# **EXPENSES POLICY GUIDELINES**

Because employers will have different rules and expectations with regard to incurring expenses, it is advisable to give thought to the rules that are right for your charity. These guidelines are designed to help small charities consider the range of factors that may be relevant when drafting a policy for staff expenses. There are separate considerations for expenses paid to Trustees or volunteers.

Being clear about your expectations will help staff know what they can claim and may avoid misunderstandings. It can also help the Charity when considering taking action if the policy is breached. When drafting your Expenses Policy, you may find the following questions/points useful to guide the areas to cover:

* Who does the policy apply to? Are all staff allowed to claim expenses?
* Include an explanation sentence around what ‘expenses’ are, for example ‘*actual expenditure that is incurred wholly, necessarily and exclusively in connection with authorised duties that an individual undertakes in the course of their employment*.
* What expenses are reimbursed under the policy? For example, travel, taxis, meals, accommodation, work entertainment, and so on but not gifts, staff parties or stationery…
* Do you want to set limits on expenses that can be claimed? For example second class rail travel, taxi travel is only allowed in certain circumstances.
* Is there an expenses claim form? If so, where is it kept?
* What are the rules around the timing of making expense claims? For example, should they be submitted by a set date in the month? If you need expenses by a set date to report to funders, are you able to reimburse expenses if they are submitted late?
* Are there rules on the completion of the expense form? For example expense claim forms must be signed, dated and receipts attached (other than for mileage claims). Would you accept a credit/debit card statements if the receipt is mislaid?
* When and how will expenses claims be paid?
* Do you provide credit cards? If so, are these to specific individuals or levels of staff? What are the restrictions around the use of these (i.e. no personal expenditure in any circumstances), or will any procedures and restrictions be advised to card holders individually?
* Travel – are employees encouraged to consider whether travel is necessary or whether there are alternatives by utilising teleconference facilities for example.
* Travel Cards – for city-based charities with travel cards, what expenses can be claimed where staff have their own and travel in working hours.
* Rail – are employees required to travel in standard class? Should travel be booked as far in advance as possible to take advantage of any early booking discounts? Do you have an appointed travel agency (if so who, what are their contact details, what information will they need to be provided with and will the cost of travel booked through the travel agent be processed centrally)? Must an employee use any rail cards or season tickets already paid for as part of their normal commute towards any journey taken on business, where possible?
* Air – Is air travel relevant and if so, the above queries may also be relevant.
* Taxis – if employees can take taxis, under what circumstances? Highlight that a receipt must still be obtained, showing the date, place of departure and destination of the journey.
* Own car/Hire car – under what circumstance can an employee use their own car or a hire car instead of public transport? Highlight that this is subject to the employee holding a full UK driving licence, having an in-date MOT certificate, the car being taxed, and motor insurance that includes business use being in force. Do you need the employee to bring in evidence of insurance etc?
* Must prior authorisation be sought prior to an employee using their car? What will you pay for, and not pay for (for example it is usual not to pay for an MOT, parking fines or speeding fines, but road tolls, congestion charges, some element of insurance for business use and parking costs can usually be reclaimed). What rate per mile can be claimed for such journeys? Highlight that the charity accepts no liability for any accident, loss, damage or claim arising out of any journey that the employee makes on business, unless this is caused by the organisation’s negligence.
* Late night/early morning meetings – will you make any reimbursement for travel that is late at night or early in the morning, if this means that they are unable to use their normal method of commuting (for example they may have to take a taxi as opposed to a train)? If so, what would constitute ‘late’ and ‘early’? Highlight that no reimbursement will be made for travel to or from social events. Should authorisation be sought and, if so, who from?
* Meals and accommodation – what are the guidelines for booking accommodation (for example 3 star or less, premier inn/travel lodge or equivalent)? What is the maximum cost that can be claimed, and does this increase when the overnight stay is in a city? Highlight who will bear the responsibility for cancelling the hotel if needed. What are the limits claiming for breakfast, lunch and dinner? Can these meals be claimed in any circumstance even if the employee has not stayed away (for example if the day commenced prior to 6am then breakfast can be claimed)? Do these amounts include drinks? Can alcoholic drinks be claimed? Do these limits apply if the employee incurs these expenses whilst entertaining on behalf of the charity?
* Overseas expenses – will the meals and hotel allowances also apply overseas? What currency exchange rate should be used? Will the organisation provide business travel insurance? Will the organisation reimburse for any travel visa or inoculations if required? Is it the employee’s responsibility to ensure that they have a passport, with at least 6 months remaining prior to the expiry date?
* Expenses that will not be reimbursed – what might these be? For example, the cost of travel between the employees’ home and work (other than when the early morning/late night circumstances as above apply), costs of travel undertaken for personal reasons, cost of travel for partner/spouse, any fines or penalties incurred and so on)
* False claims – highlight that you may request further details of any expenses claim, and may withhold payment where insufficient supporting documents have been provided. Highlight that abuse of this policy includes, but is not limited to false expenses claims, claims for expenses not legitimately incurred, claims for personal gain, claims for hospitality/gifts that induce another party to take improper action, and receipt of hospitality/gifts by the employee that may influence their judgement. Explain that the disciplinary policy may be invoked where appropriate and that a breach of this policy may constitute gross misconduct.
* Data protection – ensure that you are clear about what personal information will be processed and how it will be stored.

The HR Services Partnership can help you draft a policy or procedure which is specific to your organisation. As an NCVO Trusted Supplier we offer preferential rates for members of NCVO.