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# Expenses Policy Guide And Template

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# Expenses Policy Best Practice

A good expenses policy can vastly simplify expense management. Yet few companies take the time to create and communicate one. Today we give you some tips and a template to get you started.

But before we dive in, here is a reminder of the two major benefits of using an expenses policy:

- Employees' compliance will improve, as they will know what expense is legitimate. This in turn will smooth the entire expense management process.
- It will be simpler and faster for your finance team to review expense reports. In addition, it will be easy for them to reject out-of-policy claims. No one will blame them because they themselves have to follow the rules.

## Ten tips to help you get started

Here are 10 tips that will help you create and, over time, improve your own expenses policy:

### 1. Be concise to ensure people read and remember it

An expenses policy is a document that should be easy to read and understand. Its length should be no more than a few pages; otherwise few employees will read it.

### 2. Clarity is paramount

The expenses policy is a set of rules that employees will consult from time to time, especially when they are not sure what constitutes an acceptable business expense. You

should resist the temptation to use financial jargon that employees in other departments won't necessarily be familiar with.

### 3. Get everyone's input

It may be tempting to spend a couple of hours to produce a document that every one should follow. But a better approach would be to take time to get everyone on board. Ask your team to participate and consult frequent business travelers in your organization. People are more likely to respect the rules if they were involved in their setting.

### 4. Make it fair to increase compliance

Enforcing the expenses policy shouldn't be a permanent battle between managers, finance people and business travelers. If the expenses policy is perceived to be fair, it will be easy to enforce and people won't push back and complain at every opportunity.

### 6. Make it flat, everyone should play by the same rules

Unless you have some very good reasons, the rules should be the same for everyone, regardless of their role or hierarchy. You don't want a junior employee to find out that he can't stay in the same hotel as his manager because according to the expenses policy he wouldn't be fully reimbursed while the manager would be.

### 7. Don't be afraid of over-communicating

The expenses policy should be easy to find for employees. In other words, there is no point in producing a document that stays hidden in your drawer.

Some actions you can take to communicate the expenses policy include:

- Email your expenses policy to your employees.
- Print copies and distribute them, then hang a version on a visible wall.
- Make a presentation and invite everyone to attend it.
- Whenever a claim is out-of-policy, use the opportunity to send the copy as well as explain why the expense is not inline with the company rules.

### 8. Get managers on your side

Managers are key to the success of the expenses policy. They are the one who clear (pre-approve) the expense reports before they land on your desk. Therefore, you should put

an extra effort in presenting them with the reasoning behind the rules and what is expected from them.

### 3. Frequent updating helps stay relevant

The expenses policy need not be perfect the first time. This document should be regularly updated and improved as you get feedback from your employees and auditors. If you find people are making the same mistake time and again, add more guidance. If they are confused about certain types of expenses, clarify the rules.

### 9. Pay back: be quick to reimburse claims

The expenses policy is just a cog in your expense management process. All the pieces should work well together to make the entire experience pleasant. If you ask your team to respect the rules, it's natural that they will ask for something in return. Here are some ideas you can implement to pay them back:

- Make it easy to submit expense reports.
- Make the process transparent. It should be easy for them to track the status of their expense claims.
- Get them reimbursed quickly.

### 10. Adopt technology

Let technology do most of the heavy lifting on your behalf. A good expense management solution should help you enforce your company expenses policy. It should notify claimants when they violate the rules and give them a chance to amend their reports before submitting them. When a claim is submitted, it should also draw the attention of managers and finance people to any potential out-of-policy expense.

## Expenses policy outline

There are different sections that you can include in your expenses policy. Here is a list of sections and an example of the wording you can use. These are guidelines that you can adapt to your case depending on your company size, industry and prior history.

| Section                            | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| <p><b>Purpose and Scope</b></p>    | <ul style="list-style-type: none"> <li>• The objectives of the policy</li> <li>• Who the policy applies to</li> </ul> <p><b>Example:</b><br/>                     The objective of the policy is to set out the company rules relating to business travel and to clarify which expenses can and cannot be reimbursed. The policy is intended to provide claimants and managers with the necessary guidance to help them prepare and submit valid expense reports and claims. The policy applies to all company employees and contractors who incur reasonable and authorized expenses on behalf of the company.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p><b>Company expectations</b></p> | <p>In this section you should explain:</p> <ul style="list-style-type: none"> <li>• What is expected from employees in order to get reimbursed</li> <li>• What would happen when an expense is out-of-policy</li> <li>• What procedures and tools claimants should use</li> </ul> <p><b>Example:</b><br/>                     Claimants must ensure expenses are economical, efficient and effective to avoid the company incurring unnecessary expenses. Managers (pre-approvers) are required to be diligent in their review.<br/>                     Expenses are subject to regular internal and external audit. Therefore compliance with the rules is essential. Failure to do so may result in reimbursement being delayed or even declined. The company will consider submitting false claims as a serious offence and a breach of ethical standards.<br/>                     Expenses must be submitted within 4 weeks of being incurred, though you are encouraged to submit them as soon as possible. Expenses should be checked against the policy and all supporting documents, typically a receipt that identifies the</p> |

