Exmoor Pony Society (EPS) Reimbursement of Expenses & Purchases: Policies & Procedures

Background

Applicability

All Trustees, Members, Staff and Volunteers are entitled to be reimbursed for out-of-pocket expenses which they legitimately incur while promoting and supporting the delivery of the EPS's objects.

Employees are also subject to taxation law in relation to such payments.

Expenses vs Remuneration

In all cases, it is important to ensure that the reimbursement of out-of-pocket expenses is not (nor appears 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 which have personally and properly made on behalf of the charity 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 the charity's general expenditure in the usual way.

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

Claimants who generously waive their expense or purchases as "donations" to the Charity inadvertently create some difficulties.   If reimbursement of expenses/purchases is not claimed they cannot be entered into the Charity's accounts to show both the true costs of running the Charity 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 EPS and entered into the accounts, the EPS 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 part or all of their expenses/purchase claims should therefore first read the section on *Deferred Reimbursement of Expenses & Purchases*.

Changes to the Policy

The EPS 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 EPS 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.

Policy

Scope

Employees and volunteers are entitled to be reimbursed by the EPS 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.

"Actually" means that the claimant actually incurred the claimed expenditure. *eg:* the bus fare for a journey cannot be claimed if the claimant had decided to leave earlier and walk the journey instead;

"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 the EPS's funds to promote & deliver its charitable purposes. Thus, the cost incurred must be competitive with (*ie:* 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 charity 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 EPS activity being promoted/delivered. For example: Where an EPS activity is planned to benefit from another unrelated planned journey (such as a personal or work visit to a location), only the additional travel/expense solely related to the EPS role may be claimed.

Expenses may only be incurred, and subsequently reimbursed by the EPS, in respect of activities which are part of the EPS's agreed and budgeted programme of charitable activities.

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

Prior Approval and Authorisation of Reimbursement

Prior Approval (Before Expenditure)

Wherever possible, approval for any planned expenses or purchases should be obtained in advance from one of the following combinations (via the Secretary, wherever practical):

- The Treasurer and one trustee
- Two trustees
- The Secretary and one trustee

Authorisation of Payment (After Expenditure)

All expense or purchase claims must be authorised for reimbursement by one of the combinations listed above, unless prior approval has already been clearly documented. Claims must be submitted with appropriate documentation and within the required timeframe (see "Submitting Claims").

Conflict of Interest

No individual (including employees, trustees or the Treasurer) may authorise their own expense or purchase claims. In such cases, authorisation must be obtained from two other eligible individuals, chosen from the Treasurer, Secretary, or trustees — excluding the claimant.

Late Claims

Claims submitted more than 30 days after the relevant activity require prior approval from one of the combinations listed above.

Gifts in Kind (Waived or Unclaimed Expenses/Purchases)

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

The EPS 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 the best interests of the EPS:-

1. It causes the real costs of the EPS's activities (*ie:* including those costs which are subsidised by supporters) to be under-recorded and, therefore, under-reported (*eg:* in the EPS's Annual Report & Financial Statements);
2. 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;
3. It hides the true generosity of the EPS's supporters, particularly their financial generosity which goes unrecorded and, therefore, unreported;
4. It means that their effective donation to the EPS 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 the EPS;
5. Under-reporting the EPS's costs and the generosity of its supporters can hamper the making of effective appeals and applications for further funds for the EPS.

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

This includes those supporters who are minded to waive or not claim their reimbursement as a personal gift to the EPS. Rather they should claim the reimbursement to which they are entitled and then back-donate it to the EPS, thereby making it eligible for Gift Aid.

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

- Claims for the reimbursement of expenses must be submitted on the EPS's approved claims form.
- 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 along with the claims form (excluding for mileage claims).
  - ♦ The EPS reserves the right to decline to reimburse expenses for which reasonable documentary evidence has not been provided;
- Expenses claim forms may also include claims for the reimbursement of goods/services purchased by the claimant on behalf of the EPS;
- Claims for the reimbursement of purchases must be accompanied by documentary evidence of the each purchase (*eg:* point-of-sale receipt, travel ticket, *etc*).

Travel Expenses

- 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. Mileage will be reimbursed at a standard rate of 45p per mile, regardless of vehicle type or whether towing a trailer. A higher rate may be requested only where genuine additional costs are incurred and must be supported by fuel receipts and mileage records. Approval will be given on a case-by-case basis.

  - ♦ You may only use your private car in connection with EPS 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).
  - ♦ Parking costs incurred when on EPS business away from the normal place of work will be reimbursed.
  - ♦ EPS judges who have been invited to judge an EPS show by the trustees may claim mileage expenses at a standard rate of 45p per mile, subject to a maximum of £250 per show, unless prior approval for a higher amount has been granted by the trustees in exceptional circumstances.

