

The Compliant Receipt

Receipts: Saving time and money for Financial Directors and the business.



How much time is lost?

Have you ever considered how long it takes each of your employees to find, check and file their expenses receipts; to unfold each receipt and check it for dates, VAT numbers and item descriptions? Even if it only takes 45-60 seconds per receipt to check the basics, can you imagine how much time that adds up to for your entire workforce over the course of a month or a year?

The **complexity of information receipts** contain and, details required by **HMRC for compliance**, is growing.

What's more, have you ever thought about how long it takes your team of line managers and payroll officers to review and approve each of those receipts? Line managers need to ensure each receipt matches the claim description and expenses policy, and payroll must ensure each receipt has the necessary information to qualify as both a business receipt and VAT receipt.

There are more obvious, direct financial losses associated with staff expenses too. Have you ever thought about how much money your business is losing through poor VAT reclaim on staff expenses receipts? Plenty of companies simply don't claim VAT on staff expenses for fear of getting it wrong. Similarly, perhaps you are one of those businesses inadvertently over-claiming VAT on staff expenses and are at risk of a HMRC investigation.

The good, the bad and the ugly

The amount of time lost may sound bleak, but the reality is potentially worse! In our receipt handling facility, our rate of return i.e. receipts we return to our customers' employees for extra checks, is anywhere between 10 - 60% of total receipts. This does depend on the 'expenses maturity' of the business, or how well educated the employees are in terms of what can and can't be claimed. If your line managers or payroll teams are returning receipts and asking staff to re-submit claims, it's adding extra time to the already unnecessarily lengthy process.

The **return rate of receipts** to our customers' employees for extra checks, is anywhere between **10 - 60%**.

We regularly see incorrect receipts, or receipts with vital information left off, submitted by our customers' employees, all of which stagnate the whole process.

Common issues with receipts

- ⊗ Employees submitting receipts with no dates or they have scanned the front of the receipt, but actually the date is on the reverse, which they didn't scan.
- ⊗ We see people submitting receipts via the wrong cost category i.e. claiming an item is entertainment [and not eligible for VAT reclaim] when actually it was a subsistence.
- ⊗ We often see employees 'cutting off' the bottom of receipts to hide its true value and attempt an over claim.

The good, the bad and the ugly

Here are some less common examples, perhaps some of the worst we have seen, but they serve as a good example of the frustrating challenges your line managers and payroll officers will be dealing with.

Recent examples of bad receipts

- ⊗ Someone recently submitted to us a photo of a coffee cup, as part of their subsistence claim.
- ⊗ Another person took a photo of a parking sign to show – presumably – that he had parked his car for company business.
- ⊗ A third person took a photo of a petrol pump in some failed attempt to make a mileage claim!

Each of those examples were submitted without a receipt, instead using photos of coffee cups, petrol pumps and parking signs – whilst amusing, the time it takes to reconcile these expenses is lengthened.

Compliant receipts

How to get compliant receipts and reduce lost productivity

Assuming you handle receipts in-house, firstly, you can save time for the payroll team and line managers – and improve your VAT reclaim chances – by providing suitable staff training on expenses receipts. It's sensible to build a team of champions; people within business units that can be trained in receipt handling and who can be relied upon to pass on best practice. If you're using an electronic system to handle expenses, then naturally a user guide or manual should be essential [expect the vendor to provide this].

Understand that staff see receipt handling as a burden.

When it comes to training, also understand that staff see receipt handling as a burden. They're only doing it to get their expenses reimbursed, so they're hardly going to be jumping through hoops to help!

Save time for the payroll team and line managers.

Compliant receipts

Digital expenses

Second, if you're not already using an electronic system, get one. A good expenses management system will help collect the supporting data needed for accurate reimbursement, help you to reduce expenses costs, speed up the entire process for claimant and payroll and increase VAT recovery.

Automation will help you to reduce expenses costs and speed up the process.

At Southampton Football Club, we helped the payroll team move away from using a paper-based expenses system. Previously, any members of staff at the club claiming expenses would all be claimed, processed and paid manually with a paper process.

“Previously dealing with expense claims where the mileage was calculated incorrectly, VAT receipts weren't always available, and random bits of paper were being submitted; resulting in the checking process taking around a week to complete!”

Karen Harvey, Payroll Manager, Southampton FC

We also have one customer, Walsall Housing Group, using our electronic system, which has been able to reduce time spent managing employee expense claims from 20 hours per week to less than half a day per month with a Finance Officer now only reviewing receipts. The finance team responsible for managing expenses has been reduced to one person with the second now free to focus on other finance functions.

16 point validation

Checks

Third, to reduce wasted time for payroll and line managers and, to improve compliance, ensure that your employees are providing receipts which meet these 16 validation checks.