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|                                       | <p>expense and proves payment, should be provided. A credit card statement is not an acceptable proof of purchase.</p> <p>Claimants should properly document the business purpose of each expense. For instance, "travel to client XYZ site to present product ABC."</p> <p>Finance will pay claims within 2 weeks of receipt of an expense report, if everything is in order.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p><b>Travel related expenses</b></p> | <p>This section covers basics such as:</p> <ul style="list-style-type: none"> <li>• What represents a business travel</li> <li>• What means of transport are acceptable: for instance when to use a train, a taxi, or a personal car</li> <li>• What mileage rate to apply</li> <li>• How does the company deals with travel insurance and whether or not they are required</li> <li>• How tips and parking charges are dealt with</li> </ul> <p>You can also give examples of the types of expenses that wouldn't be reimbursed:</p> <ul style="list-style-type: none"> <li>• Parking fines</li> <li>• DVD and movies rental charge</li> <li>• Tourist attractions and bar bills</li> </ul> <p><b>Example:</b></p> <p>Travel should be by the most economical means of transport. Journeys between an employee's home and work are not considered business travel and therefore cannot be claimed.</p> <p>The company expects air travel will be at the lowest available fare, normally economy/standard class. If the business traveler elects to fly in business, he will be reimbursed an amount equivalent to an economy airfare.</p> <p>The current mileage allowance rate is 45p per mile for the first 10,000 miles and 25p thereafter. Mileage should reflect the actual mileage driven using the most direct route.</p> <p>Mileage reimbursement covers fuel, insurance, maintenance and repairs. Therefore, those won't be reimbursed separately.</p> <p>Details of the journey, including reason for the journey, date, starting point and destination, should added to the claim.</p> <p>It's the responsibility of the claimant to use a vehicle that is roadworthy and sufficiently insured.</p> <p>The company will reimburse parking expenses when a supporting receipt is submitted, however, parking fines or other fines won't be reimbursed.</p> <p>Car hire is allowed if it is more cost-effective than taking public</p> |

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|                                      | transport. In this case GPS hire will also be reimbursed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p><b>Accommodations</b></p>         | <p>This section gives guidance on:</p> <ul style="list-style-type: none"> <li>• The type of hotel to book</li> <li>• When to book and who is responsible for reclaiming reimbursement when there is a cancelation</li> <li>• The price range for what is acceptable. A rate of \$150 per night should be OK, but \$450 is probably not</li> <li>• Whether the company reimburses internet fees and the use of personal phone for job related calls</li> </ul> <p><b>Example:</b></p> <p>When traveling, it is expected that the claimant should arrange accommodation in a reasonable quality hotel. A 3 to 4 stars hotel is considered reasonable.</p> <p>Items such as alcoholic mini-bar drinks, private telephone calls or movie hire will not be reimbursed.</p> <p>Claimants may claim internet costs when in hotels if it is necessary for work.</p> <p>It's mandatory that employees inform in advance their direct manager of any overnight stay and also share a detailed itinerary with them.</p>                                                                                                                              |
| <p><b>Food and entertainment</b></p> | <p>This section explains how meals will be reimbursed:</p> <ul style="list-style-type: none"> <li>• What is the allowed limit for breakfast, lunch and dinner</li> <li>• What is the procedure to follow if the claimant has to entertain the client? Normally in this situation the cost will be higher</li> <li>• What are the rules with regards to alcoholic drinks</li> </ul> <p><b>Example:</b></p> <p>Employees are entitled to claim the cost of meals taken while on business trip. The maximum amount allowed is \$30 per meal (could be more detailed based on time, distance, location). Tips will be reimbursed if they are reasonable (10-20%).</p> <p>On some occasions, for legitimate business reasons, employees may need to entertain a client or supplier. In these occasions the allowed amount is higher (give a limit, for instance \$50-\$75 per guest). A description of the purpose of the expense should be provided as well as the names and roles of the guests.</p> <p>The company will not reimburse the cost of alcoholic drinks or alcoholic drinks will only be reimbursed if consumed with a meal.</p> |
| <p><b>Miscellaneous expenses</b></p> | <p>This section can be updated regularly as you come across cases that need a written guidance.</p> <ul style="list-style-type: none"> <li>• When the company can advance the cash. This can be</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

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|  | <p>necessary if the cost of the trip is expected to be high, in the thousands</p> <ul style="list-style-type: none"><li>• How foreign currency exchange fees and charges are dealt with</li></ul> <p><b>Example:</b></p> <p>You can apply for a cash advance if a significant out-of-pocket expense will be incurred.</p> <p>When expenses have been incurred in a foreign currency, you can claim any fees and charges applied by your bank.</p> <p>The following miscellaneous expenses are acceptable:</p> <ul style="list-style-type: none"><li>• Professional membership fees when relevant to the claimants job and agreed with direct manager</li><li>• Visas and postage fees incurred in relation to business travel</li></ul> |
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## Try Keepek for free

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### Why Keepek?

**Mobile app that simplifies life on the road:** Snap pictures of receipts and record mileage on the go.

**Reports made easy:** Eliminate all the cumbersome work associated with expense reporting. Prepare and submit expense claims from your mobile phone.

**Streamline the entire expense management process:** Managing expenses takes a lot of time, unless you use the right tool. Keepek gives you powerful administrator tools so you can review and audit expenses all from one place.

**Flexible solution:** Keepek adapts to your needs and not the other way round. Create your own categories, mileage rates, tax rates, tags, and expenses policy.

# About Keepek

Keepek is a leading provider of expense management solutions. Keepek's flexible web-based and mobile solutions can help your company and employees control costs and save time.

Visit our website to learn more: <https://www.keepek.com>

If you have any questions, please contact our team at: [contact@keepek.com](mailto:contact@keepek.com)