

Reimbursement of Expenses & Purchases



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Background and Summary

Applicability

All Trustees, Members, Contractors and Volunteers are entitled to be reimbursed for out-of-pocket expenses that they legitimately incur while promoting and supporting the delivery of Animal Rescue and Care's ("ARC") objectives.

These Policies & Procedures apply to all persons involved with ARC.

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) www.gov.uk/government/publications/trustee-expenses-and-payments-cc11/trustee-expenses-and-payments. Some sections of this policy have been taken verbatim from that publication. (Crown copyright acknowledged).

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).

Expenses vs Purchases

Note that although claims for the reimbursement of purchases that have been made personally and properly on behalf of ARC are usually made 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 ARC's general expenditure in the usual way.

Waiving Reimbursements (Donating Expenses and Purchases as "Gifts-in-Kind")

Supporters who generously waive their expense or purchases as "donations" to ARC inadvertently create some difficulties. If reimbursement of expenses/purchases is not claimed they cannot be entered into ARC's accounts to show both the true costs of running ARC and the generosity of its supporters. This can hamper funding applications.

Furthermore, even if the amount of the waived expenses/purchases is notified to the Financial Manager and correctly categorised in the accounts, ARC is not able to claim any Gift Aid that might otherwise have been available on the donation because Gifts-in-Kind are specifically excluded from Gift Aid under HMRC rules.

Supporters who are thinking of waiving their expenses/purchase claims should therefore first read the section on ***Deferred Reimbursement of Expenses & Purchases, below.***

Changes to the Policy

ARC reserves the right to change this Reimbursement of Expenses and Purchases policy to maintain consistency with current accepted Best Practices, and otherwise to meet the needs of ARC.

Whenever possible, ARC will give appropriate advance notice of any such changes. However, ARC reserves the right to change this Reimbursement of Expenses and Purchases policy with minimal or no notice when reasonably expedient to do so.

Policy

Scope

Volunteers are entitled to be reimbursed by ARC for all expenses actually, necessarily, reasonably and incidentally incurred by them in carrying out animal support duties, on submission of an appropriately authorised claim form and relevant supporting point-of-sale receipts.

Definitions

“Actually” means that the claimant actually incurred the claimed expenditure.

“Animal Leads” means the volunteer ultimately responsible for each specific animal type that ARC fosters: Cat Lead, Rabbit Lead, Guinea Pigs or Small Furrries Lead.

“Financial Manager” means the person responsible for recording and processing ARC’s day-to-day transactions.

“Necessary” means that the charitable activity could not have been undertaken efficiently and effectively without incurring the expenditure.

“Reasonable” means that the cost of the expense must be commensurate with prudent, value-for-money use of ARC’s funds to promote & deliver its charitable purposes. Thus, the cost incurred must be competitive with (*i.e.*, similar to) the costs of alternatives of similar 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 charitable activity being promoted/delivered demonstrably outweigh the additional cost of more expensive

goods/service, they can be chosen in preference to the cheaper alternatives. However, the claimant must always be ready and able to give a credible justification for their choice if challenged.

“Incidental” means that the expense(s) must not have been determined by considerations unrelated to the charity activity being promoted/delivered.

Authorisation

Expenses may only be incurred, and subsequently reimbursed by ARC, in respect of activities which are part of ARC’s agreed programme of charitable activities.

Likewise, goods and/or services may only be purchased on behalf of ARC, and subsequently reimbursed, in respect of activities which are part of ARC’s agreed programme of charitable activities.

Gifts in Kind (Waived or Unclaimed Expenses/Purchases)

Some Trustees, Members and Volunteers effectively make a donation to ARC by choosing not to claim a reimbursement of expenses and/or purchases to which they would otherwise be entitled.

ARC greatly appreciates the generosity of all who choose to act in this way. However, not claiming reimbursement of legitimate expenses/purchases is not necessarily in ARC’s best interests:

It causes the real costs of ARC’s activities to be under-recorded and, therefore, under-reported (e.g., in ARC’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 ARC’s supporters since this financial generosity can go unrecorded and, therefore, unreported;

It means that their effective donation to ARC by not claiming reimbursement of their expenses/purchases is not eligible for Gift Aid in the way that it would have been if they had claimed the reimbursement and then donated that money back to ARC;

Under-reporting ARC’s costs and the generosity of its supporters can hamper the making of effective appeals and applications for further funds for ARC.

Accordingly, ARC encourages all those who can legitimately claim reimbursement of their expenses do so.

Supporters who are minded to waive or not claim their reimbursement as a personal gift to ARC should claim the reimbursement to which they are entitled and then back-donate it to ARC, thereby making it eligible for Gift Aid and ensuring the correct reporting of expenses and donations.

