Surviving the expenses nightmare

As year-end comes around, the finance department wants your final expense claims for the year. Not many are well prepared for the task…

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That annual email arrives from Finance – they want to finalise the books, and part of this requires them to have all employees submit final expense claims for the year.

Few will rejoice at receiving the email; many will have that shiver down the spine as they realise that, yet again, getting everything together will not be as simple as it should be. If only life could be simpler…

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Introduction

Expenses are a necessary evil. Employees cannot avoid paying for items with their own money or through the use of corporate-supplied credit cards. The employee then has to prove to the organisation that the expense was incurred, that it was within agreed company policy and that it was legal within the laws of the country in which it was incurred and of the country in which it is being claimed.

The common way of claiming expenses remains the fairly ubiquitous spreadsheet. At first glance, it appears simple, and employees have access to the required tools through their office automation suite. However, expense spreadsheets are prone to errors; data can be mis-transcribed as the spreadsheet moves along the process; issues have to be dealt with on a manual basis; employee and employer satisfaction levels remain low. If a tax inspection is carried out, proving that the organisation has maintained full due diligence throughout its expense processes is difficult: not only could the organisation be hit with repayment demands (and even fines), but employees could also find themselves having to repay amounts that they had thought were valid expenses.

However, the end-to-end expense process could be made a lot easier through using an external provider that has the domain expertise to fully understand and manage expenses, along with a simple and usable means to give employees (and contractors and consultants) access to tools that they can use wherever they are. As many have found, the use of on-line expense management enables expenses to be logged close to the point of the expense being incurred and for payments to be made directly to an employee's credit card company or to their banks as required – in a very fast time.

This short paper will look at the top ten issues that Quocirca finds employees struggling with when it comes to that all important end of year final demand for expenses from the finance department, and explores how an on-line expenses management system could alleviate these issues.

The Top 10 Expense Issues

Issue	If only...
Where are my receipts? I'm sure I asked for them every time – now, they could be in my wallet or purse, in a pocket somewhere, in the car. They could even be in that special box that I use for putting them in – if only I could find the box…	If only you had a means of capturing the receipt in electronic form as you incurred the expense. Even better if this electronic capture then automatically linked through to your expense claim
Is this all the receipts for all the claims? I could have sworn there were more…	Sure – there could be lost receipts that you haven't found, as you haven't looked down the back of the passenger seat in the car or in the old briefcase or purse that you swapped over from in the middle of the year. Too late now – you really should have dealt with them as close to the point of incurring the expense as possible.
I know – they will be on my credit card statements. They will save me…	Maybe so – but is MaryJo2653 in June that expense that you incurred when taking out a customer, or was it the chocolates you bought for your other half? Credit cards are not always the best way to actually identify an expense – unless the card is linked to your expense claim and you deal with it straight away.
Ouch – there's a lot of late payment charges on this credit card statement. And they are all down to my unclaimed expenses…	In legal terms, tough. You didn't claim your expenses when you should have done – those late payment charges are down to you, not the business. If only you had claimed them in time; if only the business had paid them in time; if only you had settled the credit card in time. Maybe if the credit card was directly linked to your expenses system, so that all expenses were automatically settled within a suitable time?
I've got this big mound of receipts – what are some of them for?	Again, some receipts are basic, to say the least. They may not have the full name of the place where you were – they may not even have an indication of what currency the expense was in. Worse still, those wonderful receipts that are printed using heat tend to fade rapidly, often to the point where all you are left with is a sheet of shiny white paper. Not wishing to repeat myself, but if only you had dealt with them all earlier.
It was a valid expense (I think) – if only I could remember who it was with…	That's a pity, as many expenses these days require noting down not only which company the expenses was incurred with, but actual individual names of people. If only you had been able to make notes against the receipt – maybe even adding a photograph or two – to make sure that you had all the details in one place after the event?

