



Creating a Best-Practice Expense Policy



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We've included a helpful template that you can copy, paste and customize.

WHY YOUR COMPANY SHOULD HAVE AN EXPENSE POLICY

Having proper guidelines in place is critical to maintaining control when it comes to employee travel and expense (the second largest controllable cost after salaries¹). So, the first logical step to find a better way to do expense is to create an expense policy.

WITH AN EXPENSE POLICY:

- Your employees will know what the rules are – so they can comply, and be reimbursed more quickly,
- Your finance team will know which claims to accept or reject,
- Senior management will be able to better control costs and calculate travel and expense spend,

HOW TO CREATE AN EXPENSE POLICY

We've put together some tips to help you create or improve your expense policy, based on the knowledge we've gathered from decades of working with companies and expenses. We've also included a helpful template that you can copy, paste and customize based on your business needs and culture.

Contents

- 10 helpful tips (and mistakes to avoid)
- A best-practice expense policy template
- Next steps

10 tips for creating a best-practice expense policy (and some mistakes to avoid)

1. KEEP IT SIMPLE

A policy should be a helpful guideline to explain what employees can and can't claim on expenses – to make it easy for everyone to read and understand. Keep the rules simple, and people will be more likely to remember them and follow them.

2. MAKE IT FLAT

Research² shows that managers are more likely to submit higher “out-of-policy” claims but are only half as likely to have an expense claim rejected. If you set the precedent that it's okay for some people (e.g. managers) not to comply with the rules, others might think the rules don't apply to them, either. What is best practice? Don't let your managers get away with claiming more than their direct reports.

3. MAKE IT FAIR AND FLEXIBLE

Employees need to be able to claim reasonable business expenses. For example, business travellers shouldn't have to spend hours searching for a hotel that's under the limit or feel put-out because they can't have a cup of tea or a sandwich while off site. The bottom line is: no-one should have to be out of pocket if they spend sensibly and a little flexibility goes a long way, because happy employees are more productive, which leads to long-term business success.

4. KEEP IT UPDATED AND MAKE IT EASY TO FIND

Make sure people know where to find your expense policy – and that they actually read it. Also keep in mind that as the world changes, legislation is updated, and technology advances, it's a good idea to review and update your policy regularly, too.

5. EMPHASIZE THE POSITIVES

The rules are the rules, but there's usually a good reason for them. Make sure employees know why the rules exist, and it will be easier to enforce them.

6. GET BUY-IN

Get agreement about the policy with both managers and employees up-front. Having discussions with a wide range of stakeholders lets you identify grey areas and decide, together, whether proposed revisions are fair or not.

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7. GIVE MANAGERS TOOLS TO ENFORCE THE RULES

Let the policy be the bad guy; not the manager. Consider giving your managers extra training on the policy and how to apply it – or put a system in place that can reject claims on behalf of those approving claims (so the rejections don't feel personal). You could also put a system in place that flags anything that's out-of-policy before individuals can actually submit a claim – and give them a chance to comment if there's a valid business reason.

8. USE SENSIBLE, LOCALIZED RULES

It costs more to stay at a hotel in Singapore than in China, for example. Let your expense policy reflect that, so employees can stay in reasonable comfort in all locations. Also, don't assume that one-size-fits-all. If you've got just one policy that applies to people in different regions, you might need to create local versions that take cultural variations, differing costs and legislation into account.

9. PAY PROMPTLY

Remember, filing expenses can be stressful and even emotional, especially if people aren't reimbursed quickly – and if employees have paid for them out of their own pocket. It's best practice to give people an easy way to claim and then reimburse them promptly.

10. DON'T FORGET THE TAX

In some countries, businesses can reclaim tax on most employee expenses – but only if there are properly documented receipts. Make sure your receipts are captured (more and more local tax offices will accept digital receipts – so a photographed copy is enough), and, if necessary, get external experts to help with tax reclaim. There could be more money in it than you think.

Please note:

This is not a legal document—it's a suggested starting point.

The values included on this policy are only approximate guidelines. It varies depending on country, industry, company size and employee averages.

A best-practice expense policy template

Use the template below to create your company's expense policy, and customize it as you see fit. The template includes the following sections:

- An introduction,
- Employees' and managers' responsibilities,
- Fraud, bribery & corruption,
- Suggested costs for expenses that would normally be reimbursed (including subsistence, hotels, mobile phone and internet connectivity; air, rail, taxi and road travel; guidelines about entertainment and overseas expenses), and
- Exclusions.

HOW TO USE THE TEMPLATE:

Read the notes in the centre column. Then use the headings in the left column to create your own document. Feel free to copy or amend the examples in the right column to suit you.

