



EXPENSES POLICY and GENERAL PROCEDURE FOR ALL TYPES OF EXPENSES

1. Introduction

- 1.1 There are occasions where employees incur expenses whilst performing their duties. If the nature of the expense is a validly incurred business expense, as determined by the employee's terms and conditions, then the employee can make a claim for reimbursement of the expense, or payment of an allowance (where appropriate) to cover the cost.
- 1.2 This Expenses Policy and *General Procedure for All Types of Expenses* have been prepared to provide a fair and transparent process that everyone can understand. By applying the requirements of the policy and procedure, it is intended that the generally accepted standards of public sector internal control will be observed.
- 1.3 It should be clarified that the term "expenses" in this policy and procedure is applicable to "allowances" that require to be claimed by employees via an expense claim e.g. subsistence for overnight stays in non-commercial accommodation. It is recognised that there are certain allowances paid to employees as a result of their terms and conditions, and these are processed via payroll amendment forms.

2. Policy Statement

- 2.1 It is the policy of NHS Lothian that expenses will be paid in accordance with accepted standards of financial governance and internal control. No claim will be processed unless it has satisfied the requirements of the *General Procedure for All Types of Expenses*.
- 2.2 NHS Lothian will generally not provide advances to employees for expenses. NHS Lothian will maximise the expenditure directed through the procurement system (by completion of requisitions for items that can be ordered in advance), which will minimise the amount of spend to be reclaimed through the expenses system. In the case of infrequent travellers, an advance may be given after due consideration of the employee's circumstances.
- 2.3 NHS Lothian will reimburse staff for expenses as their terms and conditions of employment prescribe, provided the content of the claim is consistent with this policy.
- 2.4 Employees are expected to follow appropriate arrangements to make the most cost-effective use of resources when incurring expenses on NHS Lothian activities. To achieve this, employees should contact Procurement at travel@nhslothian.scot.nhs.uk who will order the required items on their behalf.
- 2.5 NHS Lothian will not normally reimburse employees for first class air travel (nor will it be ordered on their behalf) where possible, in order to minimise cost. First class rail travel may be approved in exceptional circumstances, e.g. journey lasts several hours, and the employee will be working whilst travelling.
- 2.6 NHS Lothian will not reimburse any fines or fixed penalty charges that drivers may incur.
- 2.7 For all expenses claims associated with the use of vehicles (usually mileage), the claimant must have observed any legal requirements associated with driving or maintenance of the vehicle (driving licence, adequate insurance, MOT) in order for the claim to be paid. NHS Lothian will maintain separate policies / procedures and guidance on these matters.
- 2.8 There is a normal maximum limit for the receipted cost of bed & breakfast provided for in the national employee terms and conditions. It is accepted by NHS Lothian that there are circumstances whereby this limit will be unavoidably breached, but employees must ensure that the requirements of the general expenses procedure (below) are strictly followed in order to minimise the cost to NHS Lothian. If it is anticipated that the limit will have to be breached, this should be agreed in advance.

- 2.9 NHS Lothian will not make reimbursements to individuals for the cost of business entertaining incurred beyond NHS Lothian premises. For business entertaining on NHS premises, employees should requisition the provision of hospitality / catering functions through whatever official process NHS Lothian has established. (Contact Procurement on 0131 465 7653/4, extensions: 47653, 47654) In no circumstances will expenses be paid to reimburse the cost of alcohol.
- 2.10 NHS Lothian will not reimburse an expense claim if the claim is submitted to Payroll Administration and Information Services (PAIS) more than 3 months after the expenditure was incurred.
- 2.11 The Expenses Policy must be applied to all classes of expenses incurred in accordance with other NHS Lothian policies, e.g. redeployment, removal expenses, excess travel.
- 2.12 This policy and the *general procedure for all types of expenses* apply to all employees of NHS Lothian. It is recognised that there is reimbursement of expenditure incurred by individuals who are not NHS Lothian employees, e.g. patients, University personnel, staff from other NHS bodies. This expenditure will be addressed by separate procedures.
- 2.13 Employees should not claim for goods and services that would normally be ordered through NHS Lothian's procurement systems. Any employee with a query on this point should contact Procurement on 0131 465 7653/4, extensions: 47653, 47654.

3. General Procedure for All Types of Expenses

- 3.1 In order to make a claim for an expense, the employee must incur the expenditure in the first instance. In order to make a claim for expenses, employees must complete a standard claim form as determined by NHS Lothian.
- 3.2 All items in claims must be supported by evidence (where obtainable) that the expense was incurred in accordance with the claim (except mileage and items that awarded as a flat-rate allowance). This should take the form of receipts, paid-stamped invoices (VAT invoices where relevant) or perhaps travel tickets. It should be noted that not all documents are evidence of payment by the claimant, and therefore will not be accepted as satisfactory evidence under the terms of this procedure, e.g. quotations, excerpts from credit card or bank statements, unpaid or copy invoices.
- 3.3 For items in claims that cannot be evidenced as required by paragraph 3.2, the individual authorising the claim must satisfy him/herself that the claimant is properly entitled to what is being claimed as a result of their terms and conditions and / or another NHS Lothian policy.
- 3.4 The administration and payment of expenses will be directed through Payroll Administration Information Services (PAIS). PAIS will reimburse employees for claims at the same time as salary payments. Employees will be expected to submit claims in accordance with the processing timetable stipulated by PAIS in order to catch the payment run.
- 3.5 For any particular item, claimants can only claim reimbursement once i.e. a claim cannot be submitted to more than one organisation for the same item of expenditure.
- 3.6 NHS Lothian will not pay an invoice for expenses forwarded to it by a supplier of goods/services, as a result of an instruction by an employee that the invoice will be paid by the organisation on his/her behalf. In the event of the employee being unable to pay for the items in advance, the manager who will ultimately authorise the claim should raise a requisition to the Procurement function, or request a cheque to be raised (e.g. course fees to be paid in advance). Essentially no authorising officer should be presented with an expense claim / invoice he or she was not expecting.
- 3.7 Claimants must provide a full explanation of the nature of the expense and why it was incurred. Claims are only valid for expenses necessarily incurred in the discharge of the NHS Lothian business or to be paid in accordance with another NHS Lothian policy, e.g. excess travel allowance.
- 3.8 NHS Lothian will apply taxation (where appropriate) to expenses in accordance with relevant legislation and any guidance produced by HM Revenue and Customs. Queries on this topic should be directed to the Expenses & Car Leasing Manager on 0131 537 8621.

