



Climate & Development
Knowledge Network

CDKN Expenses Policy

Principal guidelines for suppliers

May 2012

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1. Introduction

1.1 Background

The CDKN programme is currently funded by the Department for International Development (DFID) and the Dutch Ministry of Foreign Affairs. DFID has contracted with PwC for the oversight and delivery of the programme, and PwC have contracted with its Alliance partners to shape that delivery.

The expenditure on the programme is subject to rigorous review by a number of bodies to ensure the appropriate disbursement of public funds. Expenditure incurred by way of expenses for the people deployed on the programme need to follow guidelines that are consistent with those of DFID and UK taxation practice.

Following the change of government in the UK during 2010, certain government expense policies have been modified, and this has resulted in the tightening of policies within DFID. These tighter policies are ones that have to be cascaded down into the CDKN programme. The principal changes to policies which typically may have been followed in the past are;

- **Air travel is no longer permissible above standard economy class or equivalent**, unless there are over-arching, certified medical reasons why this policy should be overridden. For the avoidance of doubt, this includes premium economy, business, or first class fares or equivalent. Please discuss with managers in the CDKN programme for any class over-rides. All air travel must be included in a project's budget and must be pre-approved and signed off on by CDKN and the supplier before tickets are purchased.
- **Per diems as a simple formula for reimbursement are being dispensed with, and being replaced by a requirement to only claim on receipted expenditure.** Receipts for all expenses must be submitted along with invoices. This is more complicated than a per diem basis, but nervousness around abuse of the per diems is now driving this policy which we have to pragmatically manage. A brief overview on how to approach ground travel, accommodation, and daily subsistence is outlined here – please refer to section 3 for further details:
 - **For local ground travel** e.g. taxis covering short distances, please provide receipts covering the totality of the travel expenditure. If you expect it to be difficult to obtain these prior to carrying out the project, please discuss it with CDKN procurement ahead of incurring the expense. We will be able to accept signed statements of journeys as a proxy, but only as long as this has been pre-agreed during the contracting process.
 - **For accommodation**, please use the hotel component of 80% of the WHO rate as a maximum allowance for hotels when budgeting and planning. Please see Annexe 1 for guidance on how to calculate this value.
 - **For daily subsistence** (i.e. food and drink), receipts must be provided and the total, receipted amount will be reimbursed. Up to a maximum of £40 a day for subsistence will be allowed, unless otherwise agreed in the budget. Please notify CDKN during the contracting process if you expect it will be difficult to obtain receipts for subsistence. In exceptional circumstances, where your case is approved, you will be able to provide a signed declaration listing the non-receipted meals (see example in Annexe 2), and a reimbursement of £5 for lunch and £8 for dinner will be provided. However, please ensure you have signed pre-approval from both parties (CDKN and the supplier) before spending this money.

The guidelines set out in the next couple of pages provide high level summaries of the expense policies and for the main part should be sufficient for all stakeholders in the programme to operate by with reasonable flexibility. If you require more detailed explanations and interpretations of the policy, please contact the CDKN Finance and Procurement support teams.

2. Expenses Policy

2.1 Summary

The network's policy on the claiming and payment of expenses reflects the 'value for money' requirements of DFID and also the taxation requirements prevalent in the UK. The detailed policies applied are drawn from those of PwC that conform to these requirements for the purposes of the CDKN contract with DFID and applies to all PwC staff, sub-contractors, alliance partners and suppliers. This document summarises the principal policies and parameters under which expenses will be paid.

The policy is framed around recognition that if individuals have had to pay for something in the performance of their duties for DFID, the network's policy is to pay them back. The expense must be justifiable and reasonable according to the information in the expense guidance framework, which will make it a genuine business expense.

2.2 Commitment and approval

Claims will be spot checked by the Finance Controller and in the case of PwC staff and PwC contractors by PwC's Expenses investigators. They will review hard-copy claims and electronic data to identify anything that doesn't comply with this policy, including fraud.

All expenses must be pre-agreed and should be discussed and agreed during the contracting procedure. Suppliers should ensure their own internal processes require authorisation of expenses prior to payment. The review as part of this authorisation should ensure that the guidelines set out in this document appear to have been followed in the forming of the claim. This authorisation will be broadly "by the next level up". It will be the responsibility of the individual to ensure that the approver will confirm authorisation for each item in their claim. They may be personally liable for expenses not subsequently approved.

All expense budget lines will be specified in the contract and approved by partners.

3. Principal spending guidelines

Personnel working for the network will be aware of the need for prudent and reasonable expenditure on expenses, and should be expected to operate within the limits set out below.

