



Phoenix Community Care Ltd Policy & Procedure

0141 – Expenses and Remuneration policy

Version	Written	Updated/ Reviewed	Scheduled Review Date	Author/ Reviewer	Approving Body	Date Approved
1	Nov 2018		2021	Adrian Hawkes	Directors	

Introduction

- This procedural arrangement is effective immediately and requires the full co-operation of staff, management, service users and volunteers.
- These Policies & Procedures apply to all persons involved with Phoenix Community Care (Fostering, Supported Housing, Charity), though employees are also subject to taxation law in relation to such payments.
- All Trustees, Members, Staff, Associates and Volunteers are entitled to be reimbursed for out-of-pocket expenses which they legitimately incur while promoting and supporting the delivery of the PCC's objects.
- These Policies & Procedures are based on the PCC Commission's guidance on reimbursing out-of-pocket expenses incurred by Trustees as in its publication "**Trustee Expenses and Payments**" (CC11) www.gov.uk/government/publications/trustee-expenses-and-payments-cc11/trustee-expenses-and-payments
Some sections of this policy have been taken verbatim from that publication. (Crown copyright acknowledged).

- **Expenses vs Remuneration**

In all cases, it is important to ensure that the reimbursement of out-of-pocket expenses is not – OR DOES NOT APPEAR TO BE – a disguise for making income payments (remuneration) to the recipient(s).

- **Expenses vs Purchases**

Note that although claims for the reimbursement of purchases which have personally and properly made on behalf of the PCC are usually made together with claims for the reimbursement of out-of-pocket expenses, they are not counted as expenses.

Instead they are accounted for as part of the PCC's general expenditure in the usual way.

- **Waiving Expenses (Donating Expenses as "Gifts-in-Kind")**

Supporters who generously waive their expense or purchases as "donations" to PCC inadvertently create some difficulties. If reimbursement of expenses/purchases is not claimed they cannot be entered into PCC's accounts to show both the true costs of running PCC and the generosity of its supporters. This can hamper funding applications.

Furthermore, even if the amount of the waived expenses/purchases is notified to PCC and entered into the accounts, PCC is not able to claim any Gift Aid that might otherwise have been available on the donation because Gifts-in-Kind are specifically excluded from Gift Aid under HMRC rules. Supporters who are thinking of waiving their expenses/purchase claims should therefore first read the section on **Deferred Reimbursement of Expenses & Purchases**.

- **Changes to the Policy**

The Charity reserves the right to change its Expenses Policies & Procedures to maintain consistency with current accepted Best Practice, and otherwise to meet the needs of PCC.

Whenever possible PCC will give appropriate advance notice of any such changes.

However PCC reserves the right to change these Expenses Policies & Procedures with minimal or no notice when reasonably expedient to do so.

Policy

Scope

Employees and volunteers are entitled to be reimbursed by PCC for all travelling and other expenses actually, necessarily, reasonably and incidentally incurred by them in carrying out their duties, on submission of an appropriately authorised claim form and relevant supporting point-of-sale receipts. However, taxation law does NOT permit paid employees to claim travel expenses from their home to their normal place of work.

“Actually” means that the claimant actually incurred the claimed expenditure. eg: the bus fare for a journey cannot be claimed if the claimant had decided to leave earlier and walk the journey instead;

“Necessary” means that the charitable activity could not have been undertaken efficiently and effectively without incurring the expenditure;

“Reasonable” means that the cost of the expense must be commensurate with prudent, value-for-money use of PCC’s funds to promote & deliver its charitable purposes. Thus, the cost incurred must be competitive with (*ie*: similar to) the costs of alternatives of similar quality and suitability-for-purpose.

However, this does NOT mean that the cheapest goods/services must always be purchased. Where the additional benefits TO THE CHARITABLE ACTIVITY BEING PROMOTED/DELIVERED demonstrably outweigh the additional cost of more expensive goods/service they can be chosen in preference to the cheaper alternatives. However, the claimant must always be ready and able to give a credible justification for their choice if challenged.

“Incidental” means that the expense(s) must not have been determined by considerations unrelated to PCC activity being promoted/delivered. For example: the claimant had attended a meeting the venue for which had been chosen specifically because it also enabled the claimant to visit a nearby friend. In such a scenario, even though the costs of attending the meeting in that venue would otherwise have been necessary and reasonable, they would not also have been incidental and, therefore would not be eligible for reimbursement.