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Issue	If only...
Is this an actual expense, or is it a personal item?	If you don't know, the finance department won't know. However, if they don't know, they probably won't reimburse you for it. Even worse if finance does reimburse you, and then it is audited, and the Tax Authorities decide that it was payment in kind – and you and the company have to pay the tax and other payments involved. I may be sounding a tad boring by now – but wouldn't it have been an idea to log the expense when you incurred it?
Was the expense within company policy? What is the company policy?	Remember that multi-page, thud-factor policy document that finance sent through to you at the beginning of the year? You didn't actually read it, did you? You just signed for it and carried on. Now, you need to understand whether that meal in Germany is covered by standard policy or needs to be covered by a local per diem (if only you knew what that was). Ouch – if only your expense system understood the policy for you and let you know – if necessary before you incurred the expense?
Oh, no – is this expense VATable? I'm no tax expert...	Well, if the receipt has a VAT number on it, it is likely that it has a VAT component. However, if you can't read the receipt (or don't even have it), who knows? Even worse, how about some of these receipts where the numbers just seem to be some set of hieroglyphics – is one of those a VAT figure for some small principality you visited? If only your expenses system knew where VAT was payable and claimable – and how much it was.
It may all be too late – and Finance is not going to love me for this...	Too true. Finance has sat there all year and you have submitted a grand total of two expense claims. Now, you – along with a few hundred other people – are going to submit some opus magnum going back to the beginning of the year that has all sorts of caveats and problems with it. Finance has to get out the fine tooth comb: they don't want to open themselves up to problems with the main board or with central authorities. You can pretty much guarantee that there are going to be questions asked – and you know that you really don't have the answers, don't you? If only you had an expenses system that made it easier to claim than not to claim: everything would be sweetness and light, wouldn't it?

Why on-line is better

OK – claiming expenses is never going to be one of life's highlights. However, it can be turned from a nightmare to something that just happens; a set of small tasks that make the nightmare go away. The use of on-line expense management systems brings in a set of capabilities that means that you can focus on what you are really paid for, while ensuring that all your corporate expenses get dealt with speedily and accurately.

For example, the use of mobile devices means that expenses can be logged as they are incurred, and the receipt can be photographed and tied to the expense. Where proof of who you were with is also required, a photograph of attendees can also be made for compliance purposes – and tied to the expense again.

On-line systems can have built-in understanding of the global rules around expense management – for example, whether Germany or Denmark allow for "standard" (as long as you have a receipt) expenses, or whether what you are doing falls under a per diem arrangement – and what level of VAT (if any) is reclaimable on the expense. Alongside this, your organisation can add its own expense policy, making sure that you are kept informed as you go along as to whether you are remaining inside the policy or not.

Tying your personal and corporate credit cards to your expense system makes it easier when it comes to finalising your expense claim. You can click on the items that are valid corporate expenses, and the money involved can be sent directly from your organisation to the credit card company, so avoiding any late-payment charges or similar.

Using on-line expense management provides a streamlined system that helps you, finance and the organisation to stay on top of the mess that can be expenses. Getting rid of those awful, error-strewn spreadsheets has to be good for everyone – just go for an on-line system.

The 5 on-line expense management tips

So – how to make your expenses life easier?

1. **Ensure that your expense will be in policy.** If unsure, check the on-line policy: if the expense is necessary but outside policy, raise an emergency exception to gain an OK to incur the expense.
2. **Never put off for any amount of time what you can do now.** Deal with the expense immediately – log it, photograph the receipt, mark it as something meaningful
3. **Ensure that you have all the supporting information you need.** Write down names of who you were with on the receipt before you photograph it, or photograph the people themselves (as long as they are OK with that). Make sure that everything you need is legally connected to the one expense claim.
4. **Register your credit card with the expense management system.** This will allow you to match items directly to expenses – and will help you avoid not only late payment charges, but also ensure, for example, that foreign expenses are recompensed in full – rather than at some strange exchange rate decided by the organisation.
5. **At month- and year- end, relax.** It has all been dealt with – to company policy, with everything correctly logged and reclaimed. You have made it – you are an expenses star: you can sleep soundly at night.

About KDS

KDS (www.kds.com) is a global provider of door-to-door Travel & Expense (T&E) management systems. The cloud-based technology addresses all T&E requirements, from policy enforcement and online travel booking, to automated expense processing and invoice reconciliation.

With each stage handled efficiently, clients achieve significant cost-savings. KDS offers extensive connectivity to financial service and travel providers (airline, car, rail and hotel), ensuring optimised availability and pricing. KDS creates software that users love, believing that user experience is key to maximising return on investment and increasing companies' control on T&E spend.

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Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With worldwide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first-hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to provide advice on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

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Details of Quocirca's work and the services it offers can be found at http://www.quocirca.com

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