Suppliers delivering projects funded by CDKN are required to follow the expense policy set out in this document. This is stipulated in all CDKN contracts.

If an external contractor submits a claim to CDKN for expenses, these should all be supported by soft copy receipts. Soft copies should be sent to CDKN.Financial@uk.pwc.com, together with the invoice.

The contractor should retain the originals in case these are required for audit purposes. The supporting documentation for supplier expense claims will be reviewed by CDKN finance staff and project managers, and queries will be raised with suppliers. CDKN reserves the right not to recompense suppliers for ineligible expenses. Ineligible expenses include but are not limited to expenses that are outside the expenses policy, expenses incurred outside of contract and expenses incurred that are not previously agreed in the project budget.

Table 1. Expenses policy guidelines

Expense	Guidelines	Comments
Air travel	Only Economy class fares will be reimbursed. First class, Business class and Premium Economy or equivalent travel on flights will not be reimbursed except in exceptional circumstances e.g. where a medical certificate can be provided. Where first, business or premium economy travel (or equivalent) is proposed there needs to be a clear case stating why this should be exercised. Flexible tickets should only be used in exceptional, pre-agreed circumstances.	May be varied in exceptional circumstances. Pre-approval from CDKN is required if you expect to incur the cost before a budget has been agreed and signed on. Otherwise, please operate within and as stated in the contracted budget.
Rail travel	All rail travel should be in standard class, unless a business or medical case is made for the contrary. Exceptional cases need to be pre-approved by CDKN and discussed during the contracting procedure.	May be varied in exceptional circumstances. Rail travel does not include normal commute.
Hotels	Hotel rates per night should not exceed the hotel component of 80% of WHO rates, and receipts must be provided for the entire duration of the stay in order for accommodation to be reimbursed. Please see Annexe 1 for guidance on how to calculate maximum hotel rates. Our policy does <u>not</u> cover mini-bar, or alcohol. Hotel services such as dry cleaning and laundry services will only be reimbursed where the hotel stay duration exceeds 1 week.	May apply a lower rate in developing countries. Per diems cannot be applied in the claims under new DFID guidelines. The WHO guidance rates are in excess of preferred DFID rates, and therefore a 20% discount must be applied for the benchmark.
Mileage	<i>When travelling in own vehicle</i> , mileage should be based around the standard mileage permitted by your employer (or PwC's permissible mileage if your employer does not provide it – please request this information if it is applicable to you), and not exceed the tax guidelines. <i>When renting a vehicle</i> , a receipt must be provided covering all fuel and renting costs, up to Class C vehicles. Other classes of vehicles will not be reimbursed.	UK limits based on UK AMAP guidance from HMRC. Currently 40p/mile up to 10,000 miles per annum

Expense	Guidelines	Comments
Meals	All receipts must be provided and only the total, receipted amount will be reimbursed. Up to a maximum of £40 a day for subsistence will be allowed, unless otherwise agreed in the budget. Please notify CDKN during the contracting process if you expect it will be difficult to obtain receipts for subsistence. In exceptional circumstances, where your case is approved, you will have to provide a signed declaration listing the non-receipted meals, and a reimbursement of £5 for lunch and £8 for dinner will be provided.	
Local ground travel e.g. taxis	Should only cover short distances and be accompanied by a receipt. If you expect it will be difficult to obtain these prior to carrying out the project, please discuss it with CDKN procurement ahead of incurring the expense. We will be able to accept signed statements of journeys as a proxy, but only as long as this has been pre-agreed during the contracting process. See Annexe 2 for the kind of information that would need to be included in signed declarations.	Any exceptions to receipted expenditure must be pre-agreed during the contracting process.
Business entertaining	Business entertaining is permissible on a case-by-case basis but is subject to prior approval and should be contracted.	
Telephone	Business calls reimbursed for business dedicated phones. Rent on specially rented phones for certain countries may be allowed.	Rental on phones supplied by employer in the normal course of employment is not claimable.
Internet	Internet usage will be reimbursed so long as it falls within a reasonable amount and is demonstrated to be necessary for carrying out business.	
Office materials and IT/electronic hardware	Office materials and IT/electronic hardware will not be reimbursed unless specifically stated otherwise in the contract.	

Annexe 1 - Accommodation: How to calculate the maximum allowable hotel rates

Previous iterations of the expense policy provided a blanket rate for accommodation. This has been dispensed with and is being replaced by a requirement that suppliers set the maximum allowable hotel rate to the hotel component of 80% of WHO rates. The way to calculate this value is outlined below. An example will be used to illustrate the calculation.

