
CLAIMING EXPENSES

Guidelines and
Procedures

Updated December 2017 – Effective 1st January 2018

The purpose of this note is to set out procedures for trustees, committee members and others who undertake voluntary work on behalf of the Association and its subsidiary companies to claim expenses.

GENERAL PRINCIPLES

1. The board of trustees has agreed that those who undertake activities for IWA are invited to claim for expenses incurred during the course of such work, subject to the rules and procedures set out below.
2. Expenses claimed may not exceed an expense actually incurred. If a claim were to exceed the real cost incurred by the claimant, it would become a form of remuneration, and could no longer be regarded, at least in part, as the claim of an expense. Once this situation occurs, however small the benefit to the claimant, a series of new situations arise concerning the liability of the claimant and the Association to paying additional taxes, and the ability of the Association to reclaim taxes through the Gift Aid scheme. These situations are outside the scope of this note.
3. As the custodian of charitable funds, the Association must ensure that all expenses are properly justified and properly paid in an accountable and transparent manner. The payment of expenses must be open to proper scrutiny; procedural rules should not be waived without good cause or without the proper authority. Failure to adhere to these underlying principles could lead to financial loss for the Association, either through penalty or loss of future public support.
4. All those claiming expenses have a duty to ensure that the expense represents good value for money for the Association, and that it represents worthwhile expenditure, such that the average member would regard the expense as a good and proper use for funds that they might give to the Association to further its charitable work. Before any expense is incurred, those incurring it should ask themselves whether it is the best use of funds. For example, committee members might ask themselves whether their contribution to a meeting is worth the cost to the Association, whether they could contribute more effectively by other means (e.g. skype facetime or other forms of electronic communication) and whether it is really worthwhile to attend every meeting of a committee, etc.
5. No expenditure, including incurring expenses of any sort, is allowed without an appropriate budget being agreed beforehand. Those incurring an expense have a duty to ensure that there is an agreed budget under which their expense can be claimed and that whoever is responsible for that budget is aware of the likely expense and agrees to it, before the expense is incurred.

HOW TO CLAIM EXPENSES

6. All expenses should be claimed on an appropriate and current Expenses Claim Form. Printed and electronic copies are available from the finance manager at Head Office (or the Association's website). Separate claim forms should be completed for expenses incurred on behalf of the Association and each of its subsidiary companies. For expediency, separate claim forms should be completed where expenses claimed are the responsibility of more than one budget holder. (One claim can be used for multiple budget holder claims but this may result in a potential delay due to the authorisation process required.)

7. Evidence of expenditure should be supplied with each claim. There are two purposes to this. Firstly, evidence is required to be sufficient to satisfy an independent audit that the expenditure was incurred. Secondly, VAT law requires that reclaim of VAT is only permissible provided that a VAT receipt or invoice is produced (with certain exceptions, such as where it is not practicable to obtain a receipt in instances of coin vending machines, car park ticket machines, etc).

8. A VAT receipt shows the VAT registration number of the issuer and the rate or amount of VAT paid. Every business registered for VAT is obliged to provide receipts for expenditure that conform to the minimum standards when asked to do so by anyone incurring an expense on behalf of another business that is registered for VAT. Without a VAT receipt, the Association will be unable to reclaim VAT from HM Revenue & Customs that it is entitled to.

9. Where a claimant is unable to produce evidence of expenditure or a VAT receipt where appropriate, a separate written letter confirming the expenditure and explaining the reason for the absence of supporting documentation should be attached to the expense claim. Head Office is required to return all claims without full supporting evidence, or satisfactory explanation, to the claimant unpaid. Even where satisfactory explanation is supplied, claims for large sums without full supporting evidence are required to be referred to a meeting of Finance Committee for consideration.

10. Claims for expenses should be submitted regularly, preferably at not more than two months after the earliest expense to be claimed. Head Office has no authority to pay claims submitted later than six months after they have been incurred, or after 31st January for an expense incurred during the previous financial year – so all such claims are required to be presented to a meeting of Finance Committee for consideration.

11. All expenses are paid by electronic transfer direct to the claimant's bank account. Unless the claimant is certain that bank details are held at Head Office, these details should be supplied with the expense claim. Cheques are only issued in the most exceptional of circumstances.