Authorisation

Expenses may only be incurred, and subsequently reimbursed by PCC, in respect of activities which are part of PCC’s agreed and budgeted programme of charitable activities (*ie*: by PRIOR agreement with the relevant budget-holder).

Likewise, goods and/or services may only be purchased on behalf of PCC, and subsequently reimbursed, in respect of activities which are part of PCC’s agreed

and budgeted programme of charitable activities (*ie*: by PRIOR agreement with the relevant budget-holder).

Gifts in Kind (Waived or Unclaimed Expenses/Purchases)

Some Trustees, Members, Staff, Associates and Volunteers occasionally choose to waive, or not to claim, a reimbursement of expenses and/or purchases to which they would otherwise be entitled.

PCC greatly appreciates the generosity of all who choose to act in this way.

However not claiming reimbursement of legitimate expenses/purchases is not necessarily in the best interests of PCC:-

1. It causes the real costs of PCC's activities (*ie*: including those costs which are subsidised by supporters) to be under-recorded and, therefore, under-reported (*eg*: in PCC's Annual Report & Financial Statements);
2. It can undermine effective budgeting if a volunteer who has hitherto not claimed their expenses is unable to continue to do so, or is replaced by someone else who is unwilling to do so;
3. It hides the true generosity of PCC's supporters, particularly their financial generosity which goes unrecorded and, therefore, unreported;
4. It means that the effective gift of their expenses is not eligible for supplementation by Gift Aid;
5. Under-reporting PCC's costs and the generosity of its supporters can hamper the making of effective appeals and applications for further funds for PCC.

Accordingly, PCC encourages all those who can legitimately claim reimbursement of their expenses do so.

This includes those supporters who are minded to waive or not claim their reimbursement as a personal gift to PCC. Rather they should claim the reimbursement to which they are entitled and then back-donate it to PCC, thereby making it eligible for Gift Aid.

The procedures for doing that are detailed later under the heading

“Waiving” Reimbursed Expenses/Purchases as a Gift Aided Donation.

Procedures: Reimbursement of Expenses & Purchases

Submitting Claims for Reimbursement of Expenses & Purchases

- Claims for the reimbursement of expenses must be submitted on PCC's approved claims form. *Ad hoc* claims will not be considered;
- Claims for the reimbursement of expenses must be accompanied by documentary evidence of the expense (*eg*: point-of-sale receipt, travel ticket, *etc*).
 - ◆ Where such evidence is not available the claimant must provide a written explanation to the Treasurer for approval;
 - ◆ The Charity reserves the right to decline to reimburse expenses for which reasonable documentary evidence has not been provided;

- Employees' and volunteers' completed expenses claim forms must be authorised by their respective line manager;
- Trustees' expenses must be authorised by the Chair or Treasurer;
- All expenses claims must be submitted within 30 days of the relevant activity. Expenses may only be claimed later than 30 days with prior approval from the Treasurer.
- Expenses claim forms may also include claims for the reimbursement of goods/services purchased by the claimant on behalf of PCC.
- Claims for the reimbursement of purchases must be accompanied by documentary evidence of the each purchase (eg: point-of-sale receipt, travel ticket, etc).

Travel Expenses

- Public transport should be used wherever possible.
- When it is not practical to use public transport, or where more than one employee or volunteer is travelling the same journey, travel by private vehicle (car, motorcycle, etc) is allowed and a mileage allowance (at the rates available from PCC office) will be paid.
 - ◆ You may only use your private car in connection with Charity business if, at the time of each journey, it has a valid: (a) certificate of insurance for the kind of journey involved; (b) road tax (if required); (c) MOT certificate (if more than 3 years old).
 - ◆ Mileage should be claimed from your normal place of work unless you are travelling from home and the distance is less than that from your normal place of work in which case you should claim from home.
 - ◆ Parking costs incurred when on charity business away from the normal place of work will be reimbursed.
- Taxis (preferably pre-booked mini-cabs rather than "on demand" hire) may be used where either no public transport is available or the journey time by public transport is unreasonably long (particularly where the journey involves multiple changes).

Subsistence

Subsistence costs (eg: for refreshments, meals & hotel accommodation) can only be claimed when an employee or volunteer is on authorised Charity business away from his/her normal place of work for more than 4 consecutive hours.

Telephone Calls

The Charity will reimburse employees and volunteers for the actual costs of calls made from their personal telephones made whilst carrying out work for PCC because Charity-provided telephone services were not available.