SECTION	EXPLANATION	EXAMPLE WORDS
1. INTRODUCTION / STATEMENT OF PURPOSE	<p>Why is there an expense policy?</p> <p>Set some basic guidelines – make it factual, not scary. Include:</p> <ul style="list-style-type: none">• Who the policy applies to (managers and employees)• Date of policy implementation.	<p>e.g. This policy applies to all employees of (insert company's name here – e.g. Our Company) as of the Xth Day of Month, Year. It is a framework that covers how an employee can claim and be reimbursed for reasonable and authorized expenses that are incurred while doing business for Our Company.</p> <p>Please also refer to the following company documents: (e.g.</p> <ul style="list-style-type: none">• HR policy• Travel policy• GST / tax / benefit documentation).
2. COMPANY EXPECTATIONS AND POLICY COMPLIANCE (EMPLOYEES' AND MANAGERS' RESPONSIBILITIES)	<p>Write a brief note here to explain:</p> <ul style="list-style-type: none">• What employees should do to comply with policy• When managers should approve claims (or not)• What happens if employees fail to comply with policy.	<p>e.g. As an <i>employee</i>, we expect you to:</p> <ul style="list-style-type: none">• Behave honestly, responsibly, and within the guidelines of this policy (e.g. keep costs low)• Submit expenses as soon as possible and with enough details to explain why you've made the purchase• Keep all receipts and provide tax receipts (not just credit card slips) so we can reclaim tax <p>As a <i>manager</i>, we expect you to:</p> <ul style="list-style-type: none">• Check that purchases comply with the policy• Approve them promptly• Ensure they're claimed promptly. <p>If employees don't comply with policy, we can delay reimbursement or reject claims. Persistent or deliberate non-compliance may result in disciplinary action.</p>
3. FRAUD, BRIBERY & CORRUPTION	<p>This section presents your company's stand on fraud, bribery and corruption.</p>	<p>e.g. Our Company has a zero tolerance approach to bribery – in compliance with relevant anti-bribery laws in all the regions in which we operate. Offering or accepting a bribe, or behaving corruptly in anticipation of a bribe or advantage is not acceptable.</p>

SECTION	EXPLANATION	EXAMPLE WORDS
<p>4. THE NITTY GRITTY: TYPES OF EXPENSES—WHAT'S ALLOWABLE</p> <p>The main body of your expense policy should cover the standard expense categories – complete with rules about what is or isn't permitted.</p>		
<p>A) TRAVEL-RELATED EXPENSES</p>	<p>This section should cover the basics such as:</p> <p>Which suppliers and booking methods (if any) are preferred.</p> <p>What range of fares is acceptable – e.g. lowest logical fare vs. the cheapest. And what class of travel can be booked.</p> <p>It should also include a section on:</p> <ul style="list-style-type: none"> • The use of company cars (if applicable) • Mileage reimbursement rates • Insurance. <p>You might also include answers to the following questions:</p> <ul style="list-style-type: none"> • Is pre-approval needed before employees book travel (like flights/trains) or only if over a certain value? • How far in advance must trips be booked? • Do you encourage sustainable transport use? • Does public transport take precedence over taxis vs. personal cars? If so, when? 	<p>e.g. The following travel-related expenses can be claimed:</p> <p>Mobile phones and internet connectivity: Use free wi-fi whenever possible. Reasonable internet connectivity charges can be added to a hotel bill unless already part of the negotiated rate.</p> <p>Air, rail and road travel: All bookings should be made in economy/standard class (unless you can beat the price by booking early, in which case higher classes are acceptable).</p> <p>Taxis: Always try to use public transport instead of taxis (unless you are in an unsafe area).</p> <p>Always keep a receipt that includes the date. You can't claim trips from work to home.</p> <p>Car hire: You can rent cars overseas if it's more cost-effective than taking public transport (or if it's not practical or public transport isn't available).</p>
<p>B) ADDITIONAL TRAVEL-RELATED EXPENSES</p>	<p>This section should be a list of travel-related expenses that are acceptable and in-policy.</p>	<p>e.g. The following travel-related expenses are acceptable and will be reimbursed:</p> <ul style="list-style-type: none"> • Baggage (no more than 2 bags) and advanced-seat bookings • Parking • Foreign currency charges • Visas • Tips (up to 15% - unless already included in the bill) • The hire/use of a GPS with hired cars in unfamiliar locations.
<p>C) ACCOMMODATION</p>	<p>List preferred methods of booking and acceptable rates.</p> <p>This section should also include the per diem rate for each region.</p>	<p>e.g. Hotels: Book hotels either through the booking system / travel management company, or through your own means. If booking outside of the system or TMC, costs must be lower than those available through the first two options.</p> <p>You are responsible for all hotel cancellations.</p> <p>Per diems: These cover costs for meals when away from the office on business. Only claim these in countries where individual expenses are not normally reimbursable. Rates should be set in line with local legislation.</p> <p>Duty of care: This is important! Always inform others of your overnight location so we can comply with Duty of Care requirements. Tell your line manager (or a team-member if they're away) or share your travel itinerary using TripIt®.</p>