TRAVEL

12. The Association needs to ensure that business journeys and associated expenditure are justifiable, that costs are controlled and that environmental and risk avoidance considerations are taken into account when travel decisions are made. Further to the guiding principles outlined in (4) above, committee members and others working for the Association should ask themselves whether each journey is really necessary before undertaking it. Where practicable and without additional risk, public transport should be used and lifts given.

13. For train journeys, where possible, travellers should research and choose the cheapest ticket options; this may mean booking in advance to secure best value tickets, or use of travel discount schemes

14. Taxis should not be used unless there is no alternative option.

15. Due to the risks and stresses associated with driving over long distances, motor vehicles should not be used for long journeys where alternative adequate public transport is available. Possibly a hire car could be used in conjunction with public transport.

16. Where it is necessary to use vehicles owned by the Association or its subsidiary companies, exact costs for fuel and other expenses should be claimed, supported by appropriate receipts and details of the exact vehicle concerned.

17. Where it is necessary to use own vehicles, those driving must ensure that they have adequate insurance in place for the journey and work intended. Some insurers place restrictions on the use of vehicles for volunteer work where the vehicle is solely insured for 'domestic and pleasure' use. It is the duty of the insured to inform their insurers of all relevant facts in relation to the use of the insured vehicle. The Association's insurance does not cover the use of vehicles not owned by the Association or its subsidiary companies. Any trailer (within the legal limits) can be towed by an Association owned vehicle for purpose of third-party insurance. Only trailers owned by the Association are covered for comprehensive cover in the event of damage.

18. Where travel by motor vehicle is necessary, the claimant should endeavour to find the most effective way of travelling including public transport or hiring a vehicle. Where it would be practicable and cheaper to use public transport or a hire vehicle, rather than the claimants' own car, but the claimant prefers to use their own car for their convenience or comfort, then the expense claimed should be no greater than the costs that would have been incurred had public transport or a hired car been used.

19. Where the use of the claimant's own car is necessary, the Association will reimburse expense at the following rates (with effect from 1st January 2018):

Motors Cars

Maximum per mile for all engine sizes	33p
Petrol only rate	16p
Diesel only rate	13p

The mileage rates set by the Association are intended to cover fuel and other running costs.

Where claimants are in the position either to (a) waive their claim or to recover expenditure at less than maximum rates, or (b) reduce the impact of mileage on the Association's costs by making a donation to the Association, having signed a Gift Aid declaration where appropriate, then these additional contribution are recognised and much appreciated.

20. Where mileage is claimed, the claim form should be accompanied by VAT receipts covering at least the fuel element of the expense (as set by HM Revenue & Customs) claimed so that the Association can reclaim the appropriate amount of VAT. See note at the end for further explanation on VAT.

COMMUNICATIONS

21. Evidence of expenditure on communications by post, telephone, fax, mobile telephone and electronic methods should be submitted in the same manner as for other expenditure. Where the cost of telephone calls, post or similar exceeds £25 in any one claim, an annotated itemised bill or other written evidence supporting the purpose of such communication should also accompany the claim.

22. Expenses relating to standing charges, rental agreements, capital costs of equipment, toner cartridges, line-rental costs and Internet Service Provider charges are not normally paid unless it can be demonstrated that a substantial proportion of use is for the Association's benefit, in which case the proportion of use can be claimed with supporting evidence to demonstrate this, such as would satisfy an H M Revenue & Customs inspection that no personal benefit was being gained.

ACCOMMODATION AND MEALS

23. A claim for overnight accommodation (up to a maximum of £80, plus up to £7 for breakfast, per night) and evening meal (up to a maximum of £15 per person) is permitted if the Association business to which they pertain occurs at a distance of more than fifty miles from home on two consecutive days, and for further nights only if preceding and succeeding days also include Association business that meets these criteria. The national chairman and deputies are permitted to agree dispensation to this rule if presented with good reason. Approval should usually be sought in advance, and is unlikely to be refused where travel would otherwise be required very early in the morning or very late in the evening, especially bearing the mind the safety of travellers.

24. Claims for expenses for entertaining or for items ancillary to accommodation and meals are not normally paid, and application for any exception considered justified should be made to the national chairman or deputies in advance.

