

# How to Create an Expense Policy



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# Creating an Expense Policy

## AN EXPENSE POLICY HELPS CONTROL SPEND

Having proper guidelines in place is critical to maintaining control when it comes to employee travel and expenses (the second largest controllable cost after salaries). Whether employees are claiming travel or remote working expenses, the first logical step to finding a better way to manage the process is to create an expense policy.

## WHY AN EXPENSE POLICY IS IMPORTANT

- 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.

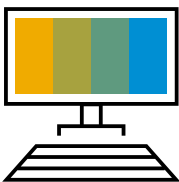
## HOW TO CREATE AN EXPENSE POLICY

We've put together an expense template to help you create or update your expense policy, based on the knowledge we've gathered from decades of working with companies to manage expenses. All you need to do is customize it based on your business needs and culture.

## DON'T STOP AT JUST AN EXPENSE POLICY

You have a policy, but now what? Later in this guide, learn how technology can help automate your expenses, improve the experience for employees, and how your finance team can track and report accurately on spend.

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



Firms using automated Travel and Expense solutions report that finance teams save 10 hours per week in the expense report process.<sup>1</sup>

1. [AMI Report 2019](#)

# An Expense Policy Template

**Please note:** This is not a legal document – it's a suggested starting point.

Use the template below to help create or update your company's expense policy. Customize it to fit your company needs. The template includes:

- An introduction to the policy
- Employees' and managers' responsibilities
- Fraud, bribery, and corruption
- Suggested costs for expenses that would normally be reimbursed (including: travel, accommodation, entertainment, and remote working scenarios)
- Exclusions

## HOW TO USE THE TEMPLATE:

Read the notes in the center column. Then use the headings in the left column to create your own document. The example words in the right column are there to guide you. Feel free to copy or amend them to reflect your company needs.

Section	Explanation	Example Wording
<b>Introduction/ statement of purpose</b>	<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"> <li>• Who the policy applies to (managers and employees)</li> <li>• Date of policy implementation.</li> </ul>	<p>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 refer to the following company documents: Example</p> <ul style="list-style-type: none"> <li>• HR policy</li> <li>• Tax / benefit documentation.</li> </ul>
<b>Company expectations and policy compliance (employee's and manager responsibilities)</b>	<p>Write a brief note here to explain:</p> <ul style="list-style-type: none"> <li>• What employees should do to comply with policy</li> <li>• When managers should approve claims (or not)</li> <li>• What happens if they fail to comply with policy.</li> </ul>	<p>As an employee, we expect you to:</p> <ul style="list-style-type: none"> <li>• Behave honestly, responsibly, and within the guidelines of this policy (e.g. keep costs low)</li> <li>• Submit expenses as soon as possible and with enough details to explain why you've made the purchase</li> <li>• Keep and provide receipts</li> </ul> <p>As a manager, we expect you to:</p> <ul style="list-style-type: none"> <li>• Check that purchases comply with the policy</li> <li>• Approve them promptly</li> <li>• Ensure they're claimed promptly.</li> <li>• If employees don't comply with policy, we can delay reimbursement or reject claims. Persistent or deliberate non-compliance may result in disciplinary action.</li> </ul>
<b>Fraud, bribery and corruption</b>	<p>This section presents your company's stance on fraud, bribery and corruption.</p>	<p>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>

## THE NITTY GRITTY: TYPES OF EXPENSES – WHAT'S ALLOWABLE?

The main body of your expense policy should cover the standard expense categories – complete with rules about what is or isn't permitted.

Section	Explanation	Example Wording
<b>Travel-related expenses</b>	<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"> <li>• The use of company cars (if applicable)</li> <li>• Mileage reimbursement rates</li> <li>• Insurance.</li> </ul> <p>You might also include answers to the following questions:</p> <ul style="list-style-type: none"> <li>• Do you encourage sustainable transport use?</li> <li>• Does public transport take precedence over taxis vs. personal cars? If so, when?</li> <li>• How far in advance must trips be booked?</li> <li>• Is pre-approval needed before employees book travel (like flights/trains) or only if over a certain value?</li> </ul>	<p>The following travel-related expenses can be claimed:</p> <p><b>Mobile phones and internet connectivity:</b></p> <p>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><b>Air, rail, and road travel:</b></p> <p>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><b>Mileage:</b></p> <p>You can claim up to XX/mile – but MUST include receipts. You must also be insured for using your car for business purposes.</p> <p><b>Taxis:</b></p> <p>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><b>Car hire:</b></p> <p>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>
<b>Additional travel-related expenses</b>	<p>This section should be a list of travel-related expenses that are acceptable and in-policy.</p>	<p>The following travel-related expenses are acceptable and will be reimbursed:</p> <ul style="list-style-type: none"> <li>• Baggage (no more than 2 bags) and advanced-seat bookings</li> <li>• Parking</li> <li>• Foreign currency charges</li> <li>• Visas</li> <li>• Tips (up to 15% – unless already included in the bill)</li> <li>• The hire/use of a GPS with hired cars in unfamiliar locations.</li> </ul>
<b>Accommodation</b>	<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><b>Hotels:</b></p> <p>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><b>Per diems:</b></p> <p>These cover costs for meals when away from the office on business. Only claim these in countries where individual expenses are not normally reimbursable (e.g. Germany). Rates should be set in line with local legislation.</p> <p><b>Duty of Care:</b></p> <p>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 <a href="#">Triplt</a>.</p>

