

Closing the gaps in compliance.

Travel and expense audit best practices.





Why are we here?

We get a lot of questions at SAP Concur about the best way to audit expense claims. And although it seems complex, it doesn't have to be confusing.

While the approaches to auditing can vary by industry and company culture, there are many key principles that apply to everyone. And in this eBook, we'll provide a clear perspective that can help businesses of all sizes find ways to improve their audit process. Like incorporating the genius of AI, for example, to take intense audit demands off your plate.

The best-practice recommendations you'll see here are critical. Because with all the changes and challenges in today's economy – from always-evolving tax regulations and ever-changing accounting requirements to substantiating expenditure details and keeping up with new employees, policies, and acquisitions – you need to be ready for anything if you want to stay on top of your spending.

It all comes down to three key questions:

When should you audit?

At what point in the approval process?

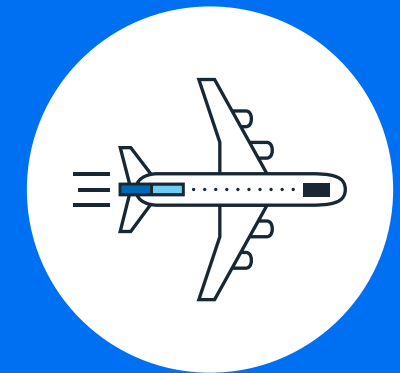
What should you audit?

How do you prioritize and focus?

Why are you auditing?

Are you focused on taxes, compliance, or fraud?

In the next few pages, we'll answer these questions and offer best-practice recommendations based on years of experience.



*Concur Travel, Concur Expense, and Concur Invoice solutions are market-leading: **>92m end users** booking travel and/or processing expenses.¹*

***49% 2022 market share** for SAP make it the world's most widely adopted corporate travel and expense solution.²*

¹ SAP Concur Quick Facts (Q3/2023)

² IDC, Worldwide Travel and Expense Management Software Market Shares: Evolving Travel Models Pushing Digital Transformation, doc #US49194223, September 2023

Question 1: When should you audit?

Timing is always everything in life and with your audits. So consider three key stages of the expense process:

1. Before manager approval

2. After manager approval

3. After payment

Auditing prior to manager approval, gives consistent control. It also avoids wasted time dealing with incomplete or inaccurate claims and allows managers to review receipts if they'd like to.

So what about your business? Do you want managers spending time thoroughly reviewing every expense claim that comes through their inbox? And are they equipped to do so? Do they understand the intricate details of your policy to do the job well?



Question 1: When should you audit?

Audit before expense claims are approved.

Adding a pre-approval audit step:

- Gives employees a chance to correct expense claims before sending them for approval
- Helps you identify common areas of non-compliance
- Reduces the need for post-pay audits

Auditing before approval also eliminates the hassle of recuperating funds you've already reimbursed. And it takes the pressure off managers – who, despite their best intentions – may not always have the time and expertise to do this well, so they can end up just giving approval.





Question 2: What should be audited?

With so much spending coming from so many parts of the business, it can be difficult to decide what needs a second look. Start by taking a thorough look at what's working and what isn't before building out a plan and deciding how you measure it.

On average, our top-performing SAP Concur Audit Services customers audit more than 92% of expense reports.³

- A small number do back-office audits 100% of the time, but many review only a portion of expense claims based on specific groups or areas of risk.
- Companies in the pharmaceutical and financial industries, for example, often don't have a choice – industry regulations, government regulations, and financial laws require 100% of expense claims to be audited, with severe penalties for non-compliance.
- To support compliance in their countries, many companies often try to achieve 100% as well.

Question 2: What should be audited?

Audit 100% now, then get selective.

The best place to begin is with the most complete picture. So we suggest auditing 100% of your expense claims as you build your audit strategy and process. This will help establish a baseline understanding of how your policies are being followed, so you can focus more narrowly on the future. And it will help you understand what employees are doing, so you can target training and education to help change behavior.

If 100% isn't possible, focus on traditionally challenging areas:

- Complex or tax-sensitive spending
- Frequently non-compliant spenders
- Teams of managers who do not look at receipts
- New employees to ensure they understand policy
- New departments or teams
- Staff that travel frequently

Mandate your corporate card program, and you'll capture more data while improving compliance.

Push for 100% of spending on corporate cards, and you'll get greater visibility into – and more control over – travel and expense spending.

You can also focus on employees with expense claims that match certain criteria:

- High-value expenses
- Cash expenses
- Certain expense types, such as business meals and flights



Question 2: What should be audited?



Don't settle for missing receipts.

Missing receipts have traditionally been a source of great frustration – and great risk – for businesses. So it's important to require receipts to be attached at the line-item level – and look for technology that can make it easier. This leads to faster processing, approvals, and payments.

