pAI

Policy No.: HR-11 Effective Date: 2025-07-01

Policy Title: Expense Reimbursement Policy

Revision No.: 1.0

Supersedes: N/A

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9. Purpose

This policy establishes the guidelines and procedures for the reimbursement of legitimate, pre-approved business expenses incurred by pAI employees. Its purpose is to ensure fair, consistent, and timely reimbursement, promote fiscal responsibility, prevent fraud, and maintain compliance with company financial policies and tax regulations.

1. Scope

This policy applies to all pAI employees (full-time, part-time, permanent, and temporary) who incur business-related expenses on behalf of the company. It covers all travel, entertainment, and other business expenses. Contractors and consultants are subject to the expense terms outlined in their individual contracts.

1. Definitions

| **Term** | **Definition** |
| --- | --- |
| **Business Expense** | Any cost incurred by an employee directly related to and necessary for conducting pAI business. |
| **Expense Report** | A formal document or electronic submission detailing business expenses incurred by an employee for reimbursement. |
| **Receipt** | An original document, electronic image, or legible copy verifying proof of purchase for an expense. Must include vendor name, date, itemized list, and total amount. |
| **Reimbursement** | The act of repaying an employee for out-of-pocket business expenses incurred on behalf of pAI. |
| **Per Diem** | A daily allowance for expenses, typically for meals and incidental costs, incurred during business travel, in lieu of itemized receipts. |
| **Pre-Approval** | Authorization obtained from a manager or designated authority before incurring certain types of expenses (e.g., significant travel, large purchases). |

1. Policy Statement

4.1 Employees shall only incur business expenses that are necessary, reasonable, and directly related to pAI’s business activities.

4.2 All expenses for which reimbursement is sought must be supported by valid receipts and submitted through the designated expense management system within the specified timeframe.

4.3 Certain categories of expenses, as outlined in this policy, require pre-approval from the employee’s manager or a higher authority.

4.4 pAI will reimburse employees for authorized business expenses in accordance with the limits and guidelines detailed in this policy.

4.5 Falsification of expense reports or submission of fraudulent claims is a serious violation and will result in disciplinary action.

1. Procedures / Guidelines

5.1 General Principles for Expense Reimbursement

5.1.1 Necessity and Reasonableness: All expenses must be necessary for business purposes and reasonable in amount. Employees are expected to exercise good judgment and cost-consciousness.

5.1.2 Receipts: An original, itemized receipt is required for all individual expenses exceeding a nominal value (e.g., $25 USD, or as per local guidelines). For expenses below this threshold, a detailed explanation may suffice, but receipts are preferred.

5.1.3 Submission Timeline: Expense reports must be submitted within thirty (30) calendar days of the expense being incurred or the completion of the business trip. Reports submitted after sixty (60) days may not be reimbursed.

5.1.4 Company Credit Cards: Employees issued company credit cards shall use them for business expenses only. Personal charges are strictly prohibited. These cards are subject to separate usage guidelines.

5.2 Categories of Reimbursable Expenses

5.2.1 Travel Expenses:

\* Airfare: Economy class is standard. Business or First Class may require senior management pre-approval for flights exceeding 6 hours.

\* Accommodation: Reasonable hotel rates for single occupancy. Employees should utilize preferred corporate rates where available.

\* Ground Transportation: Taxis, ride-sharing services, public transport, and rental cars (economy/mid-size) are reimbursable. Personal vehicle mileage is reimbursable at the prevailing company rate.

\* Meals: Actual meal expenses are reimbursable up to daily limits, or a per diem may be provided for extended travel. Alcoholic beverages are generally not reimbursable unless for client entertainment and pre-approved.

5.2.2 Business Meals and Entertainment:

\* Purpose: Meals or entertainment with clients, prospective clients, or business partners must have a clear business purpose.

\* Documentation: Receipts must include attendees' names, their company/affiliation, and the business purpose.

\* Limits: Subject to reasonable limits as defined by local guidelines.

5.2.3 Office Supplies and Equipment:

\* Reimbursement for necessary office supplies or small equipment purchased for business use, provided they are not available through standard company procurement channels and are pre-approved by the manager.

5.2.4 Training and Professional Development:

\* Pre-approved courses, conferences, and professional memberships directly related to the employee’s job function and pAI’s business objectives. Requires prior approval from manager and HR.

5.2.5 Communication Expenses:

\* Reasonable business-related calls or data usage on personal mobile phones may be reimbursed if not covered by a company-provided device or stipend.

Table 1 – Expense Pre-Approval and Limits Guide

| **Expense Category** | **Pre-Approval Required** | **Typical Daily Limits (USD, or equivalent local currency)** | **Notes** |
| --- | --- | --- | --- |
| **Airfare (Business/First Class)** | Yes (Senior Mgmt) | N/A | For flights > 6 hours; economy is standard. |
| **Hotel Accommodation** | No | Reasonable market rate | Utilize corporate rates; single occupancy. |
| **Meals (Per Diem)** | N/A | $75 (Breakfast $15, Lunch $25, Dinner $35) | Per diem covers meals and incidentals; no itemized receipts needed. |
| **Client Entertainment** | Yes (Manager) | $150 per event/per person | Must include business purpose and attendee names. |
| **Rental Car** | Yes (Manager) | Economy/Mid-size | Collision Damage Waiver (CDW) often covered by corporate insurance. |
| **Training/Conferences** | Yes (Manager & HR) | Varies by event | Must be job-related and pre-approved. |
| **Non-Standard Purchases** | Yes (Manager) | Varies | Any purchase not typically covered or exceeding $100. |

5.4 Non-Reimbursable Expenses

5.4.1 The following expenses are generally not reimbursable:

\* Personal expenses (e.g., personal grooming, laundry, minibar, in-room movies).

\* Fines (e.g., parking tickets, traffic violations).

\* Childcare or pet care expenses.

\* Spousal or family travel expenses.

\* Personal entertainment (e.g., movies, concerts, unless for client entertainment and pre-approved).

\* Political contributions or lobbying expenses.

1. Responsibilities

| **Role** | **Obligation** |
| --- | --- |
| **Employees** | Incur only necessary and reasonable business expenses. Obtain pre-approvals where required. Submit accurate and complete expense reports with valid receipts within policy timelines. |
| **Managers / Supervisors** | Review and approve expense reports promptly, ensuring compliance with this policy and budget. Challenge questionable expenses. |
| **Finance Department** | Process approved expense reimbursements in a timely manner. Conduct audits of expense reports. Provide guidance on expense coding and tax implications. |
| **Human Resources** | Develop, communicate, and periodically review this policy. Provide training and guidance on policy interpretation. |

1. Compliance & Consequences

7.1 Adherence to this Expense Reimbursement Policy is mandatory for all employees.

7.2 **Non-Compliance:** Expense reports that do not comply with this policy (e.g., missing receipts, lack of pre-approval, exceeding limits) may be returned for correction or result in non-reimbursement.

7.3 **Falsification/Fraud:** Any instance of falsification of expense reports, submission of fraudulent claims, or intentional misuse of company funds will be considered a serious breach of trust and will result in severe disciplinary action, up to and including immediate termination of employment, and may lead to legal action.

7.4 **Repeated Violations:** Repeated minor violations of this policy may also lead to disciplinary action.

1. Review & Revision History

| **Version** | **Date** | **Description** | **Author** |
| --- | --- | --- | --- |
| 1.0 | 2025-07-01 | Initial release | HR Director |