

BEST PRACTICES – REDUCTION OF EXPENSE

REDUCTION OF EXPENSE (ROE) - DEFINITION

A reduction of expense is a reimbursement to the university from an outside source such as personal funds from staff/faculty/students for an expense that was processed on a university account. These types of expenses are usually not part of the university's operating expenses.

Please note: a reduction of expense is not an expense transfer which is transferred/moved from one university account to another via a journal voucher or non-payroll expense transfer form.

UNIVERSITY POLICY

In an effort to accurately account for all operating expenses, reductions of expense will not be processed. Please see below for exceptions to policy.

EXCEPTIONS TO POLICY

The following are exceptions to the policy change and will be allowed to deposit as reduction of expense:

- Vendor refunds for cancelled fees or services
- Vendor refunds for overpayment of merchandise or services
- Settlement of travel or expense advance
- Reimbursement to the university for a purchase erroneously paid for with a procurement card
- Reimbursement to the university for personal use of a USC paid cell phone
- Rebates and returns if received and processed in same fiscal year as expense

DISALLOWED EXPENSES; WILL NOT BE DEPOSITED AS ROE

The following types of expenses are considered personal in nature, should not be on the university's books and will NOT be processed as a reduction of expense:

- Reimbursement to USC for personal calls from a university telephone line
- Reimbursement to USC for personal use of mail/postage
- Reimbursement to USC for personal use of Federal Express accounts
- Reimbursement to USC for purchase of office supplies for personal use

VITERBI DEPOSIT PROCEDURE

All reduction-type expenses (excluding exceptions listed above) will be considered revenue and will be deposited to the School's miscellaneous income account, 10-4101-1501.

See below for deposit procedure on expenses reimbursed by another university or institution, as an alternative to depositing the funds into the School's miscellaneous income account:

- Deposit the funds as non-gift income into a department gift account
- Once the deposit is posted to the department gift account, transfer the expense from the original account to the account used for the deposit
 - The expense will be absorbed by the non-gift income deposit.