Section	Explanation	Example Wording
<b>Remote working expenses</b>	As remote working is becoming more prevalent, you'll need to stipulate which expenses your employees are allowed to claim – both for short-term scenarios where circumstances require them to work from home, and as a permanent arrangement.	<p>The following expenses are acceptable for home workers to claim and any restrictions or conditions will be stipulated next to each line item:</p> <ul style="list-style-type: none"> <li>• Laptops, computers, screens, keyboards and other necessary computer equipment (the company may request preapproval before purchases are made)</li> <li>• Office furniture including chairs, standing desks and other ergonomic equipment (the company may request preapproval before purchases are made)</li> <li>• Broadband internet connection (unless already acquired for personal use)</li> <li>• Mobile and landline bills (if not already provided by company, then the business proportion only)</li> <li>• Stationery and resources necessary to conduct business</li> <li>• Online software, services and subscriptions necessary to carry out essential duties</li> <li>• Heating/electricity (this is typically covered by the homemaker except in temporary homeworking scenarios)</li> <li>• Home insurance (if not covered by the business, the employee can add business items to a home policy and claim just the business proportion).</li> </ul>
<b>Other expense types</b>	This section should be a list of other expense and that are acceptable and in-policy.	<p>The following expenses are acceptable and Our Company employees will be reimbursed for them.</p> <ul style="list-style-type: none"> <li>• Professional membership fees (where relevant to your profession and agreed with your line manager)</li> <li>• Postage for business purposes</li> <li>• Annual eye-testing fees</li> <li>• Visas</li> <li>• Agency booking fees.</li> </ul>
<b>Exceptions</b>	A list of things that your expense policy won't cover – whether employees are travelling for business or working remotely – so they understand not to claim for these.	<p>The following travel and remote working expenses will not be reimbursed.</p> <ul style="list-style-type: none"> <li>• Any items for personal, non-business use</li> <li>• Bar bills*</li> <li>• Birthday cakes or cards for employees</li> <li>• Childcare or pet care</li> <li>• Clothes</li> <li>• Credit, debit and charge card fees (including interest, annual costs)</li> <li>• Damage to personal vehicles</li> <li>• Flowers, sweets, confectionery</li> <li>• Food/drink outside of travel subsistence outlined above and unless stipulated otherwise</li> <li>• Healthcare items including sanitisers, facemasks, medicine etc.</li> <li>• Laundry service/dry-cleaning (unless trip is longer than 4 nights)</li> <li>• Mini-bar contents</li> <li>• Mortgage/rental/property maintenance costs</li> <li>• Movies/videos, newspapers</li> <li>• Parking fines</li> <li>• Spa and health/fitness clubs or subscriptions services</li> <li>• The loss/theft of goods</li> <li>• Tourist attractions*</li> <li>• Water rates at home</li> </ul> <p>*You can claim these if the event is part of client entertainment.</p> <p>There might be other things that we won't pay for, so make sure you explain the business reason for each claim.</p>

# Don't Stop with the Policy – Automate Your Company's Expenses

More and more companies are looking to technology to help automate business processes, and employee expenses are no exception. 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, and where you might be able to reduce costs.

## IT'S TIME TO SAY GOODBYE TO OUT-DATED AND PAINFUL MANUAL PROCESSES.

Firms still using spreadsheets or other manual processes will find it's not only an inefficient way of managing employee expenses, but will find it difficult to remain competitive and grow. Over 70% of firms cited enabling employees to focus on strategic work by reducing time spent on mundane tasks as a top objective.<sup>1</sup>

## WHY AUTOMATE YOUR EXPENSE PROCESS:

- No more long hours spent inputting receipts: The SAP® Concur® mobile app allows employees to enter expenses on the go, photographing receipts as they spend.
- Faster, more productive processes overall: Managers can approve payments from their smartphone; finance teams can check claims on screen, and employees can be paid quickly.
- Better data visibility – which means better business decisions: Senior management can see exactly who's claiming what and when, making it easier to monitor spend levels and trends across the business.

### SEE HOW SAP CONCUR SOLUTIONS CAN HELP TO AUTOMATE YOUR EXPENSES

Take a [free test drive](#) of Concur Expense and experience how you can improve productivity, compliance and control over your business expenses.

## ABOUT SAP CONCUR

SAP® Concur® is the world's leading brand for integrated travel, expense, and invoice management solutions, driven by a relentless pursuit to simplify and automate these everyday processes. The top-rated SAP Concur mobile app guides employees through every trip, charges are effortlessly populated into expense reports, and invoice approvals are automated. By integrating near real-time data and using AI to audit 100% of transactions, businesses can see exactly what they're spending without worrying about blind spots in the budget. SAP Concur solutions eliminate yesterday's tedious tasks, make today's work easier, and help businesses run at their best every day. Learn more at [concur.com](https://concur.com) or at the SAP Concur [blog](#).

1. [AMI Report 2019](#)

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