

# EXPENSES POLICY

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## INTRODUCTION

The refunding of legitimate, pre-authorised expenses is the responsibility of the Chester Diocesan Board of Finance (DBF). Submission of expense claims with appropriate supporting documentation signed by the line manager (or budget holder) is a responsibility for the individual employee, volunteer or committee member.

Claims should be made within one month, and not later than three months, of the expenses being incurred and submitted to the finance department on the current version of the expense claim form. No reimbursement will be made for expenses which have remained unclaimed for more than three months. The Finance department are not authorised to reimburse payment for any items outside of this policy, whether the claims have been authorised or not. Such items will need specific authorisation by the Diocesan Secretary.

This policy document follows the principles of the National Church Institutions policy, where appropriate, and establishes procedures that must be followed to enable authorised and controlled reimbursement to take place for individuals incurring travel, accommodation, subsistence, entertainment and related expenses while on Chester DBF business. Reimbursement will be made for expense incurred that complies with this policy. Exceptional requests to incur costs outside the limits of this policy will require justification to, and prior written approval by the Diocesan Secretary or Head of Finance. A copy of the written approval must be attached to the expense claim form.

## PRINCIPLES

The principle behind the payment of expenses is that expenses should be reimbursed to recompense employees for any additional expenditure incurred as a result of carrying out their duties.

The objectives of the policy are to ensure that:

- No employee will be out of pocket in respect of authorised costs incurred carrying out their duties;
- No employee will benefit as a result of expense claims and that employees should only claim for additional costs incurred;
- Proper authorisation of expenditure occurs;
- Due economy is taken into account by all employees in carrying out their duties and costs are controlled;
- Inland Revenue (HMRC) rules and legal obligations are satisfied.

## TAX AND LEGAL REQUIREMENTS

The principal area of law relates to Income Tax. Under general tax law some, but not all, expense payments are considered to be taxable remuneration. However, a taxpayer may be entitled to tax relief for most expenses incurred **wholly, exclusively and necessarily in the performance of duties of the employment**. These rules are designed to satisfy Her Majesty's Revenue and Customs (HMRC) requirements in accordance with the dispensation arrangements that Chester DBF has agreed with them. Under the HMRC dispensation, such expenses do not need to be reported on an individual's end of year tax return. Generally speaking any expenses incurred during the normal course of business activities will be reimbursed as long as they meet the HMRC criteria. Chester DBF has a specific dispensation arrangement agreed with HRMC and, therefore, it is very important that the procedures contained in this policy are followed to avoid the risk of having the dispensation withdrawn. Without a dispensation, reimbursements of expenses would need to be reported to HMRC and may be subject to tax and National Insurance.

## TYPES OF EXPENSES

### Allowable Expenses

These are generally considered to meet the above criteria and are normally paid without question subject to the appropriate authorisation and budget limits. Examples of these types of expense may include:

- Business travel – train fares (Standard class), bus fares, London Underground fares, mileage allowance, parking costs and taxi fares (where other transport is inappropriate).
- Travel from home to a temporary workplace after having deducted the normal home to office mileage (see section below).
- Subsistence – meals and accommodation costs during a period of business travel which exceed the usual normal costs (see section below for details).
- Conferences and training – fees, travel accommodation and subsistence on work related conferences or external training events. Where conferences are attended to meet Continuing Professional Development (CPD) requirements, they must be fully relevant to the duties of the employment and authorised in advance. CPD activities of low value may be authorised by the Head of Department or line manager, whereas more significant activities should be authorised by the Diocesan Secretary. Details of all training, conferences and CPD activities should be forwarded to the HR department in order that details can be kept on the personnel file.
- Business entertainment where it is wholly, exclusively and necessarily incurred in the performance of duties of the employment and is pre-authorised.
- Business telephone calls using either a home or non-company mobile telephone where the cost of calls is additionally incurred (that is not where they are made within an inclusive package) providing that the telephone contract permits business use.
- Professional subscriptions – where membership is approved by the Diocesan Secretary as being directly related to the needs of the post or is set out in the job description as a requirement of the post and they are on the HMRC list of approved professional fees.