Here's how simple it can be:

- Have employees take photos of receipts on their smartphones.
- Capture those receipts at the line-item level.
- Set limits for cash and cards to keep things in check.
- Require justification for missing receipts.



*Why is it so important?
Last year, companies lost
\$5.2 million in
misclassified expense and missing/
invalid receipt violation costs.⁴
How much did that cost you?*

4 2023 SAP Concur Spend Insights Report

Question 3: Why are you auditing?



The “why” may seem obvious, but identifying and prioritizing your audit goals will help you focus your audit process. Most business audit for one, a few, or all of these reasons:

To drive policy compliance.

You have policies for a reason, and a well-publicized and enforced audit process makes sure they’re being followed and shows employees you’re serious. Plus, audits help you spot trends and knowledge gaps you can use to refine your policies to best match what your business needs.

To control costs.

Every expense is an investment in your business, and you need to make sure you’re getting the best return. In fact, for most businesses, travel and expense costs are the second-largest variable budget line item, so audits are critical to preventing margin-eroding over spending.

To identify bad behavior.

It’s best to take a zero-tolerance approach to non-compliant spend. Auditing helps you identify and address out-of-policy spending immediately and helps build a culture of responsible spending.

To reduce your risk.

When you audit, you can be confident you’re complying with regulations. When you don’t, how can you be sure? And there can be major consequences for non-compliance, including fines, confiscation of property, and even imprisonment.

To manage VAT reclaim.

The majority of your employees will not know what a VAT receipt is or what the tax regulations are. By auditing, you can capture VAT on the receipt, and use that data to bring funds back into the business.

The answer is clear: Pinpointing problem areas through auditing and maintaining an end-to-end process keeps you in control and your business protected.

Our customers realize the benefits of auditing:

- One organization reduced duplicate expenses by 90%, thanks to working the exceptions and a little employee education.⁵
- After automating their travel and expense management, 34% of businesses saw a reduction in the number of reports rejected in the audit process due to receipt issues.⁶

⁵ 2023 SAP Concur Spend Insights Report

⁶ Analysys Mason 2022, Travel, Expense, and Vendor Invoice Management Study

Question 3: Why are you auditing?

Build a three-step approach.

- **Reporting:** Spot issues, identify trends, and prioritize auditing resources using our reporting tools.
- **Configuration:** Build in spending limits and flag duplicate expenses by checking booked vs. expensed rates for travel charges. And be sure to map it all back to your policies.
- **Auditing:** Tap into third-party experts for efficiency, effectiveness, and objectivity. Audit services fill the gap and complete the feedback loop – so you can see the percentage of compliant claims, educate users, or modify your processes.

Send email reminders.

Consistently remind end users and their managers to get expense claims submitted on time.

Triangulate your data.

Require three forms of verification for each expense: card data, the receipt, and the itinerary. If they all match, you have less to worry about. Automated processes dramatically simplify this process.

Keep communicating.

As you build and update your audit policy, make sure you're sharing it with your team, so everyone knows how to be compliant.



Auditing works.

Use the best practices outlined in this report to establish a clear plan for when, what, and why you're auditing your travel and expense spending. And remember that these practices are just the beginning. Consider using SAP Concur solutions to build an audit program based on your needs and policies, leading to lasting improvements.





Why consider SAP Concur audit solutions?

Imagine tracking a senior executive's spending and having to call out exceptions. Imagine losing big chunks of budget to non-compliant spending. Imagine wasting days on tedious audits, knowing your team has more strategic work to do. Now imagine not having to worry about it at all.

With SAP Concur solutions, you can use AI and our expertise to sharpen scrutiny over your expenses without increasing bureaucracy or ramping up headcount:

Add automatic checks to your workflow.

Before the audit process even kicks off, [Concur Detect by Oversight](#) uses AI to review each expense and check it against your policies, then prioritize significant violations for auditors and reviewers – so you don't have to worry about policy compliance, mistakes, or if your budgets are well spent.

Let AI help you focus.

Human auditors are essential, but odds are, they're already busy. [Verify](#) uses intelligent tech to review 100% of expense reports — increasing visibility into spending and protecting your bottom line. So auditors can focus on the big stuff.

Take audits of your to-do list.

Turn your cumbersome audit processes over to SAP Concur auditing experts. [Intelligent Audit](#) combines human expertise with powerful AI to give finance teams more time to improve policies, processes, and your business's financial health.

Be ready for anything.

Take the challenges of compliance off your shoulders by taking the demands of auditing off your desk. And be ready for daily changes in spending with a solution that's ready for anything.

Learn more in the SAP Concur eBook: [Why Humans and Technology Are the Best Pair for Auditing Expenses](#)

enUS(24/03)

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