

# Standard Operating Procedure (SOP): Non-reimbursable Expenses and Violation Consequences

This SOP details the classification and management of **non-reimbursable expenses**, outlining the types of costs that employees cannot claim for reimbursement. It also specifies the consequences of policy violations, including disciplinary actions and potential financial liabilities. The objective is to ensure compliance with company expense policies, promote responsible spending, and maintain financial integrity through clear guidelines and enforcement measures.

## 1. Purpose

To establish the guidelines for identifying, managing, and enforcing rules related to non-reimbursable expenses, ensuring corporate resources are used appropriately and ethically.

## 2. Scope

This SOP applies to all employees, contractors, and third parties submitting expense claims to the company.

## 3. Definition of Non-reimbursable Expenses

Non-reimbursable expenses are expenditures that are specifically excluded from reimbursement by company policy, regardless of business context or individual circumstances.

## 4. Common Examples of Non-reimbursable Expenses

- Personal expenses (e.g., personal entertainment, gifts, family expenses)
- Alcohol or tobacco products (unless pre-approved for business events)
- Fines, penalties, or traffic tickets
- Upgraded travel (e.g., first-class airfare, luxury hotels) without prior approval
- Lost or stolen personal property
- Expenses incurred without a valid business purpose
- Non-approved subscriptions or memberships
- Excessive tips or gratuities exceeding company limits
- Late fees due to delayed actions by employees
- Medical expenses or insurance not related to company travel
- Duplicate expenses or claims already reimbursed

**Note:** This list is not exhaustive. For clarification on reimbursable expenses, consult the Finance Department or refer to the [full company expense policy](#).

## 5. Submission and Review Process

1. All expense claims must be submitted with itemized receipts and a detailed explanation of the business purpose.
2. Expense reports will be reviewed by the supervisor/Finance Department for accuracy and policy compliance.
3. Any non-reimbursable expenses identified will be deducted from the total reimbursement or rejected.
4. Repeated submission of non-reimbursable expenses may trigger additional review and corrective action.

## 6. Consequences of Policy Violations

- **Denial of Reimbursement:** Claims for non-reimbursable expenses will not be paid.
- **Financial Liability:** Employees may be required to repay funds if non-reimbursable expenses are mistakenly reimbursed.
- **Disciplinary Actions:** Violations may result in:
  - Verbal or written warning
  - Mandatory training on expense policies
  - Suspension of expense claim privileges
  - Formal disciplinary action, up to and including termination of employment
- **Escalation:** Cases involving fraud or intentional misrepresentation may be reported to external authorities and result in legal action.

## 7. Roles and Responsibilities

- **Employees:** Ensure expenses comply with this SOP and the broader company expense policy.
- **Supervisors:** Review and approve only eligible expenses, report repeated violations.
- **Finance Department:** Audit expense claims, flag irregularities, and update policies as needed.

## 8. Policy Review and Updates

This SOP will be reviewed annually or as needed based on changes in company policy or regulatory requirements.

*For questions or clarifications, contact the Finance Department or HR.*