Where an individual chooses to be a member of more than one professional organisation, the Chester DBF will only reimburse one membership and will reimburse the membership that it feels to be the most appropriate and necessary.

## **Non-Allowable Expenses**

These types of expenses are not permitted either by the Chester DBF or by the HMRC dispensation. Where, in exceptional situations, these expenses are authorised, payment will be subject to statutory deductions of tax and National Insurance. Some examples are:

- Travel from home to the normal workplace;
- Travel from home to a temporary workplace which is en route to the normal workplace or which is less distance than the normal workplace;
- Entertainment that is not related to, or necessary to business;
- Home telephone line rental costs unless a separate business-only line is installed which is billed directly to the Chester DBF (see note below);
- Any costs related to internet connectivity at home unless a separate business-only line is installed and billed directly to the Chester DBF;
- Any traffic related fines or penalties incurred on business travel.

Where a business line is installed it must be used solely for business purposes and can be monitored at the DBF's discretion.

## **GENERAL CONSIDERATIONS**

### **Planning Ahead**

As forward planning can often save money, you should think about any expenses you are planning to incur as far in advance as possible. You should ensure in advance that there is sufficient budgetary cover for any official travel or overnight stays that you are intending to undertake on official business and obtain specific prior approval from your head of department or the Diocesan Secretary for any exceptional or unusual items of expenditure (such as hospitality) or large single items of expenditure.

### **Supporting Evidence**

Original receipts, invoices or similar proof of expenditure **must** be provided with a claim as these will need to be made available for inspection for general audit purposes and in the event of an HMRC audit. Credit card items must be accompanied by an itemised receipt.

Staff should not submit expense claims if they are unable to provide supporting documentary evidence, although small incidental expenses can be made without receipts where these are not possible to obtain, for example, Mersey tunnel tolls.

Any member of staff who has been found to have submitted a fraudulent claim will be subject to action in accordance with the Disciplinary policy.

## **TRAVEL EXPENSES - MILEAGE**

**Travel expenses are reimbursed to individuals only where an additional cost is incurred.**

Where an employee is expected to use their own car for travel on Diocesan business the DBF will pay the Inland Revenue approved mileage rates. The DBF will expect members of staff to ensure that their insurance policy covers business use and that their vehicle has a current Vehicle Excise Licence, is roadworthy and has, where necessary, a current Test Certificate. It is the responsibility of the employee to ensure that they hold a current Driving Licence entitling them to drive the vehicle. Copies of all relevant documents must be provided to the Diocesan Secretary upon request.

The agreed rate will be paid for travel both within and outside the Diocese, however due regard should be given to economy by members of staff and heads of department. For example, travel by public transport should be considered for longer journeys if this would result in a lower cost to the DBF. The DBF reserves the right to limit large mileage claims for long journeys to the cost of public transport where the cost is significantly less and the use of a private car cannot be justified on other grounds.

### **WHAT MILEAGE CAN BE CLAIMED**

- **Journeys to and from Church House**

Mileage from a member of staff's home to Church House will not normally be paid, unless the employee's contract of employment states that they work from home. This includes travel to Church House out of normal working hours or at weekends. In other cases the following can be claimed:

- **Journeys during the normal working day**

Where a journey starts and finishes at Church House the full mileage may be claimed.

Where a journey either starts, or ends at an employee's home, their normal home to office mileage should be deducted.

- **Journeys in the evening or at weekends when agreed in advance by a head of department.**

The full mileage to and from the member of staff's home may be claimed where the journey is in addition to the usual number of weekly journeys undertaken.

- **Public Transport**

The costs of public transport from an employee's home to Church House will not normally be paid, unless the employee's contract of employment states that they work from home. This includes travel to the office out of normal working hours or at weekends. In other cases the full cost of travel by standard class public transport from a member of staff's home to a place of work other than Church House will normally be reimbursed by the DBF. The DBF, however, reserves the right to pay the equivalent public transport cost from Church House if this is significantly less than that claimed. Travel to London must be cleared with your head of department. Where possible, travel should be undertaken outside peak times when the cost of travel is normally cheaper. Advantage should be taken of discounted rail fares, where available, by early booking of Advance or other type

of Saver fares. The purchase of a discount card itself is not an allowable expense as it is not possible to prove that it is wholly, necessarily and exclusively for business purposes. All air travel must be pre-authorized by the Diocesan Secretary.

