SAP Concur ⌷C·

Tips and guidelines for creating an
Expense Policy

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Why every business needs a **well-written** expense policy

Running a business means facing tough challenges every day. Some you can see coming and others not so much. That's why having control over company spending is critical for businesses of all types and sizes. **Your employee expense policy is an essential tool for doing just that.**

No matter where your organization is in its growth, a well-written expense policy will help your business in many important ways.

Control costs
A clear and thorough policy will help your employees, including work-from-home and hybrid employees, to follow spending limits and make them good stewards for your company's money.

Get visibility into spending
Defining and categorizing types of allowable expenses helps you see who is spending money, what they're buying, and how much is being spent.

Improve policy compliance
Everyone has different ideas of what kind of expenses are reasonable when it comes to spending company dollars. By putting your policy in clear terms, employee compliance is much easier to maintain and enforce.

Leverage vendor discounts
If your policy includes preferred vendors, such as airlines, hotels, and car rental companies, you'll be in a better position to negotiate better rates and discounts.

Keep employees happy
A strong policy is a good way to show employees and potential hires the value of company perks, such as being able to expense continuing education, gym memberships, and car allowances. When aligned with your company values, it can also help foster a positive workplace culture in which your employees will thrive.

6 tips to consider when getting started

1. Review any existing expense policies

If your business has an employee expense policy in place, reach out to key stakeholders and people managers to figure out what's worked, what hasn't worked, and any updates that are required. If your business has never had a policy, your accounting software can likely shine a light on which types of expenses are typically incurred by employees.

2. Conduct a spend analysis

You first need to have a clear picture of your company's spend to make informed decisions about the policy you are creating. Assess and get clarity on the different types of expenditures unique to different employee roles. Vendor partners, such as travel management companies, credit card companies, travel suppliers, and cell phone partners often have valuable data and reports about your company's spending history.

3. Make it easy to understand

Make sure your policy is concise, well-written, and avoids the use of business jargon. Consider hosting regular training sessions for new and veteran employees alike, so everyone stays up to date on policy changes and compliance requirements.

4. Use sensible rules

Encourage employees to spend sensibly by creating a policy that's fair. Establish clear rules for employees on what can and can't be claimed. All employees should feel they are being treated equally and given a similar level of benefits and reimbursement opportunities.

5. Make it easy to find

Make sure your expense policy is easy for employees to find. Try to avoid emailing it out to everyone so it doesn't get lost in their inbox. Ideally post it on your company intranet or fileshare system. A more foolproof option is to integrate your policy requirements into an automated expense management solution, like Concur® Expense.

6. Tap into the power of mobile

These days, employees expect their companies to use technologies that are similar to the ones they use in their personal lives every day. By giving employees a mobile expense reporting app, they'll be able to easily snap photos of receipts and submit expense reports for approval directly from their smartphone or laptop.

What should be in your **expense policy**

Your expense policy should cover all main expense types and clearly communicate the rules about what is or isn't permitted, including the policy compliance expectations of employees. You may need to outline additional expense types and rules specific to employees working hybrid or remotely, as well.

Your expense policy should include:

- Who the policy applies to
- Policy compliance requirements, plus what happens if an employee fails to comply
- Company policy around fraud, bribery, and corruption
- List of expense categories allowed
- Details on allowable and non-allowable expenses in each category
- Expense report submission, review, and approval process
- Employee expense reimbursement process and timing
- Process for expense approval disputes

With the range of topics above, we know how easy it can be to end up with a lengthy document that employees only skim read (at best). So, strive to keep the content short and to the point as much as possible.

Remember to...
> Keep it simple
> Make it factual, not scary
> Update it as your business changes
> Comply with local regulations
> Most importantly, BE FAIR

How to use this **expense policy template**

We've put together the following expense policy template based on the knowledge we've gathered from helping over 85M* end users book travel and/or process expenses. The example words in the right column are there to guide you. Feel free to copy or amend them to reflect your business needs and company culture.

Please note: This is not a legal document, but rather a suggested starting point.

[Your Company] Employee Expense Policy

[Date and/or Version #]

About this policy

Explanation

Why is there an expense policy? Set some basic guidelines—make it factual, not scary.

Include:
- Who the policy applies to (e.g., managers and employees)
- Date of policy implementation

Example Wording

This expense policy applies to all employees of (insert company's name here) as of the Nth 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.

Please also refer to the following company documents:
- HR policy
- Remote employee policy
- Travel policy

Expense submission steps

Explanation

Outline the official process for submitting expenses for approval and reimbursement.

Example Wording

All expenses must be submitted for approval and reimbursement by the Nth Day of each month/quarter.

(Insert additional details on forms/tools to be used, how receipts are to be handled, your company's commitment to approval and reimbursement timelines, method of reimbursement, etc.)