16 Point Validation

- Is the invoice total / total amount paid visible?
- Does it include a supplier name and address?
- Is there a VAT number present?
- Does the receipt cover multiple VAT rates [a composite rate]?
- Does it have a date of purchase?
- Is there an item description and does it match what the claimant is claiming?
- Can you be confident that the receipt is an original?
- Is it actually a receipt [i.e. not a photo of a coffee cup, for example]?!?
- Is an invoice number present?
- Is the recipient business name visible?
- Is the Amount Excl. VAT visible?
- Is the Amount Incl. VAT visible [item totals]?
- Can the VAT rate be identified?
- Is the VAT amount visible?
- Total [if UK non VAT receipt]?
- Does the receipt only relate to one expense item, a single receipt?

16 point validation

Sharing examples of good receipts and providing information on the 16 point validation checks should form part of your training programme for employees.

There are other checks which relate to VAT reclaim and should be performed by a competent payroll officer.

VAT checks

- ✓ If the spend is up to £25, a basic six- point check is sufficient, unless it is made up of composite VAT rates. 0% and 20% are fine, but VAT rates of 5% and 20% would need to be separated.
- ✓ Spend of £25 – £250 needs more supporting evidence and must apply to a single expense type.
- ✓ £250+ is classed as a full invoice and needs to show all 16 points are there and can't be composite.

Outsource it

Lastly, consider a completely outsourced service to handle your staff expenses receipts. Although this service would cost money, it will be small in comparison to the indirect and direct costs you are already incurring handling receipts yourselves. Your team will get back the vast majority of the time wasted on managing their staff expenses currently.

Reduce the time your employees and payroll teams spend on expenses.

Specifically, the outsourced service should be able to reduce the time your employees and payroll teams spend on expenses by managing the receipt scanning, receipt validation process, payment / reimbursement and compliance information to ensure you're fully up-to-speed on current HMRC legislation. Naturally, as experts, they'll understand what a compliant receipt looks like.

Ensure you're up-to-speed on current HMRC legislation.

Outsource it

The receipt handling service should take all of the burden away from your employees. It should combine simple processing technology where claimants can input their expenses data [such as via a mobile app], and make it possible for them to simply put their receipts in the post. The service should take care of the rest.

And the service should be quick too – using a mix of technology and human checks to handle the checking and validation of each receipt.

Take all of the burden away from your employees.

A good supplier should also be electronically ‘dabbing’ each receipt – highlighting exactly the whereabouts of those validation checks on each receipt. This will help with your compliance needs.

Outsource it

Our outsourced service delivers a **90% receipt pass rate.**

A good outsourced service should also help to reduce the re-validation rate too. In our own centre, we find that generally after 4-5 months of working with us, receipts being returned to employees goes down to 10%, i.e. a 90% pass rate. At Selenity, we work with our customers to improve this rate further through additional training and best practice.

The service should be quick too
- **checking and validating each receipt.**

The complexity of information receipts contain and, details required by HMRC for compliance, is growing. Your employees and payroll teams are wasting time, and money, through lack of training, poor understanding of the compliant receipt, lack of digital systems and being too slow to grasp professional, outsourced services. Now is the time to change.

Expenses Expedite

We **scan, check** and **validate** your expenses within 48hrs, with **next day payment** as standard.

Our outsourced expenses solution works with you allowing you to outsource the parts which are causing you the biggest headache. We scan, check and validate your expenses within 48hrs, with next day payment as standard.

EXPENSES

Flexible online expenses system configured around your policy and authorisation requirements. Supported by our mobile app, claims can be submitted and approved anytime, anywhere, along with our GPS functionality to track accurate mileage.

SCAN

Simply enter expenses online, post us the paper receipts which are then scanned at our processing centre and attached to claims. For those that prefer a fully digital solution these can be photographed on their smartphone and attached.

VALIDATE

Accurate validation within 48 hours using our 16 point check, ensuring your expenses claims are fully compliant with your expenses policy and HMRC providing maximum VAT recovery as well as real-time HMRC legislative monitoring ensuring maximum compliance.

PAY

Next day payment as standard offers one of the fastest expenses solutions available. We can pay direct into employees banks, offering multi-currency and multi-country services as well as corporate and credit card reconciliation.

Expenses Expedite

Outsource the areas which are causing you the **biggest headaches**.

See for yourself

Take advantage of our years of experience in expenses. We've in-depth knowledge of the challenges businesses face around the management, validation, legislation and compliance of expenses.

Why not see for yourself how our outsourced expenses service can save you money, improve efficiency and ensure maximum compliance.

Upto **100%** reduction on processing

20% saving on expenses spend

100% assurance on compliance

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Typical reduction of **20%** on expenses spend

Up to **100%** on processing costs

100% assurance on compliance

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