

**Does anyone have any policies or procedures on verifying sales expenses? We are running into having a few of our sales representatives expensing dinners that we are certain are not business related. We have talked to them about making sure the business expenses are valid; however, they continue to happen.**

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No matter what checks and balances you put in place the good sales people will be good and the unethical will abuse the system.

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In my experience we rely on our CPA to assist us with these compliance questions. Our CPA advised us that expenses like dinner expenses to be reimbursable should have a note on the receipt identifying who was at the dinner and what business items were discussed and/or resolved/progressed. But basically I would encourage them to discuss with their CPA as the IRS guidelines look to prevent this and it is nice to just blame the law. We do not reimburse unless there is a receipt and it has the information required by the law.

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Our sales people are required to turn in a sales receipt along with completing an expense report which requires them to make a notation with customer's name and business conducted. This procedure has worked very well for our company.

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This is a business ethical situation. Should be providing details with regard to Persons(s), Company, Topic Discussed and Type of Expense as a general IRS Rule of written documentation for Business Expenses.

If you want to check up on them give the person they entertained a call and ask if they were actually part of this expense? Most people want to be honest in these situations.

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Expense reports should have the names of customers being entertained on the reports. Sometimes sales people will just say "customer lunch". It should have the name of the company, the people you're taking out and their positions. Credit card receipts should also be turned in, not hand written paper stubs.

As a last resort, if the report is suspect have a company manager call or visit the customer in question and just meet with them. During casual conversation the lunch or dinner in question can be brought up. Usually the customer will let you know what's going on so you can determine the validity of the expense report.

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We require receipts be submitted with expense reimbursement forms. The individual names and/or the customer name should be listed somewhere on the receipt or the reimbursement form.

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“If you can’t trust them, cut them.” Simple as that. Let them bleed out some other company.

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We have a very simple policy.

All expenses must be approved prior to the event. If they are not preapproved they will not be reimbursed.

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Do the sales executives have expense budgets that they are held accountable for? This should include dollars they spend for particular accounts and for prospecting. Then, just like their sales revenue budget, you should send out reconciliation statements monthly holding them accountable. You should also tie this to their overall performance. Staying within or under budget is a component of their year-end bonus.

You can contact me for additional information on a year-end performance scorecard.

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Our accounting firm says we need to insist a meal receipt have all details of the purchase, like a description of drinks, entrees, desert, etc; not just the credit card amount. When you see a questionable dinner or drinks, confront the sale person and ask why the expense was made.

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Our sales people always submit receipts with any expense. If dinners/expenses get out of hand, the sales person must get expenses pre-approved from the sales manager. If an expense was clearly, totally personal and it was charged to the company, we would seriously look at termination.

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One suggestion is to require that the name of the parties attending, the company they are with, and the business purpose of the meeting be hand written on each restaurant receipt. This actually takes very little time and is a throwback to the days when the IRS required substantiation of business meal and entertainment expense.

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What we have done in the past is have the sales representative mark on their expense sheet with whom they are having the expense with and then you can do a courtesy check with the customer to see how the sales person is doing and how did the dinner go with them etc. This worked very well at stopping questionable behavior.

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We pay a slightly higher commission rate and the sales person covers his/her own entertainment expense. The exception is when we have a special client event with multiple people from the same client at the lunch/dinner. The company picks up this expense. As well, we pay \$500.00 for business related travel out of state, for each travel event. Motivated, producing sales people will opt for the higher commission rate with no reimbursement for entertainment expense, every time.

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We have no salesman. However we self-disciplined ourselves at conventions in lieu of newer rules for partially tax able food purchased at convention or a few on site sales calls. No payment for liquor or tips at any time. Encourage water as a choice. Tips were locked at 12%. If liquor purchased it's on the salesman both drinks. We prefer Lunches to 25 USD total. Overage was on salesman. At convention we preferred to pay for a ticket to a nice show for salesman and customer[s].

Returning from a successful tiresome trip we said "take your wife out for a nice dinner" and gave him \$80 cash on signature of VP sales. Entered as adv support.

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If you have a sales rep who is padding expenses, that is the least of your problems with that person.

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I certainly wouldn't pay the expense if not for business, although that behavior indicates other problems in the relationship. Misrepresenting expenses is stealing from your company.