*SAP Concur Quick Facts, Q1 2023

Company expectations and policy compliance

Explanation

Include a brief explanation of:

Include:
- What the company will do to help people claim expenses
- What the company expects in order to reimburse employees
- What happens if they fail to comply with policy

Example Wording

As an employee, we expect you to:

- 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 and provide receipts

As a manager, we expect you to:

- Check that purchases comply with the policy
- Approve them promptly
- Ensure they're claimed promptly

If employees don't comply with policy, we can delay reimbursement or reject claims. Persistent or deliberate non-compliance may result in disciplinary action.

Fraud, bribery, and corruption

Explanation

This section presents your company's stance on fraud, bribery, and corruption.

Example Wording

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.

Areas of ambiguity

Explanation

This section explains common areas of ambiguity/confusion, such as:
- Who authorizes expenses
- Who pays (when more than one employee is present)

Example Wording

Your manager should authorize all expenses, but if it's not possible, their manager may also approve expenses.

Also note:
- If you're travelling/incurring expense with other [Company Name] employees, the senior person should always pay
- If you are in doubt over whether an expense is in policy, ask your manager

Allowable expenses

Explanation

Home office and remote working

As remote or hybrid 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.

Example Wording

Supplies

The Company will reimburse employees for the following expenses related to remote work:

- Laptops, computers, screens, keyboards, and other necessary computer equipment (the company may request preapproval before purchases are made)
- Office furniture including chairs, standing desks and other ergonomic equipment (the company may request preapproval before purchases are made)
- Internet connection (if not already provided by company, then the business proportion only)
- Mobile and landline bills (if not already provided by company, then the business proportion only)
- Stationery and resources necessary to conduct business
- Software, services, and subscriptions necessary to carry out essential duties
- Heating/electricity (this is typically covered by the homeworker except in temporary home working scenarios)
- Home insurance (if not covered by the business, the employee can add business items to a home policy and claim just the business proportion)

Business travel expenses

Travel expenses is a large topic to cover.

At minimum, this section should cover the basics, such as:

- Preferred suppliers
- Recommended booking methods for air travel, rail travel and rental cars (e.g., chosen travel agency or an integrated travel system)
- Range of acceptable fares
- Use of company cars
- Use of personal cars for business
- Mileage reimbursement rates
- Insurance (is this covered by the company, or must individuals insure themselves?

Air, Train, Car Rental, and Car Hire Bookings

All bookings should be made through our (insert name of travel resource or app). Travel that is not booked at least 14 days in advance will not be reimbursed without approval from the CEO.

All travel should be booked in standard/economy class. You are welcome to use your own frequent flyer plans, as long as this does not prevent you from booking the lowest priced logical choice available.

Personal travel may be combined with business as long as there is no additional cost to the company. (Other applicable company-related details should be added as needed here.)

It's also helpful to include specific parameters around when a travel-related cost can be expensed.
For example:

- Do you encourage use of sustainable transport?
- When is it okay to take first class or business class?
- Does public transport take precedence over taxis vs. personal cars? If so, when?
- How far in advance must trips be booked?
- Is pre-approval needed before employee's book travel or only if the cost is over a certain value?

Accommodations
When booking hotels, we expect you to use our preferred hotels. In addition:

- The maximum we will reimburse per night is $160 + taxes (for example—but this depends on region). This amount does not include meal costs.
- You are responsible for all hotel cancellations and for reclaiming reimbursements (less cancellation fees) from the hotel directly.
- You must always indicate your over-night accommodation location so we can comply with Duty of Care requirements.
- Either inform your manager or share your travel itinerary with your manager using TripIt®. If your manager is not working when you are travelling, you must inform their replacement. If this is yourself, please tell HR.
- You are not allowed to upgrade your room while travelling on business with Our Company.

Meals & Entertainment
To claim meals/food you must have met the following conditions:

- You've been away from your primary work location for business purposes for more than half a working day
- You travelled more than 10 kilometers from the office/your remote office
- You may claim for breakfast if your journey started before 7:00 am
- All entertainment claims must include the following details: business reason, venue name and location, name of client and all attendees.
- Alcoholic drinks may only be claimed if consumed with a meal.

Other travel-related expenses
This section should be a list of additional travel-related expenses that are acceptable and in policy, such as how to deal with expenses incurred in a different international currency.

Employees traveling for business can expense the following:

- Baggage (no more than 1 bag) and advanced-seat bookings
- Parking
- Foreign-currency charges
- Visas
- Tips (up to 15%). This does not apply if the tip has already been included in the bill.
- Use of a GPS with rental cars for driving in unfamiliar territory
- Alcoholic drinks may only be claimed if consumed with a meal.

The following travel-related expenses are NOT acceptable. Please do not put these on your expenses claim:

- Mileage to attend in-office meetings or events including taxis and ridesharing arrangements
- Laundry service/dry-cleaning (unless you have stayed for business for more than 4 nights)
- Mini-bar contents
- Movies/videos
- Parking fines
- The loss/theft of goods (this should be covered by your own travel insurance—of which you can reclaim $170 annually)
- Childcare
- Magazines/newspapers (unless essential for a justifiable business purpose)

Other expense types
This section should be used to detail any additional expense types that are acceptable and in-policy.

