STANDARD OPERATING PROCEDURE

Expense Reimbursement SOP

Document no.	SOP-ACC-006
Revision	1.0
Owner	AP Manager
Effective date	September 15, 2026
Review cycle	Every 12 months

1. Purpose

To reimburse employees for legitimate business expenses accurately and on time, while confirming spending follows company policy before it is paid.

2. Scope

Applies to out-of-pocket employee expenses and corporate card transactions submitted for reimbursement or reconciliation. Booking business travel itself is covered by the separate business travel booking SOP.

Definitions

Expense report	The form an employee submits listing business expenses, amounts and supporting receipts for reimbursement.
Policy exception	An expense that does not meet the standard travel and expense policy but is submitted with an explanation for approval.

3. Responsibilities

Employee	Incurs business expenses within policy and submits a complete expense report with receipts.
Approving Manager	Reviews and approves or rejects an employee's expense report.
Expense Auditor	Audits approved expense reports for policy compliance before payment.
Controller	Approves policy exceptions and reviews expense trends.

RACI matrix

Activity	Employee	Approving Manager	Expense Auditor	Controller
Submit expense report with receipts	R/A	-	-	-
Approve expense report	I	R/A	-	-
Audit for policy compliance	-	I	R/A	-
Approve a policy exception	I	C	R	A
Process reimbursement payment	I	-	R/A	I

R = Responsible, A = Accountable, C = Consulted, I = Informed

4. Materials and PPE

Materials, tools and systems

- Expense report system
- Travel and expense policy
- Corporate card statements
- Receipt scanning or upload tool
- Accounting system for GL coding

5. Procedure

Step	Task	Owner	Done
5.1	**Incur the business expense** The employee incurs a business expense following the travel and expense policy, using the corporate card where available and cash or a personal card only when necessary.	Employee	☐
5.2	**Collect and attach receipts** The employee collects an itemized receipt for each expense and uploads or attaches it to the corresponding line in the expense report system.	Employee	☐
5.3	**Submit the expense report** The employee submits a complete expense report describing the business purpose of each expense, within the timeframe set by the expense policy. **Checkpoint:** Every expense line has an itemized receipt and a stated business purpose before submission.	Employee	☐
5.4	**Review and approve the report** The approving manager reviews the expense report for business purpose and reasonableness, and approves it or returns it to the employee with questions.	Approving Manager	☐
5.5	**Audit for policy compliance** The expense auditor checks the approved report against the travel and expense policy for spending limits, allowed categories and required receipts, flagging anything out of policy. **Checkpoint:** Every expense line is checked against policy limits and categories before payment is scheduled.	Expense Auditor	☐
5.6	**Resolve flagged exceptions** The expense auditor contacts the employee or approving manager about any flagged item, requesting a missing receipt, a corrected category, or a written justification.	Expense Auditor	☐
5.7	**Approve a policy exception** For an expense that stays out of policy after review, the controller decides whether to approve it as an exception, reduce the reimbursed amount, or deny it. **Warning:** Repeated policy exceptions from the same employee or approving manager should be reviewed as a pattern, not approved individually without question.	Controller	☐
5.8	**Code expenses to the correct account** The expense auditor confirms each expense line is coded to the correct general ledger account and cost center before the report is queued for payment.	Expense Auditor	☐

Step	Task	Owner	Done
5.9	**Process the reimbursement payment** The expense auditor queues the approved, audited expense report for reimbursement through the next scheduled payment run to the employee's designated account.	Expense Auditor	☐
5.10	**Reconcile corporate card transactions** The expense auditor matches corporate card statement transactions to submitted expense reports and follows up with employees who have unreported card charges.	Expense Auditor	☐
5.11	**Retain supporting documentation** The expense auditor confirms receipts and approval records are retained in the expense report system, searchable by employee and date for future reference.	Expense Auditor	☐
5.12	**Review policy compliance trends** Quarterly, the controller reviews trends in policy exceptions and late submissions by department to decide whether policy, training or approval practices need to change.	Controller	☐

6. Quality checks

- Every expense line has an itemized receipt and stated business purpose before payment.
- Every report is audited against policy before it is queued for reimbursement.
- Policy exceptions always carry a documented controller decision.
- Corporate card transactions are matched to expense reports each statement cycle.

7. Records

- Submitted and approved expense reports
- Receipts and business purpose documentation
- Policy exception approvals
- Corporate card reconciliation

8. KPIs

- Average time from submission to reimbursement
- Percentage of expense reports requiring correction
- Number of policy exceptions approved per period
- Percentage of corporate card charges matched to a submitted report

9. Common mistakes

- Submitting an expense with no itemized receipt or business purpose.
- Approving a report without checking it against policy limits.
- Letting corporate card charges go unreported for multiple statement cycles.
- Approving the same type of exception repeatedly without addressing the pattern.

10. Revision history

Revision	Date	Description	Reviewed by
1.0	September 15, 2026	Initial release	Ilia Pirozhenko

Approval

Prepared by	Approved by	Date

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