

UNITED METHODIST CHURCH (UK)

CHURCH EXPENSES POLICY



1. Introduction

This policy provides guidance to all individuals claiming reimbursement of travel, subsistence or other expenses incurred about Church business, and will ensure that individuals operate within the Finance Policy and Procedures.

This policy is mandatory to all staff and volunteers. The policy applies to **all** expenditure and covers all personal business expenses irrespective of the payment method. The policy reflects the need to manage our activities efficiently, keeping bureaucracy to a minimum, while complying with tax and other statutory obligations.

2. Authorisation of expenses

2.1 All expenses must be authorized by the Committee on Finance Chairperson and no claimant may authorise their own claim. By authorising transactions, the authoriser is confirming that the costs have been incurred and incurred necessarily for the purposes of the Church business, that there is sufficient budget to cover the expense and that supporting documentation, such as a receipt, is presented.

2.2. Payment requisition should be used to claim all expenses.

The following individuals must approve expenses: -

2.3.1. Claims in respect of committees shall be authorised by the Chairperson of that committee or an authorised signatory of that cost centre. Claims should be authorised as soon as possible to minimise delay in settlement.

2.3.2 Claims in respect of organisations shall be authorised by the Chairperson of that organisation or an authorised signatory of that cost centre. Claims should be authorised as soon as possible to minimise delay in settlement.

- 2.3.3. Assistant pastors shall have their claims authorized by the Chairperson PPR/PAC as applicable. The Pastor in charge shall have sight of claim before authorization.
- 2.3.4. The Pastor in charge shall have his/her claim authorised by the chairperson of PPR/PAC.

- 2.3.5. The District Superintendent shall have his/her claim authorised by the COS chairperson.

- 2.4 Any alterations made to forms should be initialled by the claimant and the individual authorising them.

- 2.5 Authorised forms should be forwarded promptly to the treasurer once they have been completed to minimise risks of delayed payment and in any case no later than 60 days after the expense was incurred.

- 2.4 Any attempt to submit a false claim form will be treated as a serious disciplinary offence.

- 3. Expense payment procedure
 - 3.1 To comply with HMRC requirements expenses reimbursement, will only be made on production of receipts or invoices, except in the limited instances specified below in which expenses are reimbursed by the way of fixed rate allowances for which receipts are not required.

 - 3.2 You may claim the actual cost of expenses incurred wholly exclusively and necessarily in the performance of Church business. Ordinarily a claimant should only claim travel costs for themselves. Where a claim is made for multiple costs, all costs should be listed. You are expected to minimise costs without impairing the efficiency of the Church.

 - 3.3 Expenses incurred on behalf of the Church are to be recorded in detail on a payment requisition form. All claims must be supported by receipts. Non-attachment of receipts will mean that the item(s) may be disallowed from the claim. Mileage claims do not require receipts unless fuel is being claimed for.

- 3.4 The claimant must sign the declaration on the payment form, and the form must be authorised under the procedures described under paragraph 2.

The form should be submitted within 60 days from the end of the month in which the expense is incurred. Completed forms are to be submitted to the appropriate Finance office for authorisation and payment.

Late submission of forms may be entertained, where legitimate explanations for delays exist. Such explanations should be made available, in written form, to the treasurer.

4. Payments direct to external suppliers

Certain expenses and benefits are provided by way of direct payment to external suppliers of goods and services. The conditions laid down in the relevant section of this policy must be satisfied before the expenditure may be incurred. Any item not covered by this policy must be referred to COF for guidance, before any commitment is made to incur the expense, otherwise there is no guarantee that payment will be reimbursed.

5. Entertainment

- 5.1 Necessary costs of entertaining business contacts will be reimbursed on production of receipts. For this purpose, “business contacts” do not include other employees of the Church or of any organisation or company associated with the Church. The following information must be shown on the claim form, or bill if payment is being made directly between the Church and restaurant: -
- a. the name(s) of attendees:
 - b. the organisation which they represent and,
 - c. the purpose of the entertainment (for example, “negotiation of contract”)

It should be noted that where practicable, all entertainment expenditure must be authorised by the COF chairperson before it is incurred.

