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EXPENSE POLICY	
Department : ACCOUNTING	Policy number : AAI-AD002
Effectivity date :	Version : 1.0
Status : REVIEWED	

**OBJECTIVE:**

To set guidelines on chargeable or reimbursable business expenses.

**DEFINITION OF TERMS:**

1. **Reimbursable expenses** – these are valid expenses paid by an employee in advance which will be reimbursed by the company.
2. **Cash advance** – an amount requested by an authorized employee to pay for anticipated or budgeted expenses.
3. **Procurement Officer** – an employee assigned officially by the company to deal with suppliers. This employee may come from Administration or IT department.
4. **Official receipt** – is a document supporting sale of service. It is issued upon collection of payment from customer.
5. **Invoice** – a commercial document issued by a seller to a buyer relating to a sale transaction and indicating the products, quantities, and agreed-upon prices for products or services the seller had provided the buyer.
6. **Billable**—indicates that expenses are to be billed to client.
7. **Non-billable**—signifies expenses incurred which are charged to the cost of a project, but not billed to the client.
8. **Overhead**—denotes all reimbursable expenses not charged to a project.

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**GENERAL PROVISIONS:**

1. The Company shall only pay or reimburse business related expenses with proper approval and required documentations.
2. Approval of company expenses shall conform to company approval matrix.
3. Approvers shall be responsible in validating the expenses submitted by the employees for reimbursement and ensure that these expenses are reimbursable, authorized and reasonable.
4. Company expenses can either be paid directly to accredited supplier or to employee through cash advance and reimbursement. Preference is given if expense can be paid directly to accredited supplier. Accredited supplier shall always be a duly registered company or individual contractor or professional.

**DOCUMENTARY REQUIREMENTS:**

1. Reimbursement shall always be supported by documents as outlined below.
2. Original receipts or invoices are required.
3. Expenses amounting to \$XXX and above are required to always be supported by official receipt or invoice under the name of the company.
4. Receipt or Invoice of reimbursable expenses shall not be combined with personal expenses.
5. Reimbursement reports shall be submitted for processing within 30 days after the expense is incurred or activity is done. Documents submitted more than 7 days late will no longer be accepted and the employee will not be reimbursed unless highly justifiable and pre-authorized by the Director.

**TRAVEL EXPENSES:**

Refer to company Travel Policy.

**MEALS:**

1. Meals of the employees during meetings and conferences are reimbursable if meeting duration is more than two (2) hours and if meeting happened during lunch time. This includes departmental meetings, business or project review and the like. Reimbursable amount is the actual cost of meal but not exceeding \$XXX.00 per attendee. The overall meeting agenda shall be stated in the business purpose of the Expense Claim Form.

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2. Department managers are entitled to reimburse meals during employee's performance evaluation with the same limit as above.
3. Meals of the employees while at field work or client assignment are reimbursable subject to the following limits. This is applicable for all locations.

<b>Hours in the field</b>	<b>No. Meal</b>	<b>Reimbursable amount</b>
4 – 8 hours	1	Actual cost but not exceeding \$XXX
8 hours and beyond	2	Actual cost but not exceeding \$XXX

4. No reimbursement shall be made for alcoholic beverages.

#### **REPRESENTATIONS:**

1. Client or guest representations which include meals, alcoholic beverages, entertainment, and gifts are reimbursable if such expenses or activities are judged to be in the best interests of enhancing the Company's business opportunities.
2. Entertainment, recreation or amusements shall be limited to ethical and legitimate activities.
3. To be reimbursable and qualified as tax deductible expense, the date and place of the expense, the specific purpose of the expense, professional or business relationship of the client/guest, name of person or company entertained with contact details shall be specified in the business purpose of the Expense Claim Form.
4. This kind of expense shall always be paid thru check and it will follow the company check approval process.

#### **MISCELLANEOUS BUSINESS EXPENSES:**

1. Communication expense
  - a. Employees are encouraged to use company's telephone or mobile phones for business calls.
  - b. Corporate mobile plan shall be used for business purpose only. If the bill exceeds the monthly plan, this may be reimbursed provided it was consumed for official business calls. If used for personal call, this shall be charged to the employee and shall be deducted from payroll.
2. Budget for team building or bonding activities shall be requested seven (7) working days before the activity and it shall be in the form of cash advance. The request should come with program of activities and list of attendees. Chargeable amount shall be within the set budget.

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3. Reimbursable training expenses shall be limited to transportation and meal if not provided during the training. Training fee shall be directly paid by company to the training company. All training requests shall be coursed through to HR department.
4. Professional license, engineering standards and technical books are reimbursable if deemed necessary for business operation or for the project.

**CORPORATE CREDIT CARD:**

Refer to Credit Card Usage policy.

**DISCIPLINARY ACTION:**

1. Employee shall be subjected to immediate disciplinary action if found to have reimbursed personal expenses, falsified documents and exaggerate expense claim.

**EFFECTIVITY:**

This guideline shall take effect on \_\_\_\_\_ and shall continue to be in effect unless superseded or amended by a new policy.

**RELATED POLICIES AND FORMS:**

- Approval matrix
- Expense Claim Form
- Travel Policy
- Credit Card Policy