The procedures for doing that are detailed later under the heading **“Waiving” Reimbursed Expenses/Purchases as a Gift Aided Donation.**

Procedures: Reimbursement of Expenses & Purchases

Submitting Claims for Reimbursement of Expenses & Purchases

Expenses incurred and purchases made for animal care (e.g., pet food, hay, etc) up to £100 can be reimbursed to Fosterers without additional authorisation. Routine veterinary care (e.g., vaccination, neutering, etc.) is similarly reimbursable so long as performed within normal veterinarian office hours.

Expenses incurred and purchases made for animal care (e.g., relating to animal illness) up to £200 can be reimbursed to Fosterers so long as the reimbursement claim is authorised by the relevant Animal Lead or a Trustee. Expenses incurred and purchases made for animal care (e.g., pet food, hay, etc) up to £200 can be reimbursed to Animal Leads without additional authorisation.

Expenses incurred and purchases made for animal care (e.g., relating to animal illness) in excess of £100, but less than £500 can be reimbursed to Fosterers and Animal Leads so long as the Expense/Purchase was authorised at least the majority of the Trustees.

Expenses incurred and purchases made for animal care (e.g., relating to animal illness) in excess of £500 can be reimbursed to Fosterers and Animal Leads so long as the Expense/Purchase was authorised by all Trustees.

Regardless of procedure/service type or expected expense amount, any visit to a veterinarian outside normal office hours must be pre-approved by a Trustee (ideally, the Chair, if available). In cases where an animal’s life is endangered and no Trustee can be reached, pre-approval by the relevant Animal Lead is acceptable. In exceptional cases where an animal’s life is endangered and no Trustee or Animal Lead can be reached, notification to the Trustees and Animal Lead will be accepted for expense amounts up to £1,000. In this kind of emergency, life-threatening situation, Animal Leads can approve an expense up to £2,000 if no Trustee can be reached.

Claims for the reimbursement of expenses must be submitted electronically to the Financial Manager and accompanied by documentary evidence of the Expense/Purchase (e.g., 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. ARC reserves the right to decline to reimburse expenses for which reasonable documentary evidence has not been provided. Trustees’ expenses/purchases not related to animal care or an event/project pre-approved by the Trustees must be authorised by the Chair or Treasurer.

All reimbursement claims should be submitted within 30 days of the relevant activity to ensure that ARC's financials are up-to-date. Expenses claimed within 60 days of the relevant activity generally will be paid without additional required information, but expense submissions made >60 days from the relevant activity should be accompanied with an explanation for the delay. ARC reserves discretion to decline reimbursement requests made >90 days after the relevant activity.

Other Types of Expenses

Expenses not directly for animal care (veterinarian fees, food, medication, hay, etc.), including but not limited to travel, meals, telephone and printing expenses, will only be reimbursable if pre-approved by an Animal Lead (up to £50) or Trustee (up to £100). Expenses not related directly to animal care in excess of £100 will be reimbursable only where pre-approved by a majority Trustees and expenses not related directly to animal care in excess of £250 will be reimbursable only where pre-approved by all Trustees.

Reimbursement of Expenses & Purchases

All claims submitted for the reimbursement of expenses incurred on ARC activities and/or purchases made on behalf of ARC 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 (e.g., missing required supporting documents), inaccurate or otherwise not compliant with relevant legislation may 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.

“Waiving” Reimbursed Expenses/Purchases as a Gift Aided Donation

Deferred Reimbursement of Expenses & Purchases

Where a claimant is intending to donate the reimbursement of their expenses/purchases claim back to their charity, the rigmarole of having to go through a separate “claim – reimbursement – donation” procedure on each occasion can be reduced if the claimant is willing make the claim in the usual way but to allow ARC to defer the reimbursement (e.g., until the end of ARC's financial year).

Procedure

Claimants who are considering waiving their claim as a gift to ARC should notify the Financial Manager by email of this intent. The claimant needs to notate “DEFER” on each and every reimbursement claim that the claimant wants to include in their gift to ARC.

ARC will maintain a record of those deferred claims in the same way as for any other outstanding payment.

About a month before the end of ARC’s financial year, the Financial Manager will make to the claimant one single reimbursement for the total of all their outstanding (*i.e.*, deferred) expenses claims.

The claimant then has 2 options:

1. They can decide that they would like to keep the reimbursement of their expenses after-all. In that case they need take no further action (other than banking the cheque if that is the method of reimbursement). It is emphasised that everyone is completely entitled to do that – it will not cause any difficulty or embarrassment to ARC, nor should it to the claimant. Donations to ARC are, and always will be, entirely voluntary. Claimants should not feel legally obliged to honour any earlier suggestion that they would donate the reimbursement of their expenses back to ARC.
2. Having received/banked the reimbursement of their expenses the claimant then makes a single donation of their choice (*ie.*, it could be for the same amount as their total reimbursement, or less, or more as they see fit. If the claimant has included (or has previously made) a Gift Aid Declaration, ARC will then be able to reclaim the Gift Aid on their donation.

Change Record

Date of Change:	Changed By:	Comments:
01/02/2024	SL	Policy approved by the Trustees
16/07/2024	SL	Rev. 1.1 – changed Trustees contact details