

# EXPENSES POLICY

**Church:** ST MARY MAGDALENE  
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## **INTRODUCTION**

The refunding of legitimate, pre-authorised expenses is the responsibility of the Parochial Church Council (PCC). Submission of expense claims with appropriate supporting documentation signed by the line manager (or budget holder) is a responsibility for the individual employee, volunteer or committee member.

Claims should be made within one month, and not later than three months, of the expenses being incurred and submitted to the Finance Officer on the current version of the expense claim form. No reimbursement will be made for expenses which have remained unclaimed for more than three months. The Finance Team are not authorised to reimburse payment for any items outside of this policy, whether the claims have been authorised or not. Such items will need specific authorisation by the Vicar.

This policy document follows the principles of the National Church Institutions policy, where appropriate, and establishes procedures that must be followed to enable authorised and controlled reimbursement to take place for individuals incurring travel, accommodation, subsistence, entertainment and related expenses while on PCC business. Reimbursement will be made for expense incurred that complies with this policy. Exceptional requests to incur costs outside the limits of this policy will require justification to, and prior written approval by the Vicar or Churchwardens. A copy of the written approval must be attached to the expense claim form.

## **PRINCIPLES**

The principle behind the payment of expenses is that expenses should be reimbursed to recompense employees for any additional expenditure incurred carrying out their duties.

The objectives of the policy are to ensure that:

- No employee will be out of pocket in respect of authorised costs incurred carrying out their duties;
- No employee will benefit as a result of expense claims and that employees should only claim for additional costs incurred;
- Proper authorisation of expenditure occurs;
- Due economy is taken into account by all employees in carrying out their duties and costs are controlled;
- Inland Revenue (HMRC) rules and legal obligations are satisfied.

## TAX AND LEGAL REQUIREMENTS

The principal area of law relates to Income Tax. Under general tax law some, but not all, expense payments are considered to be taxable remuneration. However, a taxpayer may be entitled to tax relief for most expenses incurred wholly, exclusively and necessarily in the performance of **duties of the employment**. These rules are designed to satisfy HMRC requirements in accordance with the dispensation arrangements that Chester DBF has agreed with them. Under the HMRC dispensation, such expenses do not need to be reported on an individual's end of year tax return. Generally speaking any expenses incurred during the normal course of business activities will be reimbursed as long as they meet the HMRC criteria. It is very important that the procedures contained in this policy are followed.

## TYPES OF EXPENSES

These are generally considered to meet the above criteria and are normally paid without question subject to the appropriate authorisation and budget limits. Examples of these types of expense may include:

- Business travel – train fares (Standard class), bus fares, London Underground fares, mileage allowance, parking costs and taxi fares (where other transport is inappropriate).
- Travel from home to a temporary workplace after having deducted the normal home to office mileage (see section below).
- Subsistence – meals and accommodation costs during a period of business travel which exceed the usual normal costs (see section below for details).
- Conferences and training – fees, travel accommodation and subsistence on work related conferences or external training events. Where conferences are attended to meet Continuing Professional Development (CPD) requirements, they must be fully relevant to the duties of the employment and authorised in advance. CPD activities of low cost may be authorised by the line manager, whereas more significant activities should be authorised by the Vicar and PCC. Details of all training, conferences and CPD activities should be forwarded to the Finance Team in order that details can be kept on the personnel file.
- Business entertainment where it is wholly, exclusively and necessarily incurred in the performance of duties of the employment and is pre-authorised.
- Business telephone calls using either a home or non-company mobile telephone where the cost of calls is additionally incurred (that is not where they are made within an inclusive package) providing that the telephone contract permits business use.
- Professional subscriptions – where membership is approved by the Vicar as being directly related to the needs of the post or is set out in the job description as a requirement of the post and they are on the HMRC list of approved professional fees. Where an individual chooses to be a member of more than one professional organisation, the PCC will only reimburse one

membership and will reimburse the membership that it feels to be the most appropriate and necessary.

### **Non-Allowable Expenses**

These types of expenses are not permitted either by the PCC or by the Chester Diocese/HMRC dispensation. Where, in exceptional situations, these expenses are authorised, payment will be subject to statutory deductions of tax and National Insurance. Some examples are:

- Travel from home to the normal workplace;
- Travel from home to a temporary workplace which is en route to the normal workplace or which is less distance than the normal workplace;
- Entertainment that is not related to, or necessary to business;
- Home telephone line rental costs unless a separate business-only line is installed which is billed directly to the PCC (see note below);
- Any costs related to internet connectivity at home unless a separate business-only line is installed and billed directly to the PCC;
- Any traffic related fines or penalties incurred on business travel.

## **GENERAL CONSIDERATIONS**

### **Planning Ahead**

As forward planning can often save money, you should think about any expenses you are planning to incur as far in advance as possible. You should ensure in advance that there is sufficient budgetary cover for any official travel or overnight stays that you are intending to undertake on official business and obtain specific prior approval from your line manager or the Vicar for any exceptional or unusual items of expenditure (such as hospitality) or large single items of expenditure. The Finance Team should be kept informed.

### **Supporting Evidence**

Original receipts, invoices or similar proof of expenditure **must** be provided with a claim as these will need to be made available for inspection for general audit purposes and in the event of an HMRC audit. Credit card items must be accompanied by an itemised receipt.

Staff should not submit expense claims if they are unable to provide supporting documentary evidence, although small incidental expenses can be made without receipts where these are not possible to obtain.