- 5.2 There will be occasions when it is appropriate to provide catering to visitors with the Church utilising restaurant facilities. In such cases the Church will reimburse the costs involved including the costs of gratuities, up to a level of 10% of the total bill. However, in such cases the level of expense must be proportionate with the nature of the related business activity and the number of Church personnel in attendance must proportionate with the number of visitors. The claim form must record the names of the people in attendance at such meals, their organisation and the purpose of the meeting. Where the Church is invoiced directly, these details should be appended to the Purchase Invoice. Where the numbers of Church staff attending are

not proportionate, the Church may charge the Income Tax and NIC implications arising against individual members of staff's salaries.

- 5.3 Costs that are incidental to business entertainment costs (for example, the cost of a taxi to a restaurant where a contact or customer is to be entertained), should be described as business entertainment on the expense claim for (and not, for example, claimed under "Travel").

6. Out of Pocket Expenses

- 6.1 You may claim the cost of small out of pocket business expenses. Examples of such expenses are parking meters (but not fines), tube tickets, bridge toll charges and telephone calls from public call boxes. Where it is possible, receipts should be retained and attached to claims. Claims must be limited to the actual amount of expense incurred and not claimed as a round sum allowance. All items claimed should be itemised and described as fully as possible on the payment requisition form.

7. Relocation Expenses for staff

- 7.1 Relocation costs as set out below will be borne by the Church, to a maximum of £8000 for qualifying purposes.

You will be entitled to removal costs if you change your only or main residence as result of: -

- a) You are a newly appointed member of staff.
 - b) You move from a location of more than 30 miles from the Church to your new location.
 - c) Your deployment is for a period of at least 12 months.
 - d) There is only one relocation package per household – e.g. if a husband and wife are both employed by the Church and are moving from the same address, only one partner can make a claim for reimbursement.
 - e) Your claim is submitted within 12 months of the start of your employment.
- 7.2 The reason for the relocation must be to allow you to have your only or main residence within an appropriate distance from the Church that will enable you to perform your duties. This will not apply where your former residence is within a reasonable daily travelling distance of that place of work. The Church will: -

7.2.1 Make payments to you on receipt of a properly completed expenses claim supported by receipts: or

7.2.2. Make payments on your behalf on receipt of an invoice addressed to the United Methodist Church (UK).

7.3 Reimbursement will only be for items of qualifying expenditure. Qualifying expenditure will be restricted to the following items.

7.3.1 Removal (by sea and/ or land) of furniture, and personal effects based on the lowest of three estimates. Members of staff may wish to use a removal firm other than the one, which submitted the lowest estimate. In these circumstances, the Church will reimburse the cost of the lowest estimate and the member of staff must pay the difference.

7.3.2 Costs of storage if there will be a delay between vacating your former residence and entering your new residence.

7.3.3 Stamp duty.

7.3.4 Reasonable property valuation expenses.

7.3.5 Legal fees connected with the buying of a new residence and /or the selling of your former residence.

7.3.6 Advertising costs and /or estate agent costs incurred in selling your former residence.

7.3.7 Short-term rental costs for periods where you are incurring rental costs in addition to mortgage costs associated with your former residence in advance of sale of the former residence.

7.3.8 For staff relocating from overseas, the cost of an economy air flight for the member of staff, partner and children. Airfares more than economy level will not ordinarily be reimbursed. In certain circumstances, it may be more convenient and/or less expensive for an individual to move their belongings

themselves, e.g. by hiring a van or making one or more car journeys. Please contact the COF Chairperson for confirmation that this will be acceptable.

Please note that pets are not included in any qualifying costs.

It must be noted that if you resign from your post within 2 years then you will be required to reimburse the Church any relocation expenses that have been paid to you. The following rates will apply: -

- 6 months or less 80%
- 6 months – 1 year 60%
- 1 year – 18 months 40%
- 18 months – 2 years 20%

7.4 How to claim Reimbursement

7.4.1 The three original quotations for removal expenses (or email attachments on headed paper) should be forwarded to the COF for approval.

7.4.2 The receipted invoice from the removal company for actual expenses incurred and receipts for travel expenses should be submitted to COF on a staff expenses claim form. Agreement with the Church via COF is to be sought in advance. If the member of staff wishes the Church to pay the company direct they must inform the company of this and then the invoice should be sent direct to COF.

7.4.3 The Church reserves the right to refuse to meet costs, which are not covered by the regulations and have not been agreed in advance by the COF Chairperson.

8. Subsistence

Cost of meals taken en route to a duty may be claimed. If, however, you are attending a catered conference you can only claim personal incidental expenses (see section). Only the costs of meals taken during business journeys will be borne by the Church in the circumstances described below. You may claim either the actual, reasonable costs of food and drink, supported by receipts, or, as an alternative, scale subsistence expenses as follow. The payments should be claimed on the payment requisition form.

