

9 ways to make expense management painless



In a recent Financial Director webinar, in association with Caxton, we discuss the benefits of adapting to an automated expense management system. And while it may seem like a daunting task to make the switch, businesses have many ways to mitigate the disruption of migration.

Employee expense reimbursement has since time immemorial, been an employee paying out of pocket first and afterword filing an expense claim. A more sinister perspective of this is that an employee provides a small Interest-free loan to the employer, especially if a business is slow to reconcile expenses.

As Jane-Emma Peerless, Chief Commercial Officer at Caxton FX says: "I worry about the fact that businesses are intentionally or unintentionally asking their employees to sub them an unauthorised loan on a regular basis. That can be the tune of somewhere between 250 to 450,000 pounds a year, depending on the size of company".

An employee may hold onto receipts for weeks or months before completing an expense claim. With physical receipts, receipts can sometimes be inadvertently lost, either by the employee asking for reimbursement or by the finance department. Losing a receipt makes claiming business expenses more difficult and prevents the company from reclaiming VAT.

A solution to these issues is an automated expense management system. Such a system would help to streamline a company's expense claim process.

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Here are nine benefits when switching or adopting an automated expense management system...

- 1 Adopting an automated expense system is not a cost, but an investment.** CEO of HW Fisher business solutions says, “[companies] look at the system as a cost rather than an investment... Overall, implementation of an automated system like this is far more cost effective.” Manual reconciliation of expenses is time consuming to both the requester and the person who reviews the claim. Automating the system would greatly reduce the amount of time spent on expense claims.
- 2 Automated expense systems can help capture expenses immediately.** Employees can scan receipts with their phone, allowing expenses to be processed quickly, where otherwise they would need to liaise with whoever handles expenses.
- 3 An automated and digitalised system also provides a more consistent flow of information of expense levels.** With an app and the correct policy, expense claims can be filed almost immediately after their occur. Instead of multiple expense claims coming in at once, an automated system allows for expenses to be filed as they come, providing information on what and where the expenses are, the day they happened.
- 4 Minimise errors and improve expense bookkeeping as all records are digitalised immediately into a database.** Having both a copy of a receipt in a standardised digital format, along with a scan of the original physical receipt will help to prevent discrepancies.
- 5 Using an automated expense system offers greater visibility of expenses.** All the data goes into a single repository, while also allowing for the ability to continue to sub-divide the expenses by office.
- 6 Reduce employee stress.** For employees who have little to no savings or live paycheque to paycheque, the slow process of manual reconciliation can wreak havoc on their budget. By reducing the turnaround time or by providing preloaded company cards, you can reduce financial risks to employees.
- 7 Watch for misuse, whether accidental or not.** The digital system makes it easier to track what is being expensed and helps to identify suspicious transactions.
- 8 Ease your way into the new system.** There is no delineating mark, where one day you are using your current system and the next day, a completely brand new and different one. Many automated expense vendors offer trial periods, allowing you to test if the system is right for the business.
- 9 You don't need to change your whole system in one go.** You can create a test case using one person, a few people, or one department at first to get a feel of how the system operates. This will also help identify potential teething problems during implementation.

Caxton offers an expense management system, that both digitalises and automates the expense management process, while also allowing for greater control on how money is spent. Their system of top-up credit cards allow a business to manage spending by person or category. It can set reminders to help avoid tardy or incomplete expenses and be integrated into existing accounting systems for easy reconciliation and reporting.