Example: The following example will run through the calculation of a maximum hotel rate for a project taking place from the 17th November to the 30th of November in Durban, South Africa.

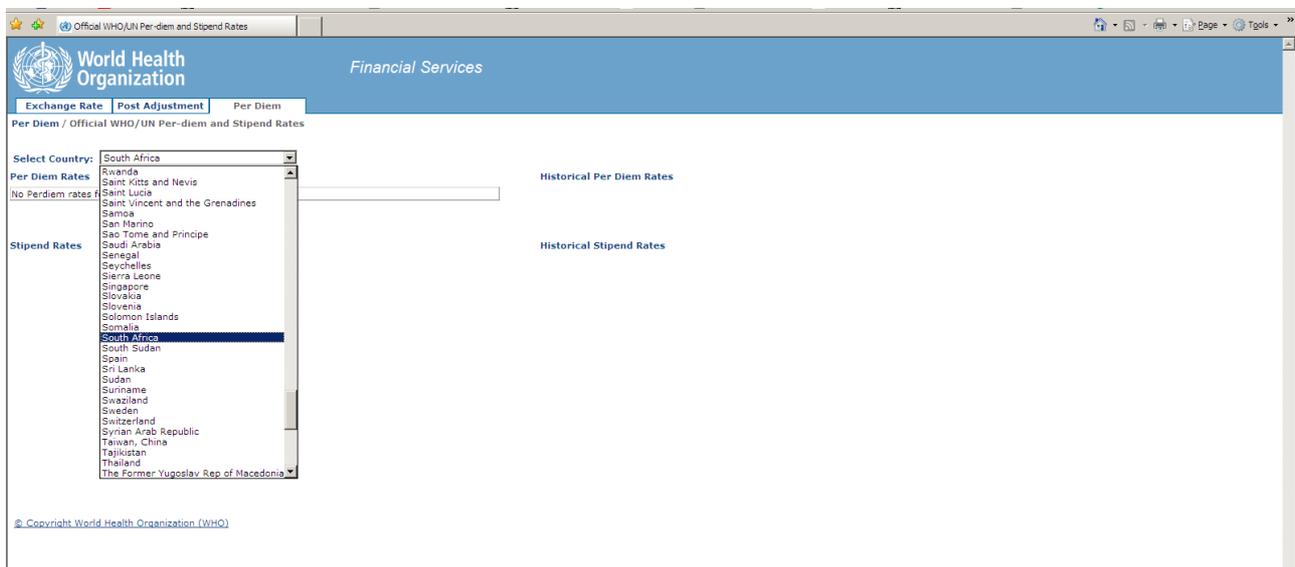
A1.1 Access the WHO Per-Diem Website

The website can be accessed at the following address: <http://apps.who.int/bfi/tsy/PerDiem.aspx>

A1.2 Input the country in which the accommodation costs are going to be incurred

Use the search toolbar to locate the country in which accommodation costs will be incurred. A new page will load outlining the different per diem rates for all major cities in the country you have selected. Select the cities where costs are going to be incurred, or, if your city is not listed, select the city located nearest to where the costs are going to be incurred.

Example: Durban is in South Africa.



Official WHO/UN Per-diem and Stipend Rates

World Health Organization Financial Services

Exchange Rate | Post Adjustment | Per Diem

Per Diem / Official WHO/UN Per-diem and Stipend Rates

Select Country: South Africa

Per Diem Rates

Area	Area Description	Start Date	Per Diem (Local Currency) First 60 Days	Per Diem (USD)	Per Diem (Local Currency) After 60 Days	Per Diem (USD)	Hotel Component %
History 406	Bloomfontein	01.03.2012	1,720.00	228	1,290.00	171	62
History 021	Capetown	01.03.2012	2,300.00	305	1,730.00	229	68
History 430	Capetown (Special Hotels)	01.03.2012	3,500.00	464	2,630.00	349	77
History 407	Durban	01.03.2012	2,140.00	284	1,610.00	214	62
History 431	Durban (Special Hotels)	01.03.2012	3,610.00	479	2,710.00	359	72
History 408	East London	01.03.2012	2,070.00	275	1,550.00	206	70
History DEW	Elsewhere	01.03.2012	1,370.00	182	1,030.00	137	56
History 433	Jo'burg-Sndtn (Radsn Blu, Sndtn Sun)	01.03.2012	3,850.00	511	2,890.00	383	69
History 120	Johannesburg	01.03.2012	2,720.00	361	2,040.00	271	69
History 432	Johannesburg-Sandton	01.03.2012	2,660.00	353	2,000.00	265	61