SECTION	EXPLANATION	EXAMPLE WORDS
D) FOOD & ENTERTAINMENT	This section should set limits on meal prices, provide guidelines on when to claim meals and explain any other ambiguities surrounding food/entertainment.	Meals: e.g. Our Company will reimburse employees for all meals whilst travelling - up to USD75 a day. Client meals/entertainment costs may be higher. All entertainment claims must include a business reason and the name and company of all attendees – even those who work for Our Company. Alcoholic drinks will only be reimbursed if consumed with a meal.
E) OTHER EXPENSE TYPES	This section should be a list of other expenses and that are acceptable and in-policy.	e.g. The following expenses are acceptable and Our Company employees will be reimbursed for them. <ul style="list-style-type: none"> • Professional membership fees (where relevant to your profession and agreed with your line manager) • Postage for business purposes • Visas • Agency booking fees.
F) EXCEPTIONS	A list of things that your expense policy won't cover – so people don't try to claim for these.	The following travel-related expenses will not be reimbursed. <ul style="list-style-type: none"> • Credit, debit and charge card fees (including interest, annual costs) • Laundry service/dry-cleaning (unless trip is longer than 4 nights) • Mini-bar contents • Movies/videos, newspapers • Parking fines • The loss/theft of goods • Childcare or petcare • Any personal elements • Damage to personal vehicles • Spa and health/fitness clubs • Clothes • Flowers, sweets, confectionary • Birthday cakes or cards for employees • Tourist attractions* • Bar bills*. *You can claim these if the event is part of client entertainment. There might be other things that we won't pay for, so make sure you explain the business reason for each claim.

Don't stop with the policy – the next step is to automate your company's expenses

Think about it: you wouldn't use a manual process to do your payroll. So why are just over a quarter of businesses still using completely manual processes (handwritten or word-processed claims) to do expenses?³

More and more companies are looking to stay ahead of the game with automation. After all, managing expenses is about more than just balancing your budget. It's about efficiency and cost control; knowing where your money is going, what your employees are spending to bring in new business, and where you might be able to reduce costs—all of which is fully visible with an automated solution.

Just over a quarter of businesses still use completely manual processes (handwritten or word-processed claims) to do expenses.³

It's time to say goodbye to out-dated and painful manual processes.

Many senior finance leaders believed that over-complicated processes cause the greatest inefficiency in their department, followed by wasted time and duplication. Even the best spreadsheet in the world is still an over complicated and inefficient way of managing your employee expenses.

Why an automated expense management solution is better:

- No more long hours spent inputting receipts:
 - Doing expenses on the move lets your employees be more productive so they don't have to deal with a pile of expenses waiting for them when they get back to the office.
- Faster, more productive processes overall:
 - Managers can approve payments without hassle; finance teams can check them easily, and employees can be paid more quickly.
- Better data visibility – which means better business decisions:
 - To quote a popular management saying: “if you can't measure it, you can't manage it.” An automated solution lets senior management see exactly who's claiming what, when, making it easier to monitor spend levels and trends across the business.

Don't wait to make your life easier. There's a better way – which will keep your employees, finance team and business leaders happy – all at the same time.

Why Concur?

Concur makes handling expenses less painful – for businesses and employees. We've got a suite of sophisticated tools that live online, in the cloud, to help employees get through the process painlessly; let finance teams streamline processes and payment; and to give managers and senior leaders full visibility of who's spending what on expenses, where.

With no up-front fees, no extended tie-in and the closest thing to a plug-and-play solution available on the market, Concur brings 20 years of experience of automating expenses for companies of all sizes to a best-practice, templated approach that can literally be up and running in weeks.

Get started now

CONTACT US

Hong Kong: +852 3975 8610

www.concur.com.hk

Singapore: +65 6809 2083

www.concur.com.sg

1 From Jupiter Research, as quoted in www.travelwise.co.uk/business/downloads/CNQRWP-Building_an_Effective_Business_Case_NA.pdf

2 <https://assets.concur.com/report/uk-benchmark-report.pdf>

3 <http://assets.concur.com/whitepaper/uk-quocirca-full-report.pdf>

ABOUT CONCUR

Concur is a leading provider of integrated travel and expense management solutions. Our adaptable cloud-based and mobile solutions help companies and their employees control costs and save time. Concur's services are trusted by over 20,000 companies located in more than 100 countries worldwide. Concur is publicly traded on the NASDAQ stock exchange under the ticker CNQR. .

Learn more at www.concur.com.hk or www.concur.com.sg