

Section 3I – Supplier and Employee Expenses

In this document, supplier covers things like; trade suppliers, council members, partners and witnesses. Trade suppliers are all suppliers other than council members, partners (assessors and visitors) and witnesses.

1 Supplier Expenses

- 1.1 For new trade suppliers, an “initiator” needs to set them up as an authorised supplier, via the Lotus Notes New Supplier set-up procedure. Typically, an EMT member will do this.

Once approved as a new supplier, the Finance Dept is automatically notified to set new trade suppliers in the Purchase Ledger system, so they can be paid in future. NB: For non trade suppliers (new council members, partners and witnesses), there are manual set-up forms to complete (refer Secretariat, Partner Manager and FTP Dept respectively). Once approved, these are manually sent to the Finance Dept for set up in the Purchase Ledger system, so expense claims can be paid in future.

- 1.2 To order goods or services from trade suppliers, once approved as an authorised supplier, an HPC purchase order (PO) must be completed and signed by the relevant signatory (refer latest Invoice/Purchase Order Signatory list maintained by the Purchase Ledger Officer).

PO’s are required for all purchases, including non UK travel, with the following exceptions; P&O travel costs, witnesses, staff, council member and partner expenses. PO’s should always be completed AFTER the trade supplier is approved, and BEFORE receiving the supplier’s invoice relating to the purchase.

For purchases, including legal and professional services, an authorised PO should be raised in advance, with an estimate of the likely costs obtained from the supplier.

For Kingsley Napley (KN), a PO needs to be raised in advance for each Case Number (non general advice). For general KN advice, one PO per financial year should be raised, with an overall cost estimate for HPC as a whole.

For Bircham Dyson Bell (BDB), PO’s should be raised in advance for estimates of legal services (non general advice) e.g. specific HR Employment legal issues and drafting of specific commercial contracts. For general BDB advice, one PO per financial year should be raised, with a cost estimate for HPC as a whole.

For short-hand writer services (case transcripts), Braille services and small mail-outs (not Print UK), one PO is set up each financial year for the estimated cost of services provided. This PO needs to be quoted on all the relevant supplier invoices to HPC.

- 1.3 For details of who is authorised to raise PO's and up to what VAT-inclusive amounts per invoice/PO, please refer to the latest Invoice/PO Signatory list. This list is maintained by the Purchase Ledger Officer.
- 1.4 Pre-numbered, three part purchase order books are held by budget-holders and issued to budget-holders by the Finance Department.

Failure to ensure authorised purchase orders are raised at the initial stage, or failure to ensure that invoices are authorised by the valid signatory will be treated very seriously (may result in disciplinary action).

Step One - the authorised, white top copy of the PO goes to the trade supplier, the pink and blue copies remain in the PO book. When the trade supplier sends their invoice to the Finance Dept to arrange payment, the Purchase Ledger (P/L) Officer attaches a header sheet (Springfield>Finance>Forms>Purchase Ledger Detail Form), dates and reference-stamps the header sheet and forwards both to the relevant budget-holder.

Step Two - The budget-holder attaches the pink copy of the relevant PO to the invoice. The budget-holder authorises (refer Invoice/PO Signatory list for the valid list) and completes the details on the Detail Form and forwards the three forms (Detail form, invoice and PO) to the P/L Officer for payment processing. NB: By keeping the blue copy permanently in the PO book, the budget-holder has a record of what they've ordered over time, in case the supplier disputes what was ordered, or multiple invoices relating to one PO are sent. The budget-holder also knows if the pink copy is still in their PO book, then the invoice hasn't yet been received and paid by HPC.

For pro-forma payment requests (special situations where an urgent payment *must* be made to a supplier in advance of an invoice being obtained), Step One above still applies, but a payment detail form (see Springfield>Finance>Forms>Purchase Ledger Detail form) needs to be completed and attached to the pink PO before payment processing can occur. The P/L Officer maintains the register of pro-forma payments made and *it is very important that the employee requesting the pro-forma promptly obtains the actual trade supplier's invoice and gives it to the P/L Officer*, for Audit and Tax compliance purposes. At Step Two, only the completed Detail Form and Invoice are forwarded to the P/L Officer.

