Spend Governance | Tip Sheet

Spend Management That Pays Off

Best practices to increase employee spend oversight

Do your budgets deliver the greatest impact?

As spending becomes more decentralized, employees are making spending choices with less oversight. As a result, multiple systems and piecemealed views make reigning it all in increasingly complex. If you can't see all the spend impacting your budget, then how can you actively influence it? Here are some tips to reel it all together:

1

Submit expenses in a timely manner.

Establish a timely submission requirement in your policy and enforce it through educating your employees and setting automatic notifications within your expense tool. Unexpected overages can occur when employees stockpile expenses throughout the year because you don't have visibility into the spend.

2

Get real-time access to budget spend.

Utilize budget tools that connect seamlessly and provide an easy way to review spending, such as being able to drill down into the details of forecasted and actual spend and attribute it to any cost center owner. Tools that show budget data in near real-time means the cost center manager can make critical decisions against current data vs. old data where spending might have already occurred.

3

Control spending before it occurs.

Establish policies that employees must adhere to prior to booking travel or submitting expenses – either through automatic policy validation or formal request procedures. Budget compliance is improved when employees can't spend the organization's funds unless they adhere to established policies or request special approvals.

4

Automate mileage expense submission.

Obtain real-time mileage tracking by automating and connecting your organization's feed from mileage tracking tools to your expense reporting system. This will provide a more accurate and timely view of actual vs. budget mileage spend.

Can you effectively manage cashflow and capital?

If you're not connecting your T&E spend with P-Card and invoice expenses, the process of managing your spend is much more complicated. Plus, you won't be equipped to make sure every transaction is put to best use – from payment terms to rebates. Are you able to manage your cashflow and capital effectively?

1 Connect all employee spending to reduce "invisible" spend.

Enable your employees to submit spend, whether it's for trips booked within or outside your travel program, invoice, events, or meeting spend to increase your visibility and control into upcoming expenses.

2 Maximize corporate card and P-Card use.

Encourage employees to use corporate cards and purchasing cards (P-Cards), so your organization can utilize card feeds to automatically import expenses, gain visibility into actual spend for accrual purposes, and cash-in on rebates or travel rewards programs. Utilizing cards also helps reduce the chances of theft – so it's a win-win for everyone.

## 3 Ensure cash isn't wasted on unnecessary finance charges.

Use automation to streamline workflows and increase efficiency over time. This enables you to start capitalizing on early payments, better partner with procurement, increase oversight for price negotiation and supplier management, and ensure cash isn't wasted on unnecessary finance charges, such as late fees, paper checks, and postage.

4 Distribute spend reports on a weekly cadence.

Distributing actual vs. budget spend reports by department can help cost center managers visualize department spending and see where they can extend or free up cashflow. Create custom reports and spend reports by employee within a department to further help managers identify those who may be spending beyond guidelines.
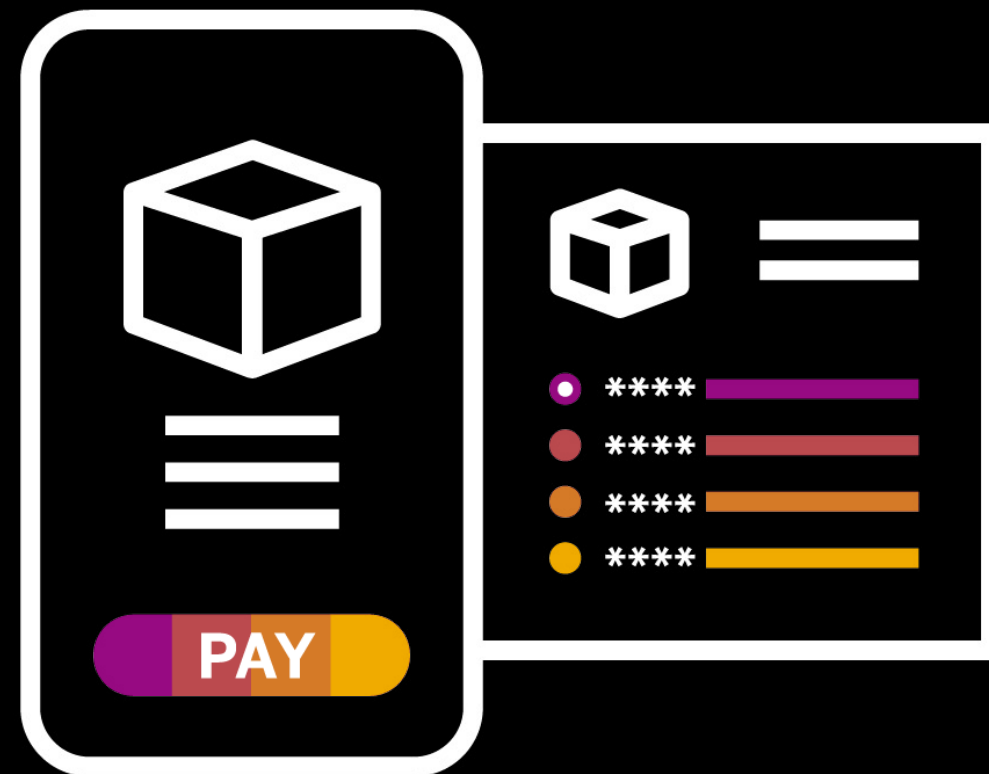
Are you strategic with accounts payable?

Too much effort is spent hunting down lost invoices, chasing down approvals, and giving payment status updates to suppliers – it's nearly impossible to stay ahead of schedule and focus on forecasting future spend, all while controlling costs. How can you move AP beyond a purely back-office function?

1 **Ditch the paper.**

If your AP team is still orchestrating a manual process, then they can't actively influence or direct spending. Automation can help aid the AP process, give time back to staff, and help your organization achieve a complete picture of spend – one that empowers your AP team to make more informed, strategic decisions.

2 **Embrace your P-Card program.**

Companies that want better insight on employee spending should have a robust program for P-Cards, integrating directly into their spend platform. By capturing this spend in one place, high-value data can be reviewed to look for trends and keywords, plus it helps validate vendor, purchase date, and other specific purchase information.

3 **Utilize reporting to uncover workflow bottlenecks.**

Generate reports that show unsubmitted or unassigned credit card transactions, employees who continually generate policy exceptions, list of received e-receipts for faster validation or cross reference of charges, and managers with long approval cycle-times. Then discuss your findings with appropriate stakeholders to see how they can help streamline their processes so AP can move even faster.

4 **Reduce the time it takes to complete AP cycles.**

The more automated your AP process is, the less likely your team will be penalized for late payments or bombarded with dissatisfied inquiry calls. Speed up the process by configuring audit rules that help guide end-users on the categorization of invoices and expenses. Then, implement a simple but relevant approval workflow, so once the end-user submits the expense it has met all compliance requirements.

Download the report to see how finance leaders can use technology and data to improve financial processes.

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