

The Carbon Community (TCC) Expenses & Purchases Policies, Procedures & Guidance

1. Background

Applicability

Trustees and Employees of The Carbon Community are entitled to be reimbursed for out-of-pocket expenses which they legitimately incur while promoting and supporting the delivery of The Carbon Community's objectives. Employees are subject to taxation law in relation to such payments. These Policies & Procedures are based on the Charity Commission's guidance on reimbursing out-of-pocket expenses incurred by Trustees as in its publication '[Trustee Expenses and Payments](#)' (CC11). Some sections of this policy have been taken verbatim from that publication (Crown copyright acknowledged).

Members, Associates, Contractors and Volunteers may, on the strict condition of prior approval from a Trustee or senior manager of The Carbon Community, also be entitled to claim reimbursement for such pre-approved expenses and purchases.

Expenses vs Remuneration

In all cases, it is important to ensure that the reimbursement of out-of-pocket expenses is not – *and does not appear to be* – a disguise for making income payments (remuneration) to the recipient(s).

Purchases vs Expenses

Note: although claims for the reimbursement of *purchases* which have personally and properly been made on behalf of the charity are usually put in 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 charity's general expenditure in the usual way.

Waiving Expenses (Donating Expenses as 'Gifts-in-Kind')

Supporters who generously waive their expense or purchase claims as 'donations' to The Carbon Community inadvertently create some difficulties. For a more effective way to help the Charity, please see the heading *Gifts in Kind (Waived or Unclaimed Expenses/Purchases)* in *Section 2: Policy*.

Changes to the Policy

The Carbon Community reserves the right to change its Expenses Policies & Procedures to maintain consistency with current accepted best practice, and otherwise to meet the needs of the Charity. Whenever possible the Charity will give appropriate advance notice of any such changes. However the Charity reserves the right to change these Expenses Policies & Procedures with minimal or no notice when reasonably expedient to do so.

2. Policy

Scope

Trustees and Employees of The Carbon Community are entitled to be reimbursed by the charity 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.

*ie, these conditions must ALL be met:

- '*Actually*' means that the claimant actually incurred the claimed expenditure. For example: the bus fare for a journey cannot be claimed if the claimant had decided to leave earlier and walk the journey instead;
- '*Necessarily*' means that the charitable activity could not have been undertaken efficiently and effectively without incurring the expenditure;
- '*Reasonably*' means that the cost of the expense must be commensurate with prudent, value-for-money use of the Charity's funds to promote & deliver its charitable purposes. Thus, the cost incurred must be similar to the costs of alternatives of comparable 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 Charity demonstrably outweigh the additional cost of more expensive goods/services they can be chosen in preference to the cheaper alternatives. The claimant must always be prepared to give a credible justification for their choice if challenged.

- '*Incidentally*' means that the expense(s) must not have been determined by considerations unrelated to the Charity 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.

In some circumstances, Members, Associates, Contractors and Volunteers will also, on the strict condition of prior approval from a Trustee or senior manager of The Carbon Community, also be entitled to claim reimbursement for such pre-approved expenses and purchases, using the above criteria.

Relevance

Expenses may only be incurred, and *goods and/or services* may only be purchased on behalf of the Charity, and subsequently reimbursed, if they relate to the Charity's agreed and budgeted programme of charitable activities (preferably by PRIOR agreement).

Gifts in Kind (Waived or Unclaimed Expenses/Purchases)

Some Trustees, Members, Staff, Associates, Contractors and Volunteers occasionally choose to waive, or not to claim, a reimbursement of expenses/purchases to which they would otherwise be entitled. *The Charity greatly appreciates the generosity* of all who choose to act in this way. However, not claiming reimbursement of legitimate expenses/purchases is not usually in the best interests of the charity, for a number of important reasons:

- It causes the real costs of the Charity's activities (ie: including those costs which are subsidised by supporters) to be under-recorded and, therefore, under-reported (eg: in the Charity's Annual Report & Financial Statements);
- 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;
- It hides the true generosity of the Charity's supporters, particularly their financial generosity which goes unrecorded and, therefore, unreported;
- It means that the effective gift of their expenses is not eligible for supplementation by Gift Aid;
- Under-reporting the Charity's costs and the generosity of its supporters can hamper the making of effective appeals and applications for further funds for the Charity.

Accordingly, *The Carbon Community encourages all those who can legitimately claim reimbursement of their expenses to do so.* This includes those supporters who are minded to waive or not claim their reimbursement as a personal gift to the Charity. Rather, they should claim the reimbursement to which they are entitled and then 'back-donate' it to the Charity, thereby making it eligible for Gift Aid.

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 current rates available from the Charity 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 such as Uber 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 a Trustee or employee 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 Trustees and employees for the *actual costs* of calls made from their personal telephones made whilst carrying out work for the charity 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.

3. Procedures

Submitting Claims for Reimbursement

- Claims for the reimbursement of expenses must be submitted on the Charity'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
- Completed expenses claim forms must be authorised as follows:
 - Employees' by their line manager
 - Trustees' by the Chair or Treasurer
 - Members', Associates', Contractors' and Volunteers' by the senior manager or Trustee who authorised the expense originally
- All expenses claims must be submitted within 30 days of the relevant activity. Expenses may only be claimed after 30 days with prior approval from the Chairman/Treasurer.
- Expenses claim forms may also include claims for the reimbursement of goods/services purchased by the claimant on behalf of the Charity.
- Claims for the reimbursement of purchases must be accompanied by documentary evidence of the each purchase (eg: point-of-sale receipt, travel ticket, etc).

Reimbursement of Expenses & Purchases

All claims submitted for the reimbursement of expenses incurred on Charity activities and/or purchases made on behalf of the Charity 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.

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