

AccountAble™

TA/DA and Conveyance

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In the previous issue of AccountAble, we have discussed accounting for travelling expenses. In this issue, we take up the question of a policy regarding TA / DA¹ and accounting for local conveyance expenses.

Travel Policy

Travelling expenses increase as the area of your operation increases. For example, when you start working at the village or district level, the expenses



are very nominal. As your work increases, you add more people. They also start travelling to more distant locations, such as the state capital or national capital. Travel within the local area is also intensified. At this stage, you may feel the need for having a clearly defined travel policy.

Purpose of Travel

Official travel is always made with a purpose. The purpose may be to meet

someone or to carry out some task. This purpose should be recorded when the travel is approved. Normally, out-station travel always requires prior-approval.

The purpose of the trip should also be noted briefly in an accounting document, such as the Travel Expense Report².

Fares

Fares (rail / road / air) are always reimbursed on the basis of actual expenses. However, there are different options in terms of class of travel. In non-profit organisations, an attempt is made to choose an optimum mode of travel.

What is an optimum mode of travel? It takes into account organisational philosophy, alternatives available, distance / time, convenience and the expense. For train travel, this may range from Sleeper class accommodation to Air-conditioned class.

In case of air-travel, people mostly choose 'economy' or 'tourist' class.

TA / DA rules

Apart from fares, you also have to pay for boarding (food) and lodging (hotel). This is called TA / DA. What kind of rules should you have for this?

¹ Traveling Allowance / Daily Allowance

² See AccountAble 102

If you have a small organisation of say 4-5 people, you don't really need detailed rules. In such a case, you can reimburse actual reasonable expenses. In such a small group, every one understands the meaning of 'reasonable'.

However, if the organisation is bigger or you are facing problems of overspending, consider laying down some rules.

The following gives you an idea of the options you have for this:

Scheme 1: Fixed Daily Allowance

Expenses for food and stay are reimbursed based on fixed amounts. The allowances are fixed in advance. The employee is not asked to produce bills or cash memos for any expenses. This scheme is often seen in Government Departments.

In most cases, however, stay is reimbursed according to actual expenses.

City / Place	Option A: Fixed Allowances		Option B: Actual Exp. Limited to...		Misc. (given under both A & B)
	Stay	Food etc.	Stay	Food etc.	
A Class	125	75	200	125	40
B Class	100	50	175	90	30
C Class	75	40	125	75	25
Towns	50	30	90	50	20
Villages	0	20	0	30	10

For this, the hotel bills have to be produced. These expenses are subject to pre-set limits.

Scheme 2: Actual Expenses

Expenses for food and stay are reimbursed based on actual expenses. However, there are also pre-set limits on how much can be spent.

Scheme 3: Optional

Under this scheme, the employee can choose to be on either fixed DA or actual expenses. This option can be exercised for each trip. The limits for fixed DA are kept lower than for actual expenses, as shown below.

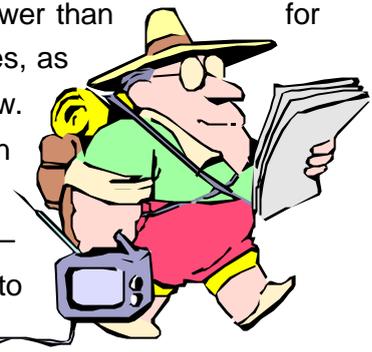
Figures given here are indicative only – you will need to fix

your own limits, which may be higher or lower:

The idea behind this scheme is to encourage people to go for option A. This helps reduce overall travelling costs and makes accounting easier. However, people are not allowed to switch A and B during the same trip / location. This can be understood by an example.

Suppose you have gone to Ahmedabad for five days. Then for the entire five days, you have to choose either scheme A or scheme B. You cannot choose scheme A for three days and scheme B for two days.

However, suppose you are travelling to Ahmedabad for five days and then onwards to Mumbai for another four days. Can you switch schemes in such a case? Yes. You can choose one



There is no need for a printed format – these details can be given on plain paper or on the reverse of the voucher. Each person should submit a separate voucher or claim.

How often should you reimburse these? Normally, reimbursements can be made once a month. However, if the expenses are high, then you can reimburse on a weekly basis or on event basis⁴.

Should you attach supports also? If the expenses are properly detailed and reasonable, there is no need to attach supports such as bus-tickets, train tickets, etc. for local conveyance. However, if you hire a taxi or auto-rickshaw for the day or part of the day, then you must get some proof of payment (private taxi bill or driver's signatures against amount paid).



In some cases, people are given mileage for own vehicles. In such cases, the last column must also be filled up. The rate is normally fixed in advance and depends on type of vehicle (motorcycle / car).

Related AccountAble Issues:

102: Travelling Expenses

⁴ When an event (*mela* etc.) is completed

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