Travel other than by public transport (rail/bus) or short taxi journeys requires approval (as outlined in the Prior Approval and Authorisation of Reimbursement section) in advance e.g. flights. EPS reserves the right to book travel including flights/accommodation on behalf of the individual(s) participating.

Subsistence

Subsistence costs (*e.g.:* for refreshments, meals & hotel accommodation) can only be claimed when an employee or volunteer is on authorised EPS business away, with appropriate approval as outlined in the Prior Approval and Authorisation of Reimbursement section.

Telephone Calls

The Charity will reimburse employees and volunteers for the actual costs of calls made from their personal telephones made whilst carrying out work for the EPS because EPS -provided telephone services were not available.

This includes calls made on a home or mobile phone 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 with appropriate authorisation (as outlined in the Prior Approval and Authorisation of Reimbursement section), in advance wherever possible.

Reimbursement of Expenses & Purchases

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

"Waiving" Reimbursed Expenses/Purchases as a Gift Aided Donation

HM Revenue & Customs Guidelines – ie: Rules – on Gift Aid Donations

HM Revenue & Customs guidelines on what constitutes a Gift Aid donation are absolutely specific. The relevant information in contained in section 3.41 of HM Revenue & Customs guidance Chapter-3 Gift Aid:*https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid*

> *3.41.2 One of the requirements of the Gift Aid Scheme is that the gift by a donor to a charity 'takes the form of a payment of a sum of money'. So a Gift Aid payment to a charity cannot be made by book entries following a waiver of expenses.*
>
> *3.41.3 The charity must physically pay the expenses to the volunteer. The volunteer is then free to keep the money or pay part or all of it back to the charity as a Gift Aid payment. If they give all of the expenses paid back to the charity, they're not returning the expenses but making a payment of an equivalent amount.*

What this means is there cannot be any form of *quid-pro-quo* exchange or "deal" between the EPS and the claimant/donor along the lines of *"don't reimburse my expenses claim, keep the money as a donation"*. The EPS first has to make an actual repayment of the expenses claim in a way that is verifiable by HMRC (usually by BACS transfer or by cheque to the claimant's own account) and then the claimant must separately make a similar, reciprocal, verifiable donation to the EPS. The donation has to be made by cheque or BACS/online payment or debit or credit card.

Deferred Reimbursement of Expenses & Purchases

Where a claimant is intending to donate the reimbursement of their expenses/purchases claim back to the EPS, 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 the EPS to defer the reimbursement (*eg:* till the end of the charity's financial year).

Procedure

- Claimants who are considering waiving their claim as a gift to the charity should tick the "Defer Reimbursement" box on the Expenses & Purchases Reimbursement Claim Form (attached).
- The Charity 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 the deferred payment date (*ie:* the end of the EPS's financial year) it will make to the claimant one single reimbursement for the total of all their outstanding (*ie:* 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.
     It is emphasised that everyone is completely entitled to do that – it will not cause any difficulty or embarrassment to the EPS and nor should it to the claimant. Donations to the EPS are, and always will be, entirely voluntary. So claimants should not feel legally obliged to honour any earlier suggestion that they would donate the reimbursement of their expenses back to the EPS.
  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) by cheque, BACS transfer, or by debit or credit card.
     If the claimant has included (or has previously made) a Gift Aid Declaration the EPS will then be able to reclaim the Gift Aid on their donation. The current version of the HMRC Gift Aid Declaration form can be found by searching the internet for "*Gift Aid Declaration Form*" (but make sure that you only use the form from a **gov.uk** website).
     Note: *You can re-create the form to reflect your charity's own "branding" – ie: include the name of the charity at the top of the form using your charity's logo rather than having to write it in by hand – but you MUST reproduce all the other wording, and collect all the same donor details, exactly as on the HMRC example form.*

Policy Review and Enforcement

This policy will be reviewed by the Trustees at least annually and updated as required. It is the duty of all Trustees to monitor the policy and inform the Chair of any issues which they perceive may require the enforcement of the policy.

This policy is published on our website where it can be viewed by members and the public. It is included in the information pack sent to new trustees.

Change Record

Date of Change:	Changed By:	Comments:
15/4/2025	Trustees	Policy approved by the Trustees
11/11/2025	Trustees	Mileage rates added
13/1/2026	Trustees	Maximum mileage claim for EPS-appointed judges added; Footer corrected

This policy has been based on a template provided by ‘Small Charity Support’.