This includes calls made on a home or mobile telephone or in a public call box. No 'reimbursement' will be made for the notional cost of calls which incurred no actual cost to the claimant because they were covered by a contract which included an allocation of 'free' calls;

Other Types of Expenses

The above examples of expenses claims are illustrative, not definitive. Expenses not detailed above will only be paid if authorised (in advance whenever possible) by the Treasurer or, if not available, a person appointed by the Trustees to act on his/her behalf.

Reimbursement of Expenses & Purchases

- All claims submitted for the reimbursement of expenses incurred on Charity activities and/or purchases made on behalf of PCC will be vetted for compliance with charity law, taxation law and these policies and procedures before being authorised for reimbursement.
- Claims which are not in the prescribed form, incomplete (eg: missing required supporting documents), inaccurate or otherwise not compliant with relevant legislation will be returned for correction or rejected.
- Valid claims will be authorised for reimbursement as soon as is reasonably practical after receipt. Payment will usually be made by BACS transfer directly to the claimant's bank account. Alternatively payment can be made by cheque or, in the case of small claims (less than £5) may instead be made by cash, where appropriate.

“Waiving” Reimbursed Expenses/Purchases as a Gift Aided Donation

HM Revenue & Customs Guidelines – ie: Rules – on Gift Aid Donations

HM Revenue & Customs guidelines on what constitutes a Gift Aid donation are absolutely specific, if frustratingly pedantic and bureaucratic:

3.4.4 A donation must be a payment of a sum of money.

A donation can't be made in kind, by loan waiver or by debt/loan conversion.

What this means is there cannot be any form of *quid-pro-quo* exchange or “deal” between PCC and the claimant/donor along the lines of “*don't reimburse my expenses claim, keep the money as a donation*”. PCC first has to make an actual repayment of the expenses claim in a way that is verifiable by HMRC (usually by BACS transfer or by cheque to the claimant's own account) and then the claimant must separately make a similar, reciprocal, verifiable donation to PCC. The donation has to be made by cheque or BACS/online payment (and also by debit or credit card if PCC is able to accept such card payments).

This makes life particularly difficult for supporters who frequently incur small expenses which they are happy to “donate” to their charity and would be even happier to be able to add the extra “bonus” of Gift Aid to their generosity. But, not surprisingly, the rigmarole of each time having to claim an actual monetary reimbursement of their expenses and then make a separate actual monetary donation to their charity on a claim-by-claim basis simply makes the process hideously inefficient and impractical for most small claims.

Deferred Reimbursement of Expenses & Purchases

Where a claimant is intending to donate the reimbursement of their expenses/purchases claim back to their charity, the rigmarole of having to go through a separate “claim – reimbursement – donation” procedure on each occasion can be reduced if the claimant is willing make the claim in the usual way but to allow PCC to defer the reimbursement (eg: till the end of PCC’s financial year).

Procedure

- Claimants who are considering waiving their claim as a gift to PCC should tick the “Defer Reimbursement” box on the Expenses & Purchases Reimbursement Claim Form (attached).
- The Charity will maintain a record of those deferred claims in the same way as for any other outstanding payment.
- About a month before the end of the deferred payment date (*ie:* the end of PCC’s financial year) it will make to the claimant one single reimbursement for the total of all their outstanding (*ie:* deferred) expenses claims.
- The claimant then has 3 options:
 1. They can decide that they would like to keep the reimbursement of their expenses after-all. In that case they need take no further action (other than banking the cheque if that is the method of reimbursement).
It is emphasised that everyone is completely entitled to do that – it will not cause any difficulty or embarrassment to PCC and nor should it to the claimant. Donations to PCC are, and always will be, entirely voluntary. So claimants should not feel obliged to honour any earlier suggestion that they would donate the reimbursement of their expenses back to PCC.
 2. Having received/banked the reimbursement of their expenses the claimant then makes a single donation of their choice (*ie:* it could be for the same amount as their total reimbursement, or less, or more as they see fit) by cheque, BACS transfer, or – if PCC is able to receive it – by debit or credit card.
If the claimant has included (or has previously made) a Gift Aid Declaration (attached) PCC will then be able to reclaim the Gift Aid on their donation.
 3. If, having received reimbursement by cheque, the claimant feels that the rigmarole of banking it and writing another cheque back to PCC isn’t worth the time and effort (particularly if the amount is small or they are not able to Gift Aid it) they can still waive the reimbursement for the benefit of PCC. They just write “Cancelled” on the front of the cheque and return it to PCC. This will enable PCC to document the expenses claimed and the claimant’s generosity in waiving them, but PCC will not then be able to claim Gift Aid on the amount.