

## DOCUMENTING EXPENSES

In order to reinforce good governance guidelines for nonprofit organizations, the Internal Revenue Service (the U.S. tax agency under which Rotary is organized) has strict requirements for expense report documentation and proof of payment when submitting an expense report.

Some government agencies have stricter regulations on documenting expense reimbursements.<sup>1</sup> If documentation regulations in your country are more stringent than what Rotary requires, follow those regulations when submitting receipts with your expense report.

If you do not provide sufficient documentation, you may be asked to provide it before payment can be released. Failure to comply with your local government's regulations may also result in reduction of your reimbursement.

Any expense equal to or over US\$75 must be documented. All hotel and telephone expenses must be documented, regardless of the amount.

Submitting an expense report without providing the necessary documentation could delay reimbursement.

### RECEIPTS

Receipts are the best document to support a business expense and should contain:

- Name of vendor (person or company paid)
- Transaction date
- Descriptions of the goods or services purchased
- Amount paid
- Form of payment

Meal receipts should show an itemized list of food and beverages purchased, as well as the number of people served. Restaurant credit card slips are not accepted because they don't provide the necessary details.

### INVOICE

An invoice is a document issued by a vendor/seller indicating the products, quantities, and prices for goods or services provided. An invoice (even if stamped "paid") is not considered sufficient documentation for reimbursement, unless it includes a receipt or other proof of payment.

### HOTEL FOLIO/ITEMIZED BILL

A hotel folio or itemized bill is required for all hotel-related expenses, regardless of the amount. The hotel folio/itemized bill should show all charges made to the room and should show a zero balance. If the hotel folio/itemized bill shows a balance due, additional proof of payment is required.

If your hotel accommodations were arranged through an online travel website instead of directly with the hotel, the hotel may not provide an itemized invoice or folio. In that case, submit a printout of the online purchase confirmation/transaction along with proof of payment.

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<sup>1</sup> Countries known to have stricter regulations include Argentina, which, by law, requires documentation for all expenses (refer to Resolution 1415/2003 of the AFIP and Law 20628, art. 37), and Brazil, which, by law, requires all expenses, regardless of dollar amount (refer to Brazilian Laws 8.846/1994 and 9.532/1997).

## **ADDITIONAL PROOF OF PAYMENT**

Additional proof of payment is required if a receipt is not available, an online confirmation lacks the key details available on a receipt, or the expense cannot be validated in any other way.

Examples of additional proof of payment are:

- Canceled (cashed)/cleared check — A canceled check by itself would not necessarily support a business expense; however, a canceled check along with an invoice from the vendor would be sufficient to establish the expense. Canceled checks may be available from your bank.
- Credit card statement or bank statement — The statement should show your name, the payment amount, transaction date, name of vendor, and any foreign transaction conversions (if applicable). For your protection and privacy, black out the account number and any other personal details that aren't relevant to documenting the expense.