8.1 Day subsistence allowance (lunch) - £5.00

You may claim up to this sum without the need for receipts in respect of each day on which you purchase a meal while away from both home and the permanent workplace and if you are more than 5 miles away from each and absent from each for a period for more than 5 hours spanning the normal lunchtime.

8.2 Day subsistence allowance (lunch and dinner) - £15.00

You may claim this sum without the need for receipts in respect of each day on which you purchase meals whilst away from both home and the normal place of work and are more than 5 miles away from each and absent from each for a period for more than 10 hours spanning the normal meal times.

8.3 Personal Incidental Expenses

You may claim the actual costs of personal incidental expenses such as newspapers, private calls, laundry, drinks etc. provided that the total amount spent on such items amounts to no more than £5 per night (where the night is spent in the United Kingdom) or £10 per night (where the night is spent outside the United Kingdom). No receipts will be required to support such a claim, but staff should claim only the costs incurred up to the limit, rather than claiming a round sum allowance. The average may be calculated only over the duration of an unbroken business trip. Any nights not spent away from home on the business trip will break the period. The Church will monitor claims for personal incidental expenses to ensure the HM Revenue & Customs limits are not exceeded.

9. Working Lunches

The Church will normally provide working lunches. If you are responsible for arranging refreshments, supplied by the Church, for a meeting or training event which carries on through the normal lunch break, you should ensure that the total costs are modest. To comply with HMRC rules, working lunches for staff members can only be claimed when lunch is consumed on Church premises, considered light (i.e. sandwiches/crisps/biscuits/soft drinks). It must also be taken in the place where the meeting is held (i.e. a break in the meeting).

10. Training courses

- 10.1 The Church provides training courses to enable employees and volunteers to improve their effectiveness at work. The Church organises training courses in-house and the costs of these courses are borne by the Church. Where it is necessary for you to travel to attend such courses, any travel and subsistence expenses incurred may be claimed as business expenses under the rules indicated in the sections 11 and section 15 of this procedure.
- 10.2 Additionally, at its discretion, the Church will bear the cost of external training courses. The Church may agree to meet the cost of courses where the training leads to the acquisition or improvement of knowledge, skills or personal qualities which are likely to prove useful to you in carrying out the duties of the employment, or which better qualify you to undertake the duties of another employment with the Church in due course.

11. Travelling Expenses

All travel for business purposes should be booked through the secretaries, where possible and certainly for long-haul flights. The procedure below will apply in all cases.

11.1 Air/Rail/Bus/Taxi Fares

- 11.1.1 Air Fares – travel by air should be at economy class. The Church cannot presently afford premium travel. Travel in premium class or higher will only be undertaken where the employee or volunteer pays the difference in advance of travel. Approval must be sought from COF in advance of travel being booked.
- 11.1.2 Train fares- Employees and volunteers may choose to travel 1st class or in sleeper accommodation, where this is cheaper than economy air travel.
- 11.1.3 Details of any rail/flight/bus/taxi costs for which reimbursement is sought should be claimed on a payment requisition form.
- 11.1.4 Air miles collected from business travel must be reported by the individual to HMRC as this is classed as a 'Benefit in Kind'.

11.2 Car Parking

Parking costs incurred during business travel may be claimed, but the costs of parking otherwise at the normal place of work may not be claimed.

11.3 Hotel Accommodation

When you are travelling on business you should obtain accommodation in a reasonable quality hotel (the Church defines a 'reasonable quality hotel' as being one of up to 3* standard). However, if a reduced rate for 4* or above can be obtained and would be the equivalent to a 3* price or if there is no other accommodation available at 3* then this would be acceptable. The Church will bear the cost of the room, evening meal and breakfast (and certain personal incidental expenses – see 8.3). Separate receipts should be obtained where meals are not taken in the hotel. Alternatively, you may charge only the room cost to the hotel bill and claim all other meal and incidental costs by way of the subsistence allowance.

11.4 Using your own car on business

11.4.1 If you use your own private car on Church business you must seek prior authority to do so from the District Superintendent or Lay leader. You should ensure that your insurance cover extends to business use and the insurer should, if necessary, be asked to endorse the certificate to confirm that driving in the performance of the Church's business is covered by the insurance policy. Alternatively, you can arrange to have business cover extended to your vehicle under the Church's Insurance arrangements. This can be done via BOT.