Any member of staff who has been found to have submitted a fraudulent claim will be subject to action in accordance with the Disciplinary policy.

## TRAVEL EXPENSES – MILEAGE

**Travel expenses are reimbursed to individuals only where an additional cost is incurred.**

Where an employee is expected to use their own car for travel on PCC business the PCC will pay the Inland Revenue approved mileage rates. The PCC will expect members of staff to ensure that their insurance policy covers business use and that their vehicle has a current Vehicle Excise Licence, is roadworthy and has, where necessary, a current Test Certificate entitling them to drive the vehicle. Copies of all relevant documents must be provided to the Finance Team upon request.

The agreed rate will be paid for travel both within and outside the parish, however due regard should be given to economy by members of staff. For example, travel by public transport should be considered for longer journeys if this would result in a lower cost to the PCC. The PCC reserves the right to limit large mileage claims for long journeys to the cost of public transport where the cost is significantly less and the use of a private car cannot be justified on other grounds.

### WHAT MILEAGE CAN BE CLAIMED

**Journeys to and from the employee's normal place of work i.e. St Mary's church/church centre or Sale West Community Centre**

Mileage from a member of staff's home to their normal place of work will not normally be paid. This includes travel out of normal working hours or at weekends. In other cases the following can be claimed:

- **Journeys during the normal working day**  
Where a journey starts and finishes at the church/church centre or SWCC the full mileage may be claimed. Where a journey either starts, or ends at an employee's home, their normal home to office mileage should be deducted.
- **Journeys in the evening or at weekends when agreed in advance by a line manager or the Vicar**  
The full mileage to and from the member of staff's home may be claimed where the journey is in addition to the usual number of weekly journeys undertaken.
- **Public Transport**  
The costs of public transport from an employee's home to the employees normal place of work will not normally be paid. In other cases the full cost of travel by standard class public transport from a member of staff's home to a place of work other than St Mary's will normally be reimbursed by the PCC. The PCC, however, reserves the right to pay the equivalent public transport cost from St Mary's if this is significantly less than that claimed. Where possible, travel should be undertaken outside peak times when the cost of travel is normally cheaper. Advantage should be taken of discounted rail fares, where available, by early booking of Advance or other type of Saver fares. The purchase of a discount card itself is not an allowable expense as it is not

possible to prove that it is wholly, necessarily and exclusively for business purposes.

Receipts or travel tickets must be submitted with the claim.

## **SUBSISTENCE**

- Individuals should deduct from their claim any costs that they would normally incur during a working day, e.g. their normal lunch costs.
- All hotel costs should be agreed in advance by the Vicar or Finance Team. If you need to stay overnight and have a convenient relative or friend nearby, you may claim £10 for this in lieu of a hotel bill.
- Breakfast rate (irregular early starters only)  
A rate of up to £5 may be paid where an individual leaves home earlier than usual and before 6 am and incurs a cost on breakfast taken away from home.
- One meal rate (Five hour rate)  
A rate of up to £5 may be paid where the individual has been away from home / normal place of work for a period of at least five hours and has incurred a cost of a meal.
- Two meal rate (Ten hour rate)  
A rate of up to £10 may be paid where an individual has been away from home / normal place of work for a period of at least ten hours and has incurred a cost of a meal or meals.
- Late evening meal (irregular late finishers only)  
A rate of up to £15 may be paid where the individual has to work later than usual, finishes work after 9pm having worked their normal day and has to buy a meal which they would usually have at home.
- If the employee is paid an allowance under the five or ten hour rule, the late meal allowance may still be paid if they finish work after 9pm and buys a meal that they would usually have at home. However, if the employee regularly finishes work late because of their usual working pattern they would not be entitled to the late evening rate.

The subsistence levels are in accordance with HMRC rates. Receipts must be submitted with all claims.

## **PURCHASE OF WORK RELATED ITEMS (INCLUDING COMPUTER SOFTWARE, BOOKS, MATERIALS, OFFICE FURNITURE, RESOURCES & EQUIPMENT)**

Staff and volunteers particularly those who are based at home will sometimes be permitted to purchase and reclaim the cost of work-related items. This must be

sanctioned by the line manager and Finance Team. Such items whether computer software/hardware, telephones, office furniture, books or equipment remain the property of the PCC and should be effectively maintained and securely stored. The PCC will, however, usually purchase these items directly on the employee's behalf.

A record of equipment provided for an individual will be retained on the personnel file and must be returned by the last day of service.

The individual needs to keep a record of books purchased for them. On leaving this record should be discussed with the Vicar/line manager to determine which the PCC would want to retain and which may be retained by the individual if they are of no further use to the PCC.

## **VOLUNTEERS' TRAVEL EXPENSES**

Staff are responsible for the costs of travel from home to work and any related charges (notably parking).

However, the PCC Volunteering Policy means that volunteers should not be disadvantaged by offering their services to the PCC. Thus they may claim travel under the same circumstances as employees, parking costs and the costs of meals purchased. Volunteers are encouraged to do this so that the PCC can keep an accurate record of the costs of its volunteers. This does not preclude volunteers donating such expenses back to a registered charity of their choice (such donations may be eligible for Gift Aid).

*Where any of the above rules cause undue hardship for an employee, they may be varied by the Vicar in consultation with the Finance Team. Such cases should be agreed in advance of any expenditure taking place and confirmed in writing. It may be necessary to process such claims through the payroll.*