Receipts or travel tickets must be submitted with the claim.

## **SUBSISTENCE**

- Individuals should deduct from their claim any costs that they would normally incur during a working day, e.g. their normal lunch costs.
- All hotel costs should be agreed in advance by the head of department or Diocesan Secretary. If you need to stay overnight and have a convenient relative or friend nearby, you may claim £10 for this in lieu of a hotel bill.
- Breakfast rate (irregular early starters only)  
A rate of up to £5 may be paid where an individual leaves home earlier than usual and before 6am and incurs a cost on breakfast taken away from home.
- One meal rate (Five hour rate)  
A rate of up to £5 may be paid where the individual has been away from his home / normal place of work for a period of at least five hours and has incurred a cost of a meal.
- Two meal rate (Ten hour rate)  
A rate of up to £10 may be paid where an individual has been away from his home / normal place of work for a period of at least ten hours and has incurred a cost of a meal or meals.
- Late evening meal (Irregular late finishers only)  
A rate of up to £15 may be paid where the individual has to work later than usual, finishes work after 9pm having worked his normal day and has to buy a meal which he would usually have at home.
- If the employee is paid an allowance under the five or ten hour rule, the late meal allowance may still be paid if he finishes work after 9pm and buys a meal that he would usually have at home. However, if the employee regularly finishes work late because of his usual working pattern he would not be entitled to the late evening rate.

The subsistence levels are in accordance with HMRC rates. Receipts must be submitted with all claims.

## **PURCHASE OF WORK RELATED ITEMS (INCLUDING COMPUTER SOFTWARE, BOOKS, MATERIALS, OFFICE FURNITURE, RESOURCES & EQUIPMENT)**

Staff and volunteers particularly those who are based at home will sometimes be permitted to purchase and reclaim the cost of work-related items. This must be sanctioned by the line manager and the Head of Finance. Such items whether computer software/hardware, telephones, faxes, office furniture, books or equipment remain the property of the DBF and should be effectively maintained and securely stored. The DBF will, however, usually purchase these items directly on the employee's behalf.

A record of equipment provided for an individual will be retained on the personnel file and must be returned by the last day of service.

The individual needs to keep a record of books purchased for them. On leaving this record should be discussed with the Head of Department to determine which the DBF would want to retain and which may be retained by the individual if they are of no further use to the DBF.

## **VOLUNTEERS' TRAVEL EXPENSES**

Staff are responsible for the costs of travel from home to work and any related charges (notably parking).

However the DBF Volunteering Policy means that volunteers should not be disadvantaged by offering their services free to the DBF. Thus they may claim travel to Church House/other centre for volunteering, parking costs and the costs of meals purchased. Volunteers are encouraged to do this so that the DBF can keep an accurate record of the costs of its volunteers. This does not preclude volunteers donating such expenses back to a registered charity of their choice – not necessarily the DBF (such donations may be eligible for Gift Aid).

## **EXPENSES FOR HOME WORKING (INCLUDING TELEPHONE, PURCHASE OF MAGAZINES, CONSUMABLES FOR COMPUTERS, STATIONERY, ETC.)**

Equipment for those whose Contract states that they work from home will normally be provided by the DBF and billed directly to the organisation. This allows the DBF to obtain bulk purchasing discounts and monitor usage.

Any equipment purchased by the individual will require authorisation in advance.

*Where any of the above rules cause undue hardship for an employee, they may be varied by the Diocesan Secretary in consultation with the Head of Finance. Such cases should be agreed in advance of any expenditure taking place and confirmed in writing. It may be necessary to process such claims through the payroll.*

## **OPTICAL EXPENSES**

Employees will be reimbursed for the cost of an eye sight test via expenses on provision of a receipt. A sum, on request, up to the value of £50 (net) through payroll towards the cost of glasses (on provision of a receipt) will be paid to all employees who require spectacles solely for screen-work or whose screen-work prescription has changed.