3. General Procedure for All Types of Expenses (continued)

- 3.9 An employee must notify his or her manager in advance of undertaking any journeys beyond the NHS Lothian boundary, if the undertaking of the journey is not a routine requirement of his or her role. At this point the employee may be asked by his or her manager to demonstrate what the likely cost of the journey (and any associated expenditure) is going to be.
- 3.10 In order to minimise costs, where possible, employees should advise Procurement of the intended journey / accommodation request as early as possible.
- 3.11 NHS Lothian will establish and apply standard mileages between recognised locations for reimbursement in order to assist in verifying mileage claims. The claimant must also fully complete all required sections of the expense form for every claim.
- 3.12 Care must be taken to ensure that all claims are arithmetically correct.
- 3.13 Mileage claims should be for the mileage actually and necessarily travelled for the journey. The claimant will be expected to take the most efficient route between locations.
- 3.14 The cost of journeys between a person's home and base (ordinary commuting) will not be reimbursed (except in emergency circumstances, in line with relevant terms and conditions). The emergency miles will be taxable, but may qualify for tax relief if the criteria established by Revenue and Customs are satisfied.
- 3.15 For business journeys that commence or end at the employee's home, mileage will not be reimbursed for the portion of the journey that is part of the employee's normal commute. Where an employee travels from/to home to a location that is not base, and the journey is not part of the normal commute, the employee can claim the lesser of the home to place visited mileage and the base to place visited mileage.
- 3.16 All claims for expenditure incurred in a foreign currency must be made in pounds sterling. The claim should reflect the actual exchange rate prevailing at the time of the expenditure, and this should be verified by the authorising manager.
- 3.17 The claimant must sign and date the claim form, thereby giving his/her confirmation that the claim is valid under the terms of this policy, and his/her own terms and conditions of employment.

3. General Procedure for All Types of Expenses (continued)

3.18 An authorised signatory (as determined by the NHS Lothian Scheme of Delegation) must approve the claim by signing and dating the form. The authorised signatory must satisfy him/herself that the expenses are valid in accordance with NHS Lothian policy.

Authorisation

3.19 The budget holders will personally approve which individuals in their areas can approve expense claims, in accordance with the NHS Lothian financial Scheme of Delegation. The budget holder will complete any documentation stipulated by the NHS Lothian finance directorate in order to communicate delegated authorities.

3.20 In general terms, the following principles should be observed in the authorisation of a claim:

- There will be no self-authorisation of expenses.
- An individual cannot approve the expenses of someone whom he/she reports to. The exception to this rule is expenses that may be incurred by the Chairman, which will be approved by the Chief Executive.
- The Chairman should approve the Chief Executive's expenses. The Chief Executive should approve the expenses of all other executive directors and his/her other direct reports.

3.21 The authorising signatory should normally be the claimant's line manager and/or the budget holder for the relevant cost centre.

3.22 For all journeys/events that will require the employee to leave Scotland, additional approval of the journey (beyond immediate line manager) must be secured from an appropriate manager as stipulated in the NHS Lothian Scheme of Delegation.

Dealing with Incidences of Non-Compliance with the Expenses Policy

3.23 If the claim is made on a paper claim form, PAIS will perform a series of checks on the claim before it is processed for payment. PAIS do not have the authority to alter any claims if they are not compliant with the requirements of this procedure.

3.24 If PAIS has a query with any element of a submitted expenses claim, the claim should be discussed with the appropriate senior manager for resolution, not the claimant or the authorised signatory. The senior manager must determine the nature of the query and resolve the issue before further action is taken.

3. General Procedure for All Types of Expenses (continued)

- 3.25 If the claim is made via the eExpenses system, PAIS will perform retrospective checks on a sample of processed claims to ensure compliance with this policy and procedure. Claims that are found to be non-compliant may, following referral to and investigation by the senior manager, lead to a reversal of the payment that was made to the employee.

Dealing with Incidences of Non-Compliance with the Expenses Policy

- 3.26 PAIS will not necessarily refer the matter back to the senior manager for resolution if the query relates to taxation of the claim. PAIS will work with the claimant to resolve the query in this instance.
- 3.27 If anyone suspects that any claim is fraudulent or potentially fraudulent, he/she must notify the designated NHS Lothian Fraud Liaison Officer, namely the Chief Internal Auditor. The NHS Lothian Fraud Liaison Officer will investigate the matter in accordance with the NHS Scotland fraud policy and procedures and Scottish Government instructions. If it is appears that the matter does not relate to fraudulent activity, the matter will be referred back to the senior manager.

Monitoring and Review of this Policy and Procedure

- 3.28 Compliance with this policy & procedure will be verified periodically through the internal and external audit processes.
- 3.29 This document will be formally reviewed and approved 3 years after its adoption.