

Expense Reports Can Kill

by Paul D. Nelson, ECFA President Emeritus

A philosopher once lamented, “It’s a shame that the vitality of youth has to be wasted on young people because they all bump their heads on the same rock of learning.” In other words, those who don’t learn from history very often will repeat it.

I often wonder how many examples are needed to convince those in leadership that mishandled expense reporting can taint an entire career of distinguished service or destroy the aspirations and potential of a bright young executive.

Consider, for example, the indictments in recent years against the former President of United Way, or a powerful member of Congress, or an aspiring young Secretary of Agriculture, or the former Executive Director of the NAACP. They have been deposed in disgrace. But it is not just the high profile types; a current investigation by the General Accounting Office has found credit card misuse by 141 employees at the Department of Education.

The problem, however, is not limited to Government officials or leaders of secular nonprofits; it has invaded ministries as well.

“I didn’t do anything wrong,” says the ousted ministry executive, “but I *am* guilty of not keeping good records.” That may be true and, then again, maybe not. But—even if given the benefit of the doubt—if

sloppy recordkeeping can bring down a leader, then please, don’t do it!

Document your expenses carefully—don’t ever rationalize your actions with “I’ve worked hard, I deserve it,” or “Others do it.”

Allow me to suggest some basic guidelines:

- 1) Prepare your expense report now – immediately after a trip while all of the details are fresh in your mind. You may have your secretary or other subordinate prepare it for you, but you are responsible. Explain in full any unusual expense, because people change and memories fade and all that’ll be left is your expense report as the “official” record.
- 2) Know and follow your ministry policy to the letter. If you don’t have such a policy, then make one.
- 3) Watch “image spending.” These are dollars that may not “turn the boat over” from a financial standpoint but clearly send a message to your staff, your donors, and to the public. Be conscious of the hotel where you stay, the car you rent, the restaurants you patronize—never forgetting that you are in a leadership position of a nonprofit ministry, not a Fortune 500 company.
- 4) Test your motives on frequent flyer miles and first-class air

travel. If frequent flyer miles accrue for your personal benefit, be sure you do not insist on a certain airline that might cost the ministry more just because you want those miles. Paid first-class travel, if justifiable at all, should have Board approval and the reason documented with the expense report.

- 5) Be very careful if your ministry uses corporate credit cards. Charges authorized by you and then billed to the ministry generally require additional substantiation.
- 6) No receipt, no reimbursement—with the exception of tips, tolls, and mileage allowance. You will be surprised how fast the staff will learn.
- 7) Be sure the *trip itself* is fully justified and approved in advance. Often, someone had to donate the money for you

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to go. If a spouse accompanies the employee at ministry expense, it must also be justified for the IRS, and it may be a taxable benefit to the employee.

- 8) Spend expense money as if it were your own.
- 9) Use caution when accepting gifts or favors, especially if the giver is a vendor or anyone else who may be in a position to benefit from a decision you might make.

Don’t put your boss in the position of having to question your expense report. That is an unpleasant task and has been the

source of permanent relational damage between coworkers too many times. However, if you approve expense reports, do not shun your responsibility just to avoid conflict if a certain expense must be further justified.

Don't underreport either. I once had a boss back in my industry days who said, "There are a lot of ways to get ahead in this company, but that's not one of them." If you incurred a legitimate expense that your ministry customarily reimburses, then follow the policy. If you want to make a contribution to your ministry, then do so with a cash contribution. If you want to donate to your ministry, it is usually best not to use an expense report as a way to do it.

The work you are doing is far too important to have it interrupted with a divisive controversy over expense reports. Don't let it happen to you! 

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