If you seek to utilise Church insurance you should wait until this cover has been confirmed prior to travelling.

11.4.2 Before travelling, individuals are required to compare standard class public transport costs, and, if cheaper and practical, should opt for rail travel when a direct rail service is available.

11.4.3 Car sharing is recommended where individuals are travelling from the same church or local area. In such instances only one expense claim will be paid.

11.4.4 Where authority is granted by the Church, expenses incurred by employees whilst on Church business will be reimbursed at the rate of 30p per mile for the first 10,000 miles in any tax year (6th April – 5th April), dropping thereafter to

25p per mile. The employee can claim Mileage Allowance Relief on the difference between the allowance paid and the amount approved by HMRC. The Church shall only fund the cost of mileage within England and Wales.

11.4.5 Travel outside England and Wales will be approved prior to travel by the COF chairperson.

11.4.6 Church members and volunteers travelling on Church business will be reimbursed as set out on the Travel Chart or at the rate of 28p per mile where the destination is not on the travel chart.

11.4.7 If you are authorised to use your own car on Church business you should claim following the procedure described below.

11.4.8 Full details of the journey, including date, reason for journey, starting points and destinations, should be shown in the appropriate columns of the staff expenses claim form.

No tax or NIC liability arises in respect of mileage claimed for the use of the employee's own car under the above rules and details need not be reported in personal tax returns.

11.5 Use of a motorcycle for business

An allowance of 24p per mile may be claimed on the appropriate form. Staff should ensure that they have appropriate insurance arrangements in place for the use of a motorcycle for business purposes.

11.6 Use of bicycle for business

An allowance of 20p per mile may be claimed.

11.7 Fuel - church hired cars & vans

The cost of fuel used for business purposes in cars and vans hired by the Church should be entered on the payment requisition form, with relevant receipts attached.

12. Uniforms

- 12.1 The Church will provide uniforms (e.g. high viz jackets) for some volunteers. The provision of clothing will be arranged by the Church.
- 12.2 The Church logo will be permanently displayed on all clothing provided.
- 12.3 Expenses of laundering the clothing referred to above may be claimed in accordance with the procedures laid down in section 3 of this procedure.
- 12.4 No tax or NIC liability arises in respect of clothing or laundry costs provided under the terms described above and details need not be reported in personal tax returns.

13. Professional subscriptions

Personal professional subscriptions for members of staff are the personal responsibility of individual members of staff. No Church reimbursement shall be provided for such costs, although individual staff members may be able to claim tax relief for such costs either through their tax code or on their own tax self-assessment returns. However, if there are benefits to the Church by being a member of an organisation, payment may be allowable but this must be agreed, prior to the expense being incurred, by COF.

14. Telephone and IT

- 14.1 Home and telephone calls –Church staff/volunteers that are required to make business calls on their home or mobile telephones must attach the appropriate bill to the payment requisition form. The relevant itemized business calls highlighted and only these will be reimbursed.
- 14.2 Broadband and Internet Connections – The Church will not reimburse staff/volunteers for broadband or internet connections as the Church cannot demonstrate sole and exclusive business use to satisfy HM Revenue and Customs guidelines.

- 14.3 The Church shall provide a dedicated internet connection where, in exceptional circumstances, it is absolutely necessary for staff to work from home. This shall only be used for church business in compliance with HMRC guidelines.
- 14.4 Pay as you go services cannot be used as HMRC rules are not met.

15. Preachers fees

Staff/Volunteers will not be paid tokens of appreciation from Church funds.

- 15.1 Clergy preaching in the normal course of their pastoral ministry will be remunerated through payroll.
- 15.2 Church members preaching and/or facilitating at training seminars will be reimbursed their out of pocket expenses as their missionary work is voluntary. These include travel and subsistence as outlined above. No additional allowance outside the scope of this policy will be paid.

Guest preachers will be paid fees as stipulated below. These fees are standard throughout the Mission area. As a matter of courtesy, a guest preacher should be informed beforehand, where payment of fee, isn't possible due to limited resources.

Overseas preachers £500.00

Preacher at 2-3-day revival £150.00

Day preacher - £50.00.

- 15.3 Where appropriate, the responsibility of declaring any tokens to HMRC lies with the individual.

Review of policy

This policy is subject to review and approval at each annual conference.

Review date: 17 June 2017

Ratified date: 17 June 2017

Date of next review: November 17