WRITING AN EFFECTIVE EXPENSE REIMBURSEMENT POLICY THAT WILL PROTECT YOUR ASSETS

By: Jordan Speed -- BankTEL

If you're looking to set your organization on the best path to preventing expense reimbursement fraud, you'll want to start with an expense reimbursement policy that's both well-written and well-understood. It's important that employees know what the company policies and procedures are and that the policies are being strictly enforced. While there is not a "one-size fits all" policy out there, we're here to help you get started so that you'll be better equipped to tailor your policy to your organization's specific needs.

First, sit down with a focus group and discuss everything that needs to go into your expense reimbursement policy. This is a great time to discuss employee expectations and to really begin laying some ground rules.

EXAMPLES OF EXPENSE CATEGORIES
TO INCLUDE IN YOUR POLICY:

Travel Arrangements and Approvals

Air Transportation

Car Rental

Lodging

Meals

Personal Cell Phones

Business Gifts

Continuing Professional Education

Office Expenses

Spouse/Partner Travel

Ride sharing

Technology Reimbursement

Remote employee expenses

WRITING AN EFFECTIVE EXPENSE REIMBURSEMENT POLICY THAT WILL PROTECT YOUR ASSETS

This list could go on, but you get the idea...

Next, it's important to be sure that each category is clearly defined and discussed within the policy.

We can't stress enough how important it is that you be extremely explicit with what the expectations are. Try to place yourself in the shoes of employees in other departments throughout the organization, think of any possible exceptions or loopholes that could be found, and then write about those. In this area, you can also discuss any expense items that will NOT be reimbursed. For example, if your company will not pay for alcohol at dinner, then clearly state that in the policy so that there is no gray area or room for exceptions. Don't worry so much about the policy being long, but rather, focus on being clear and comprehensive.

After the expense categories have been covered, it's time to define your reimbursement guidelines. In this area, you need to answer questions regarding employee reimbursement requests such as:

When does it need to be turned in?

IRS guidelines suggest that expenses be turned in and reimbursed within a "reasonable period of time". They state that expenses accounted for within 60 days after being incurred and reimbursed within 120 days after being incurred fall into the "reasonable period of time". (IRS.gov, 2018)

Who should it be submitted to?

What tools will the employee use to submit their expenses?

(software, form, other)

What should the employee include in the reimbursement request? *(more on this below)*

When can employees expect to be reimbursed?

Implementing a consistent process that allows employees to know when they are going to be paid for expenses will not only assist in keeping employees satisfied, but will also set a standard of and emphasis on consistency within the organization.

When discussing what needs to be included in order for an expense to be reimbursed, it's important to consider what some might call the 5 W's (Prange, 2015). Ensuring that expenses are only being paid out when the following five questions have been properly answered will not only greatly reduce the chances of fraud, but this will also help your organization to be more compliant with IRS guidelines.

- Who was there when the expense was incurred?

- Why did the expense take place?

- Where was the expense incurred?

- What was the cost of the expense?

- When did the expense happen?

Something else that needs to be considered when working on your expense reimbursement policy is whether or not the process that you have in place is working for you or against you? Implementing an expense reimbursement software solution may be a great option for your company. BankTEL's Expense Reimbursement module gives users the ability to do the following:

| BankTEL's Expense Reimbursement Software:	How it Can Improve Processes:
Individualized Approval Processes	Allows management to create approval processes that automatically route employee expense reimbursements to the appropriate supervisor based on user defined criteria. This not only saves the employee time from having to ask who to send their expense report to, but also allows the organization to streamline the process and to easily track who is approving which expenses.
Customizable Policies within the Software	Allows management to setup "policies" that will flag an expense if it doesn't meet company guidelines. For example, if you set a $25 per meal limit on dining expenses and an employee submits an expense for $35, the software will flag the expense as a violation since it is greater than $25.
Check for Duplicate Expenses	The system will warn users of potential duplicate expenses to aid in the prevention of mistakes or accidental submission of duplicate expenses.
Real-time Updates	Allows employees to check the status of their expense reimbursement requests and provides them with a record of their submission, approval actions taken, and any comments from approvers.

Additional tips to keep in mind:

• Keep your policy up to date and make regular changes to account for things that will change, such as allowing the use of Ubers rather than Taxis, or an Airbnb instead of a hotel.

• Consider using a program such as AmTrav to help employees book and coordinate travel. Typically, financial institutions don't engage in frequent air travel, but consolidating company spend through certain hotel vendors is a significant efficiency BankTEL has observed among our clients.

• Enforce your policy. This sounds simple, but it's going to take lots of hard work on the part of management. In the end, the control, cost savings, and improvement in employee satisfaction will be worth it!

At BankTEL, we realize that constant monitoring of all areas of your organization may seem overwhelming or frankly, impossible. As your trusted partner, we are committed to helping you find ways to improve control and efficiency wherever possible. We hope that these guidelines will assist you in strengthening your organization. If you have any questions, please don't hesitate to reach out to us.

**WRITING AN EFFECTIVE
EXPENSE REIMBURSEMENT POLICY
THAT WILL PROTECT YOUR ASSETS**
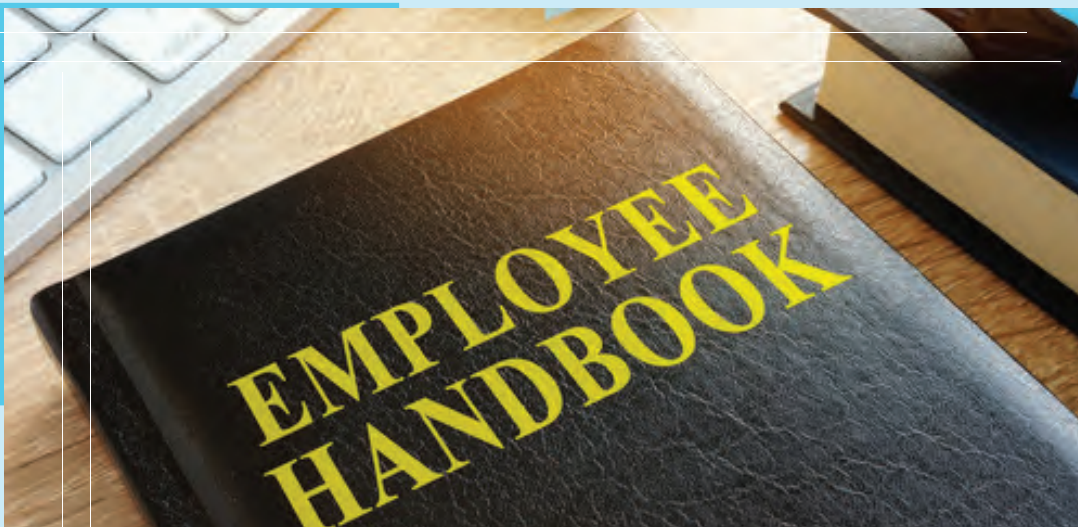
References

Irs.gov. (2018). Publication 463 (2017), Travel, Entertainment, Gift, and Car Expenses | Internal Revenue Service. [online] Available at: https://www.irs.gov/publications/p463#en_US_2017_publink100034069

Prange, M. (2015). [online] calibrecpa.com. Available at: https://calibrecpa.com/wp-content/uploads/C-Bulletin0302-15.pdf [Accessed 27 Jul. 2018].

BankTEL