In certain circumstances, the following expenses can be reimbursed but MUST be pre-approved by your manager:

- Professional membership fees (where relevant to an employee's profession)
- Conference and tradeshow registration fees

Non-allowable expenses

Explanation

Generally, personal items and services are not reimbursable by an employee. Make sure to clearly articulate these out-of-policy items so employees are not met with an unfortunate surprise after an expense has already been incurred.

For employees who work remotely, you should define a percentage allocated allowable to be expensed for work.

Example Wording

The following expenses will NOT be reimbursed:

- Any items for personal, non-business use
- Food/drink outside of travel subsistence outlined above and unless stipulated otherwise
- Bar bills*
- Mini-bar contents
- Birthday cakes or cards for employees
- Clothing, flowers, confectionery, movies/videos, newspapers
- Credit, debit, and charge card fees (including interest, annual costs)
- Damage to personal vehicles
- The loss/theft of goods
- Parking fines
- Healthcare items
- Laundry service/dry-cleaning (unless trip is longer than 4 nights)

Continued on the next page...

- Mortgage/rental/property maintenance costs
- Spa and health/fitness clubs or subscriptions services
- Childcare, pet care
- Tourist attractions*
- Water rates at home

* You can claim these if the event is part of client entertainment.

For employees authorized to work remotely or hybrid, the following additional expense types are NOT to be submitted for reimbursement:
- Expensing all of your utilities as opposed to a portion related to work
- Maintenance and repairs to your house
- Spa treatments
- Meals for accompanying family members
- Movie and video streaming services and rentals

Out-of-Policy Expenses

Explanation

Outline the requirements for any out-of-policy expenses employees may wish to submit.

You can also cover a broader range of exceptions and unique cases by providing a list of FAQs for employees to refer back to.

For example, if a traveling employee forgot their phone charger or they want to get a haircut. Does your policy permit that?

To build client relationships, some companies also allow employees to expense tickets to sporting events or shows. However, ticket prices vary greatly and are often expensive. So, be sure to detail limits on how much employees can spend.

Example Wording

For all items and services not listed specifically in this Employee Expense Policy, please seek prior approval and/or clarification from your manager.

Ensure your expense reports have a justification and date for timely reimbursement to occur.

If you are incurring an expense in a different international currency, the expense will be translated into the (Company's Local Currency) dollar value for reimbursement.

Say goodbye to manual expense reports and lost receipts

Now that your employees will know how, when, and what they can expense, it's time to automate the expense management process for them (and you) with **Concur® Expense**.

With Concur Expense you can:

Connect solutions with integrations
Manage spending seamlessly by connecting our solutions to your existing HR, payroll, finance, CRM, and more.

Streamline with e-receipts
Automatically populate expense reports with electronic receipts from airlines, hotels, restaurants, and ground transportation.

Empower employees on-the-go
Allow traveling employees to do more from the road and help managers track every dollar more easily.

Automate the p-card process
Integrate corporate p-cards, simplify reconciliation, and manage employee spending in a single, automated solution.
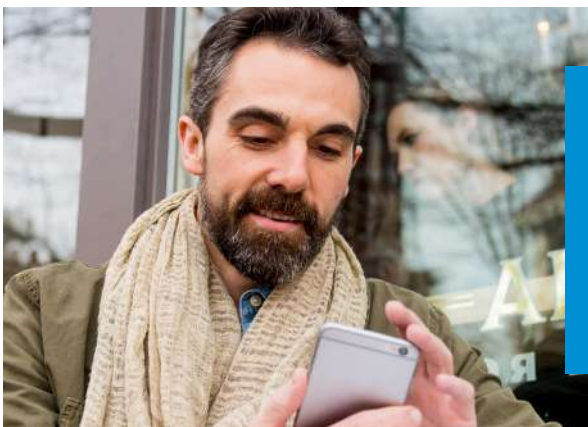
$54K
estimated annual savings by T&E users of SAP® Concur® solutions.*

*Analysys Mason 2022, Travel, Expense, and Vendor Invoice Management Study.

Ready to take
the next step?

Take a self-guided demo
of Concur Expense

Try Concur Expense
for free for 15 days

Talk to us

> " It makes my business life easier by having all receipts, travel itineraries and expenses in one place. It reduces the amount of time spent on approving expenses since everything is online. Concur is an absolute great product! "

★★★★★
SAP Concur user from G2 review

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ABOUT SAP CONCUR

SAP® Concur® is the world's leading brand for integrated travel, expense, and invoice management. Driven by a relentless pursuit to simplify and automate everyday processes, the solutions guide employees through business trips, move authorized charges directly into expense reports, and automate invoice approvals. By integrating near real-time data and using AI to analyze transactions, businesses can see what they're spending, improve compliance, and avoid possible blind spots in the budget. SAP Concur is imagining a world where travel and expenses practically manage themselves, helping businesses run at their best everyday.
Learn more at **concur.com** or the **SAP Concur blog.**

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