

## Accountable Plan

During the University's financial audit for June 30, 2009, it was brought to management's attention that we are not in compliance with the Internal Revenue Service's (IRS) regulations on accountable plans (IRS Publication 15, Circular E). This plan allows the University to advance or reimburse employees sufficient amounts to compensate for expenses incurred by them on behalf of LSU. These reimbursements can be excluded from taxable income and exempt for payroll taxation if they are made under an "accountable plan". One of the rules regarding these plans is where our auditors pointed out our shortfall:

Employees must adequately account/substantiate business expenses for which they are reimbursed within a "reasonable period of time". The IRS describes that time period as "within 60 days after the expenses were paid or incurred". If this rule is not met then the reimbursement is to be included in the recipient's taxable income and is subject to payroll taxation.

The auditors found on several occasions (during fiscal year 2009), employees being reimbursed for expenses that were paid/incurred outside of the 60-day parameter mentioned above. In order to be in compliance with the IRS' standards of accountable plans, we are strongly encouraging all employees to submit expense reports within 60 days of their expenditure. Otherwise the reimbursement will be added to your taxable income in a subsequent payroll. If you have any questions on this matter, please contact:

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