Historical Per Diem Rates

Stipend Rates

Area	Area Description	Start Date	End Date	Currency	Travel Rate (Local Currency)	Travel Rate (USD)	Residence Rate (Local Currency)	Residence Rate (USD)
History 024	ALL AREAS	01.03.2012	31.12.9999	ZAR	39,600.00	8	21,450.00	8

Historical Stipend Rates

A1.3 Verify that you are using the per diem rate for the correct duration

Where the number of days in which accommodation expenses is expected to be incurred exceeds 60, please use the per-diem rates for 60 days and above. Otherwise, please use the per-diem rates for the "First 60 days".

Example: Accommodation costs will be incurred from the 17th of November to 30th November (13 days) in Durban, South Africa. 13 days is less than 60 days - therefore the supplier will use the per-diem rates for the first 60 days i.e. 284 USD per day for following calculations.

Official WHO/UN Per-diem and Stipend Rates - Windows Internet Explorer provided by PricewaterhouseCoopers UK (rev38)

http://apps.who.int/bfi/tsy/PerDiem.aspx

World Health Organization Financial Services

Exchange Rate | Post Adjustment | Per Diem

Per Diem / Official WHO/UN Per-diem and Stipend Rates

Select Country: South Africa

Per Diem Rates

Area	Area Description	Start Date	Per Diem (Local Currency) First 60 Days	Per Diem (USD)	Per Diem (Local Currency) After 60 Days	Per Diem (USD)	Hotel Component %
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Historical Per Diem Rates

Stipend Rates

Area	Area Description	Start Date	End Date	Currency	Travel Rate (Local Currency)	Travel Rate (USD)	Residence Rate (Local Currency)	Residence Rate (USD)
History 024	ALL AREAS	01.03.2012	31.12.9999	ZAR	39,600.00	8	21,450.00	8

Historical Stipend Rates

Use these values if expenses will be incurred over a period less than 60 days

Use these values if expenses will be incurred over a period exceeding 60 days

A1.4 Subtract 20% from the WHO per-diem rate

CDKN can only reimburse accommodation that complies with up to 80% of WHO rates.

Example:

Location = Durban, South Africa

Per-diem rate = 284 USD

284 USD x 80% = 227.20 USD

A1.5 Calculate the hotel component

Once you have subtracted 20% of the per-diem rate, you must calculate the hotel component.

Example:

80% WHO rates = 227.20 USD

Hotel component for Durban = 62%

*227.20 USD * 62% = 140.86 USD*

Therefore, based on this calculation, CDKN will only reimburse hotel accommodation with a value of up to 140.86 USD per night per room in Durban, South Africa over the stated period of time (13 days).

Annexe 2 – Subsistence and Ground Travel: Signed declaration templates

Below is the type of information you should include in your signed declarations, should your request to use this form of receipting be approved. Please note that the use of signed declarations for subsistence and local ground travel is in exceptional cases only, and can only be used where you have made the case to CDKN and this has been approved and signed on in the contract.

A2.1 For subsistence:

Date	Location	Lunch/Dinner?	Amount of expense	Currency

Signature:

Date:

A2.2 For local ground travel

Date and time of travel	Departure/Arrival destinations	Mode of transport	Amount of expense	Currency

Signature:

Date:

Annexe 3 - Converting foreign currency into GBP

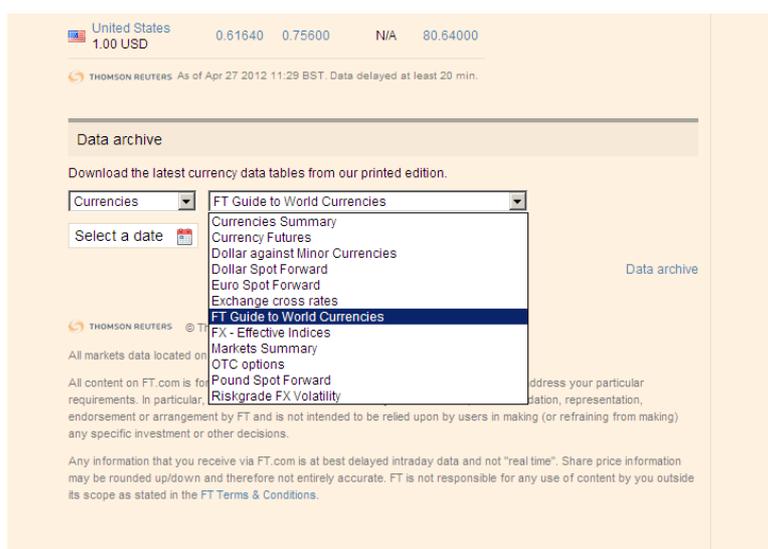
As stated in the contract, expenses (if any) arising in a foreign currency shall be reimbursed at the exchange rate stated in the London Financial Times "Guide to World Currencies" on the Friday immediately preceding the date on which the relevant purchase was made or services acquired or, if this took place on a Friday, at the rate so stated on that day.

