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8 Tips for a Best-Practice Expense Process

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Introduction:
Why follow a best-practice expense management process?

We understand that while most companies would like to adopt best-practice procedures it can be hard to:
- Know what best-practice is
- Know how to replicate it or implement it.

So here's a guide that will help.

This guide provides eight tips that will make submitting, approving and reimbursing expenses more efficient, more appropriate and less frustrating. It also lists five helpful resources to help you out.

Tip 1:
Start with a firm, fair expense policy

Having a **fair, clear and unambiguous policy** is the start of any best-practice expense process.

Moreover, companies have an obligation to create a policy to demonstrate to themselves, and to the IRS, that the expenses being reimbursed are genuine, and that the organization is not reimbursing individuals for inappropriate or personal expenses.

All too often, an **expense policy**[1] is an afterthought that may not properly align with the business.

Even if it does the job, it may not be clear, fair or appropriate. Ideally, employees should not have to read a 30-page document before they book a flight. The key is to review and update your policy regularly – then, distribute it internally and explain it clearly. This is crucial because as research by SAP Concur discovered, and a recent Amadeus poll confirmed[2], approximately half of employees say they don't even understand their policy!

Tip 2:
Keep it simple

When it comes to expenses, the old acronym—KISS (Keep It Straight and Simple)—applies.

Keep your process straight and simple, and people are more likely to comply. If your systems are bogged down with layers of administrative complexity such as triplicate forms and pre-approval, it'll have a demoralizing effect on your employees and tie up precious man-hours.

Worst of all, having too much complexity can make mistakes more likely. With a process that's complicated, companies also run the risk that people may exaggerate their expenses to compensate for the pain of claiming them in the first place.

Simple expense reports help ensure that the right person approves the expenses appropriately, and that they comply with the company rules.

Tip 3:
# Collect the right (relevant) information

When it comes to the details, **the secret lies in the balance.**

Don't ask for War and Peace. But, having said that, don't simply accept the price and date for each expense item either.

Companies ask for receipts not because they don't trust their employees, but because the IRS requires receipts as proof – capturing relevant expense information that will help to ensure there are no delays in administration and help avoid potential problems with compliance later on.

Remember that different expenses can require different information for tax purposes. For client entertainment expenses, for example, it is a requirement to capture the company name and the name of all attendees for tax purposes.
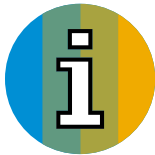
Ask for the **right amount of information**. *Not* War and Peace.

Tip 4:
Submit and approve expenses on time

Best-practice means having a **clear, published timeframe** for submitting expenses.

It's important to do the right thing by your employees and pay them as quickly as you can, in line with your published payment timetable. However, it works both ways – it's also important to ensure that employees are submitting their expenses within a subscribed time frame. When employees delay filing their expenses, not only does it hurt their pockets, it also can cause cash-flow challenges for the business, and associated accounting nightmares.

Tip 5:
Check expenses and make managers accountable

While we advocate swift approval of expenses, it's also crucial that managers **have the courage to push back** on inappropriate or non-compliant expense submissions.

Best-practice means making approvers accountable for the application and enforcement of your policy, but, as we said earlier, approximately half of employees say they don't understand their policy – and this goes for managers too. By engaging with the management team and explaining the thinking behind the policy, it is possible to get their buy-in.

Tip 6:
Make it easy to submit and approve expenses away from the office

In these days of mobile and global workforces, trying to catch up with someone to approve your expense report is getting harder and harder. If people have to wait and constantly chase their manager, it can lead to delays and frustration.

Allow managers to check and approve expense reports while out of the office. It helps if you can use a tool **like Concur Expense** that allows approvers to say 'yes, this is okay to pay' while they're out and about; so they can approve reports anytime, anywhere.

The beauty of having access on a mobile device is that it's faster to **submit and approve expenses on the go**.

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Tip 7:
Audit your processes and receipts

Auditing your processes
How good is your end-to-end expense management process? When was the last time you conducted an audit? Some see expense auditing as an unwelcome intrusion. On the contrary, regular auditing can actually make your expense procedures work better. Auditing can help iron out the glitches and help to maintain a fair system.

> **Pro tip:**
> Using audit software can level the playing field, catch inconsistencies and ensure every expense report is compliant. **See what Concur Detect can do.**

Auditing your receipts
Are you checking that your employees are actually spending what they say they are, and that the receipts match and are valid?

In our experience, we've seen everything from brown paper bags being used as evidence for buying juice for a sick colleague, to a photograph of a gas pump being used to justify a mileage claim. These are not valid receipts.

You need to have some guidelines within your processing functions around random audits. You might also choose to audit items that are particularly tax sensitive or items over a certain value.

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Tip 8:
Pay people on time

Have you ever waited for someone to pay the money they owe you? **It's not fun.**

Once employees have gone through the process, complied with policy, filled out the right expense forms and attached receipts, it's only fair to pay them on time.

Plus if people know they're going to be waiting for their money, they may think twice about making those valuable trips that build your business.

It's important to pay employees' expenses in line with the published payment schedule. Ideally, payments should go straight into the employee's bank account, or directly to settle their corporate card bill, on a timely and reliable basis. If people are paid when they expect it, they can budget appropriately.