Trade supplier credit notes (these are typically where the supplier invoiced HPC in error, incorrect quantities etc) should be agreed between the budget-holder and the supplier first. The supplier sends the credit note to the HPC P/L Officer. The P/L Officer attaches a "Request for Credit Note form" – refer Springfield>Finance>Forms>Request for Credit Note, completes section 1 of the form and attaches the form to the supplier's credit note. The P/L Officer then passes the form and supplier credit note to the relevant budget-holder. The budget-holder then checks the details as agreed with the supplier and completes section 2 of the Request for Credit Note form. **Credit Note authorisation levels are the same as for Invoices and Purchase Orders**

(who can authorise and the authorising limits). The budget-holder promptly passes the form and credit note on the P/L Officer to complete section 3 of the form and complete processing in the Purchase Ledger.

Final Step - the Finance Department run fortnightly pay runs; to pay trade suppliers and councillors, witnesses and partners for expense claims submitted – refer published payment timetable on Springfield>Finance>Payment Dates>Purchase Ledger Payment Dates.

2. Employee Expenses

2.1 The claimable rates quoted in section 4 of this policy document may change from time to time. Changes will be sanctioned by the Finance and Resources Committee in advance. Finance Dept will update the rates in this Handbook and send an email notification to all employees.

2.2 Employee expense claims, authorised by the relevant budget-holder with supporting tax receipts, should be submitted as soon as the expense is incurred. Full details must be made on the claim form provided for the purpose – refer Springfield>Finance>Forms>Staff Expense form.

Spare expense claim forms can be taken on a work field visit and posted back (with supporting receipts) to the budget-holder at Park House, to ensure prompt processing. Late submissions will result in late settlement.

2.3 All payments will be made into employees' bank accounts. Payments will not be made by manual cheque, unless in exceptional circumstances. After the pay run, please allow a couple of working days for the funds to hit your account.

2.4 Tax Receipts are required to substantiate claims, which should be made on the form provided. Vouchers for items below £5 VAT inclusive are not required.

2.5 The current policy relating to staff credit cards is that no credit cards will be issued to staff, unless approved by the Chief Executive. At present there are no staff credit cards issued.

3 Legitimate Business-related expenditure

3.1 Employee expense re-imburement will only occur where expenses identified in the claim are *actually and necessarily incurred* for business purposes. For example, employees claiming alcohol and lunch costs that are of a personal nature are not able to be claimed. Exceptions to this are meals and alcohol costs (refer section 3.1 below) claimable for tax purposes as travel-related costs, where they clearly relate to a work-related trip, travelling or staying away (from the normal place of work) on work business. Refer also section 4.1 "Hotel, Accommodation and Meals" below.

3.2 Wherever possible travel and hotels must be booked through the HPC travel agent (Springfield>Finance>Policy & Procedures>P&O Booking Procedures). This allows HPC to get the best bulk deals on such costs in the long run.

4 Travelling and Subsistence

4.1 Rates are payable for travelling and subsistence costs to reimburse the out-of-pocket work-related expenses of employees. Expenses will only be reimbursed if actual expenses are incurred. The following expenses will normally be paid:

Rail Fares: Standard Class rail fares at the cheapest available rates. For members of the Executive Management Team, First Class rail may be claimed where train journeys exceed one hour and work is done on the train.

Air Fares: Economy Class airfares will be reimbursed where appropriate and authorised. Business class fares may be claimed by the Executive Management Team following prior authorisation by the Chief Executive and Registrar.

Tube, Coach and Bus Fares:

Will be reimbursed as incurred.

Mileage Allowances:

Mileage allowance is payable for the use of own cars. Use of cars by employees will only be permitted if rules for such use as published by the HPC from time to time are followed. Mileage rates are in accordance with Inland Revenue rates, which are subject to annual change.

The rates to be used until any notification of change is made are as follows:

	1 st 10,000 miles	Additional Miles
Any rating	40p	25p

Rates for lease cars are available upon request.

The mileage allowance for (pedal) cycles is 20p per mile for all business miles.

The mileage allowance for motorcycles is 24p per mile for all business miles.