Example: The following example will run through how to find the exchange rate for a project taking place from the 17th January to the 30th of January 2012 in India.

A3.1 Access the FT Guide to World Currencies database

The website can be accessed at the following address: <http://markets.ft.com/research/Markets/Currencies>

Scroll down to the bottom of the page to access the Data Archive. Use the drop-down menus to select 'Currencies' and 'FT Guide to World Currencies'.



Click on the drop-down calendar and select the Friday that comes immediately before the date on which the expense was incurred. If the expense was incurred on the Friday, please use this date when obtaining the exchange rate. Click on 'Download'. A new window will open with a pop up message. Select 'Open'.



A new page will open containing the full list of world currencies and exchange rates for that date. Please locate the country and currency in which the expense was incurred and use the appropriate exchange rate to convert it.

A3.2 Exchange rates when expenses are incurred over a period of time

Please note that if several expenses are incurred over a period of time, these must be split according to date and separate, appropriate exchange rates must be applied to each set of expenses.

Example:

The first expense was incurred on the 17th of January 2012 and the last expense was incurred on the 30th of January 2012 in India.

For expenses incurred between the 17th of January 2012 to 19th of January 2012: the exchange rate on the 13th of January will be applied.

78.77 Indian Rupees to the £ STG

For expenses incurred between the 20th of January to the 26th of January 2012: the exchange rate on the 20th of January will be applied.

78.14 Indian Rupees to the £ STG

A3.3 Exchange rates during invoicing

The exchange rates you have used to convert the foreign currency, and the expense items against which they have been applied, should be clearly stated on the invoice.

Annexe 4 – Submitting receipts for expenses

A4.1 Process for submission

As stated in the expenses policy, all receipts for expenses incurred on CDKN projects should be provided in order for the expenses to be approved, unless a different arrangement has been pre-agreed in the contract. Please submit receipts in soft copy to CDKN Finances (cdknetwork_financial@uk.pwc.com) at the same time as you submit the invoice.

A4.2 Criteria for receipts

Please note that submitted receipts should adhere to the following criteria:

1. They should be of sufficiently good quality to easily read the values on the receipts. CDKN retains the right to refuse copies of the receipt that are not legible due to poor quality of scanning.
2. There should be enough of the document within the soft copy to be able to read the expense value i.e. important information and total values should not be cut off in the scanned document.
3. Where the receipt is written in a language other than English, please provide some indication as to what the receipt refers to.
4. Receipts should be numbered and referenced in a separate table providing a broken down summary of the expenses. This is so that CDKN can more easily identify the receipts, and to smoothen the process of invoice approval. An example of how to break down the receipts into a table and reference them is provided below.

Table 2. An example breakdown of the expenses to provide alongside the receipts. In this example, 4 receipts have been provided. This table lists all the receipts that have been sent through and references them.

Category of the expense	Expense description*	Reference	Date of the expense	Original amount	Currency	GBP amount
subsistence	Dinner at airport	Pg 1, Expense 1	date in week 1	(amount)	euro	(converted)
accommodation	Hotel bill	Pg 1, Expense 2	date in week 1	(amount)	euro	(converted)
flights	Return flight to Germany	Pg 1, Expense 3	date in week 2	(amount)	USD	(converted)
flights	Return flight to Paris	Pg 1, Expense 4	date in week 3	(amount)	USD	(converted)
transport	Taxi in Germany	Pg 2, Expense 1	date in week 3	(amount)	euro	(converted)
other	Printing for workshop	Pg 2, Expense 2	date in week 4	(amount)	euro	(converted)
subsistence	Lunch	Pg 2, Expense 3	date in week 4	(amount)	euro	(converted)
subsistence	Dinner	Pg 2, Expense 4	date in week 4	(amount)	euro	(converted)

* Please note that the expense lines listed in this table are for illustration purposes only and do not represent a suggestion of the types of expenses you should incur during a project.

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