

SOP Template: Reimbursement Calculation and Deduction of Non-Eligible Items

This SOP details the process for **reimbursement calculation and deduction of non-eligible items**, covering the identification of eligible expenses, criteria for non-eligible item exclusion, calculation methods for reimbursement amounts, documentation requirements, approval workflows, and adjustments for deductions. The goal is to ensure accurate and compliant reimbursement processing by systematically deducting non-eligible items and verifying expense validity.

1. Purpose

To ensure accurate and compliant reimbursement by systematically identifying, reviewing, and deducting non-eligible items during expense processing.

2. Scope

This procedure applies to all employees submitting reimbursement claims and to finance/admin staff responsible for processing reimbursements.

3. Definitions

Term	Definition
Eligible Expense	An expense that meets company policy criteria for reimbursement.
Non-Eligible Item	An item or portion of an expense claim that is not reimbursable according to company policy.
Reimbursement Amount	The final sum approved for payment to the employee after all deductions.

4. Procedure

- Submission**
Employee submits a reimbursement claim with supporting documents and receipts.
- Identification of Eligible Expenses**
 - Review submitted expenses against the company policy.
 - Mark items as eligible or non-eligible based on policy criteria.
- Exclusion Criteria for Non-Eligible Items**
 - Non-business-related expenses.
 - Expenses without valid receipts/invoices.
 - Items exceeding policy-defined limits.
 - Personal or entertainment expenses.
 - Duplicate claims.
- Calculation of Reimbursement Amount**
 - Total all eligible expenses.
 - Deduct all non-eligible items clearly, with documentation and comments.
- Documentation Requirements**
 - Original receipts or invoices for all claimed items.
 - Completed reimbursement form, properly signed and dated.
 - Excel/summary sheet showing breakdown of eligible and non-eligible items.
- Approval Workflow**
 - Employee submits claim to their direct supervisor/manager for initial review and approval.
 - Approved claims are forwarded to the Finance Department for policy and compliance check.
 - Finance prepares a deduction report, reviews, and finalizes the reimbursement amount.
- Adjustment for Deductions**
 - Finance communicates any deductions with explanations to the claimant and keeps record.
 - Claimant may appeal deductions with supporting documentation if necessary.
- Final Payment**
 - Finance processes the final approved reimbursement.
 - Maintain records for audit and compliance purposes.

5. Roles & Responsibilities

Role	Responsibility
Employee	Submits accurate reimbursement claims with complete documentation.
Supervisor/Manager	Reviews and approves claims for policy compliance.
Finance/Admin	Validates claims, applies deductions, communicates decisions, and processes payments.

6. Documentation & Record-Keeping

- Retain all reimbursement forms and supporting documents for at least **3 years** or as required by company policy or law.
- Maintain digital and/or hard copy records for audit purposes.

7. References

- Company Reimbursement Policy
- Expense Claim Form
- Audit and Compliance Guidelines

8. Revision History

Date	Version	Description	Author
2024-06-20	1.0	Initial SOP template issued.	Admin