

SOP Template: Verification of Expenses Against Company Policy

Purpose:

This SOP details the process for **verification of expenses against company policy**, ensuring that all submitted expenses comply with established guidelines. It covers the review procedure for expense reports, validation of receipts and documentation, adherence to allowable expense categories and limits, identification of discrepancies or policy violations, and the approval or rejection workflow. The objective is to maintain financial integrity, prevent fraud, and promote accountability in expense management within the organization.

Scope

This SOP applies to all employees, managers, and finance personnel involved in the submission, review, and approval of business expense reports within the organization.

Responsibilities

- **Employee:** Submit accurate expense reports with proper documentation.
- **Finance Reviewer:** Verify compliance with company policy, validate receipts, and identify discrepancies.
- **Approving Manager:** Final review and approval/rejection of expense claims.

Procedure

1. **Submission of Expense Report**
 - Employee completes and submits the expense report through the designated system, attaching all supporting receipts and relevant documentation.
2. **Initial Review by Finance**
 - Finance Reviewer checks all required fields and file attachments for completeness.
3. **Verification Against Policy**
 - Review each expense line item for compliance with company expense policy (categories, allowable amounts, required receipts).
 - Typical categories for review may include:

Expense Category	Allowable?	Receipt Required?	Policy Limit
Meals	Yes	Yes	\$50 per meal
Transportation	Yes	Yes	\$100 per day
Entertainment	No	N/A	N/A
Accommodation	Yes	Yes	\$200 per night

4. **Validation of Documentation**
 - Ensure all expenses are supported by original, legible receipts.
 - Verify documentation is dated and matches reported expenses.
5. **Identify Discrepancies or Violations**
 - Note any expense exceeding policy limits or lacking required documentation.
 - Flag any suspected fraudulent or duplicate claims.
6. **Notify Employee for Clarification or Correction (if needed)**
 - Return the report to the employee with specific questions or requests for additional information.
7. **Approval or Rejection**
 - If all expenses comply, forward the report to the Approving Manager/authorized signatory for final approval.
 - If not, reject or revise non-compliant items, and communicate the decision to the employee.
8. **Record Keeping**
 - Archive approved reports and supporting documents in accordance with the company's records retention policy.

References

- Company Expense Policy Document
- Records Retention Policy
- Local Tax and Regulatory Requirements (if applicable)

Revision History

Version	Date	Description of Change	Author
1.0	2024-06-01	Initial creation	Finance Dept.