Prompt payment can also **improve morale and productivity**.

Conclusion

The adoption and **consistent application of a best-practice expense process** is proven to save time and money while improving your employees' experience.

Moreover, having a best-practice solution that is available online and on mobile devices leverages the investment that companies have already made in existing technology. Lastly, a best-practice expenses process provides access to data for analysis and review that can continue to inform the policy and highlight opportunities for further cost savings.

In conclusion, using a best-practice process enables the effective handling of spending in a way that is consistent with your policy, your company's needs and your employees' needs.
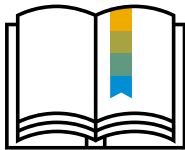
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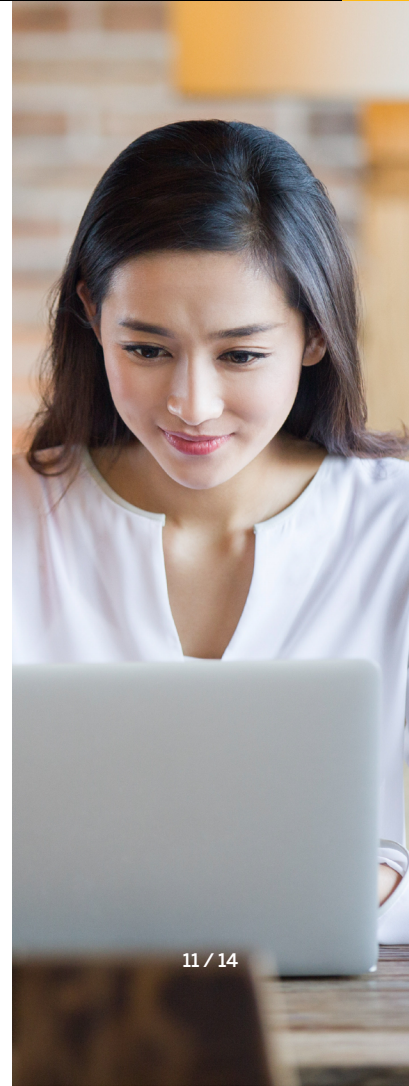
Need help?
Top 5 resources to improve your processes

Take a look at these helpful resources published from **SAP Concur**.

1. Why your expense process needs fixing—and the easiest way to do it

2. Spreadsheet expense reporting is simply too costly

3. How to create a no-questions-asked expense policy for all

4. The essential guide to managing expenses

5. How to secure buy-in for smarter expense reporting
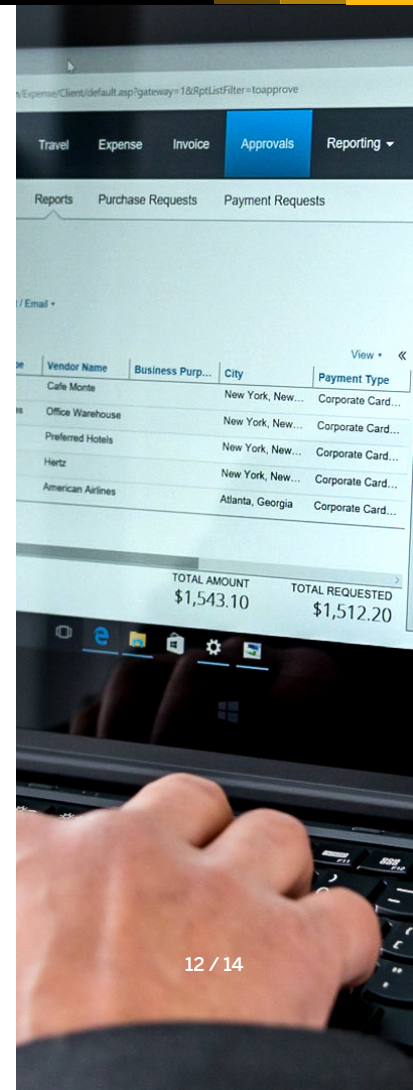
SAP Concur provides our customers with easier access to the innovations and capabilities of SAP's Cloud Business Group. As SAP Concur continues to adapt its best-in-class invoice and expense solutions, expand its App Center and look for integration opportunities with SAP, we want to help our customers run their businesses better today – and grow with them in the future.

ABOUT SAP CONCUR
For more than two decades SAP Concur has taken companies of all sizes and stages beyond automation to a completely connected spend management solution encompassing travel, expense, invoice, compliance and risk. Our global expertise and industry-leading innovation keep our customers a step ahead with time-saving tools, leading-edge technology and connected data, in a dynamic ecosystem of diverse partners and applications. User-friendly and business-ready, SAP Concur unlocks powerful insights that help businesses reduce complexity and see spending clearly, so they can manage it proactively. Learn more at **concur.com** or the **SAP Concur blog**.

1. Download a free expense policy template: https://www.concur.com/en-us/lp/expense-policy-template
2. Only 51% say they understand their company's travel policy fully, 47% say the travel department neither helps nor hinders the business, 15% say it is a hindrance: http://www.tnooz.com/2013/01/28/news/amadeus-finds-disgruntled-business-travellers-in-state-of-the-nation-study/

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