25. Where committee members and other volunteers are meeting or working away from home and would be unable to partake in meals at home at a reasonable time, expenses for the cost of refreshment can be claimed. It is usual practice for light lunches or sandwiches to be provided during the course of all-day meetings, these being arranged by a member of staff or nominated committee member, and the total cost being billed direct to the Association.

DONATIONS

26. Some claimants may wish to make a financial contribution to the Association as well as offering their time and energy. Such donations are most welcome, but there is no obligation or expectation. In the past, some members have allied donations to expenses, and made an adjustment on their expenses claim form in respect of this (for example, a donation of £5 in recognition of taking a meal during the course of a committee meeting). It would be most helpful and beneficial to the Association if all such donations could be made completely separate of expense claims, to make clear that all such donations are freely given and unconnected to expenses. Provided that these donations are kept separate, they qualify for Gift Aid, thereby further enhancing the benefit to the Association.

27. Sometimes members have not claimed expenses due to them on the basis of donating their expenses to the Association. In such instances, it would be most helpful and beneficial to the Association if members would (a) claim these expenses in the normal way and then (b) make a separate donation to the Association of a not-quite-equivalent amount. In this way, the donations would qualify for Gift Aid, thereby further enhancing the benefit to the Association. This process would also enable any VAT paid to be reclaimed. However, Gift Aid cannot be claimed unless there is a separate clearly evidenced donation that is unrelated to any benefit.

AUTHORISATION

28. Before any expense is submitted to Head Office it should be authorised by the relevant budget holder (except where the budget holder is the chief executive or other member of staff at Head Office). Budget holders for each area of the Association are appointed by trustees from time to time, and in the case of subsidiary companies are deemed to be the relevant company chairman unless agreed otherwise by the board of that company. For branches, the budget holders are deemed to be the branch chairmen, or as otherwise decided by the branch committee and advised to Head Office. In such cases, the authorisation is deemed to include agreement to debit the expense back to the relevant branch. Head Office is required to return unpaid any expense claims that do not meet these criteria.

29. Where known and where it is reasonably practicable to do so, the relevant budget holder should write in the appropriate Head Office bookkeeping code, or check that any codes written in by the person claiming the expense are correct.

30. All expenses for all parts of the Association and subsidiary companies (except branch officers expenses) should be submitted to Head Office for payment, and in no circumstances whatsoever should any payment be made locally from any locally held or other bank account or from petty cash or other similar arrangement. This is necessary to ensure that Head Office can provide certain statutorily required information concerning expenses to the Charity Commission and others.

31. Budget holders are responsible for ensuring that expenses (and all other expenditure) remain within budgets and any tolerances agreed. If Head Office becomes aware that such budgets and tolerances would be exceeded by the payment of a claim, it is required to withhold payment until approval has been sought from Finance Committee.

32. Claims will not normally be considered for expense that was not required (e.g. for a train journey that was not taken, or accommodation not used) unless approved in writing by the national chairman or deputies.

33. Expenses are not normally paid for attendance at activities that are considered to be primarily for pleasure purposes or social occasions or as part of the Association's normal activities that are open to all members and the wider public (for example: attendance at work parties, annual dinners, boat gatherings, etc) unless the claimant is required to be present for business or organising duties, or as part of the function of the claimant's office.

Andrew Overy
Finance Manager

NOTES:

- All public transport is zero-rated so IWA cannot reclaim VAT on the train tickets.
- If you hire a car IWA can reclaim all the VAT if all the following apply:
 - you hire it for no more than 10 days
 - it's used only for the Association's business
 - it's not available for private use
- Given that the mileage reclaim rate used not only covers petrol, but also wear and tear and other running costs means, IWA cannot reclaim VAT on the entire expense claim, only on the fuel element of the expense. For this to be achieved, we need to work out how much of the amount claimed is for petrol or diesel costs, and the way to do this is through using a prorate calculation using the advisory rates published by HMRC.
- In order to reclaim the VAT we need a receipt, which shows VAT in excess of the VAT that is being reclaimed. The VAT receipt should be as close to date of travel as possible (preferably before), but does not only have to relate to fuel used for IWA travel.