available for the discussion and timing was urgent.	<p>When there are meals between employees, there are certain conditions that must be met which could include:</p> <ul style="list-style-type: none"> honoring an employee the business cannot be conducted at another time working through normal meals times work during non-standard hours
Meals While Traveling	<p>Breakfast while traveling</p> <p>Lunch with <Name of Person></p>	<p>Breakfast on <Date> for <Employee's Name> while attending <Name of Conference or Research> in <location>.</p> <p>Lunch on <Date> while meeting with <Name of Donor> to organize a fundraising event in <Location>.</p>	<p>Business meals must provide details of the meeting, the date, and location of where the meeting took place.</p> <p>Additionally, a list of attendees, if applicable, and their relationship to the University must be documented.</p>
Memberships	Membership to <Name of Organization> for <Employee's Name>	YYYY membership to the <Name of Organization> for <Name of Employee>. This membership ensures the employee stays current in their area of expertise and research.	Need to describe why the membership is necessary and how it benefits the mission of the University.
Conference	<Name of Conference> for <Employee's Name>	<Name of Conference> for <Employee's Name> held in <Location of Conference> on <dates of conference> for professional development.	<p>Include information that includes:</p> <ul style="list-style-type: none"> Attendee Start and end dates Location Name of Conference <p>If a student is traveling, it is necessary to provide a detailed explanation of why the student is traveling and who is the primary beneficiary.</p>
Office / Breakroom / Lab Supplies	Coffee, bottled water, pencils, paper, etc.	Purchase <name of good> for departmental use.	When the intent of the good is inherent in the item being purchased, a business purpose can be less detailed.