Taxi Fares: Will be reimbursed where a taxi journey can be justified as quicker or more economical than using public transport.

Other Travelling Expenses:

Expenses incurred in respect of tolls, parking and ferries may be claimed.

Hotel Accommodation and Meals:

Bed and breakfast arrangements up to a daily maximum of £120 will be reimbursed. A daily allowance up to a maximum of £30 will be reimbursed.

Members staying with friends or relatives may claim £30 towards subsistence.

Meals taken during travel will be similarly reimbursed if within the spirit of the clause above.

5 Petty Cash

- 5.1 Petty cash is provided to reimburse employees for small, out-of-pocket and emergency expenses which are difficult to anticipate in advance. Petty cash should be used only where absolutely necessary. NB: Although the float held by the Finance Department is £70, the effective float is only £50, due to a rolling advance for kitchen supplies.
- 5.2 A business expense of £30.00 or less may be reimbursed through petty cash. Any amounts greater than this, or business expenses subject to other policies (for example, the Travel and Subsistence Expense Claims outlined earlier), are not to be processed as petty cash.
- 5.3 A petty cash expense invoice or receipt should be submitted within ten (10) working days of incurring the business expense. Supporting documentation in the form of original receipts should be attached to the Petty Cash Claim Form.
- 5.4 Before approaching the Financial or Management Accountant for a petty cash advance, an Expense Claims Form needs to be filled in and signed by all relevant parties. An employee cannot approve his/her own petty cash transactions. They must be authorised by the employee's manager or director. Upon receipt of this form, the Finance Department will provide petty cash at short notice.
- 5.5 Petty cash should not be used for the following:
 - Travel expense reimbursements
 - Travel advances
 - Payments for invoices for which a purchase order should be issued
 - Payments to independent contractors, consultants and similar
 - Personal borrowing
 - Payments to employees for services, awards, bonuses and similar.

- 5.6 The petty cash fund is held in the Finance Department. The Financial Accountant as custodian maintains the fund, using an imprest system (issues, coding and replenishment). If there is a change of custodian, the Finance Department will make a note of the change and audit and document the fund level at the time of the change.
- 5.7 The custodian is responsible for ensuring that the petty cash fund is used only to cover those expense reimbursements for which is it not possible, or is unfeasible, to use normal purchasing methods (purchasing on supplier account). The custodian performs a cash book reconciliation of the fund on a weekly basis, ensures weekly replenishment and is responsible for reporting all instances of lost funds.
- 5.8 The custodian is responsible for properly documenting each petty cash transaction by maintaining a detailed journal of all transactions identifying who, purpose, transaction details and date of expense, as well as cost centre/account to be charged, appropriate signature approvals, and retention of the original receipt(s).
- 5.9 An increase to the petty cash fund level must be approved in writing by the Finance Manager.

6. Capital Expenditure

- 6.1 Each year, the Finance and Resources Committee approves both an operating budget and a capital budget for HPC for the forthcoming financial year (1st April to 31st March of the following year). The operating budget includes income (fees) and operating expenses (salaries, legal costs etc). The capital budget covers capital expenditure i.e. asset purchases – see Springfield>Finance>Policies & Procedures>Asset management and impairment>Asset recognition policies.doc for further information about assets. Assets once purchased, are recorded in the Fixed Assets ledger by the Finance Dept.
- 6.2 Capital expenditure may arise as part of a project or as routine spending associated with running a department e.g. covering the replacement of an existing asset. At HPC, most capital expenditure occurs relating to either building or IT areas and the budget-holder should allow for such spending when their budget is formulated. The Director of Corporate Services is the default budget-holder for Capital Expenditure.
- 6.3 IT Assets are given an asset number (apart from land) and their purchase cost is written off over their useful life (apart from land). If assets are issued to employees, it is the responsibility of the person they are issued to, to ensure they are kept secure (from theft) and safe from damage e.g. water – see also Springfield>Information & IT>Computer use and security of physical and electronic data at HPC>Security policy20040908.doc, section 4. Any occurrences of damage or loss should be notified to the issuing party as soon as possible. The issuing party needs to ensure that custody arrangements comply with HPC insurance cover for that type of asset.