

# Control the Budget Beast: Get on Top of Employee Spending

Outdated, manual processes are hurting schools. Here's how and why it's time to modernize employee-initiated spending.

**LAST YEAR**, the Denver Public School system conducted a review of more than 900 district-issued credit cards used in \$92 million worth of Visa transactions over a two-and-a-half-year timeframe. During that period, \$2 million worth of purchases “appeared to contradict school policy, but were approved by the finance department anyway,” as reported in the media.

A 2016 Salt Lake City audit uncovered a pattern of school officials using district credit cards for family members' travel to accompany those officials to conferences, expenses that were often later reimbursed. Earlier this year in Mountain View, Idaho, auditors uncovered nearly \$2,000 in dubious charges made on a district-supplied credit card by a high school principal.

In these situations, once the details were scrutinized, the conclusions were often the same. These weren't instances of malfeasance so much as lack of appropriate documentation, inadequate oversight, and simple confusion about is and is not allowed.

Even as the barriers to technology usage come down throughout school districts of all sizes, one process seems immune to joining the 21st century: expense and travel approval and tracking. This is otherwise known as “employee initiated spending.”

## Lack of Automation Equates to Lack of Control

“In terms of school district financials, employee-initiated spending is often the second most controllable line item in the budget, second only to payroll”, says Matt Gibbons, senior director of public sector sales at Concur. Concur is an SAP company specializing in helping business

and government agencies of all sizes go beyond just automation to a complete spend management solution.

“That can be anything from office supplies to airline tickets to mileage to rental cars to meals,” says Gibbons. In today's environment, individual district staff members not only research what they need to buy, but also write out their requests, get approval for the acquisition or travel, make the purchase, and then supply documentation for reconciliation and reimbursement. More often than not this is a manual, slow, and cumbersome process that is prone to human error.

In addition to being a cumbersome process, it can also open districts to financial risk if the proper tools aren't in place to ensure that purchases fall within acceptable compliance guidelines. In an unautomated process, it is incumbent on administrators and staff to ensure that forms are filled out properly, that the receipts match the expenses, and the accounting codes are accurate. When the information doesn't mesh with policies and procedures, the paperwork gets kicked back and forth and approval is delayed.

In a recent national survey of state and local government organizations, nearly seven out of 10 respondents (66 percent) stated they use either a manual process involving pencil and paper or a Microsoft application such as Excel to submit expenses.

## Clear Oversight and Transparent Processes

Schools and school districts need a new approach to achieve the level of clear oversight they want while also providing a transparent process for their employee-initiated spending. Leading school systems

are finding success shifting their spending management from manual or home-grown systems to a cloud based Software-as-a-Service (SaaS) solution which is secure, affordable, and quick to deploy. There are significant benefits organizations achieve when embracing SaaS solutions for employee-initiated expense management:

### Automate complex processes:

Selecting the right solution from the right vendor will provide organizations with an easy to use and compliant system. The approval workflow process for a purchase is handled online with automated stages. If a proposed transaction falls outside of the boundaries of the district usage policies, the user will be notified prior to the purchase taking place. For example, if a staff member selects a hotel or car rental reservation that is outside school spending rules, the user will be notified allowing them to change the request prior to submission. As spending occurs, the user can take a picture of the receipt with his or her smart phone and upload the expense automatically to their expense report categorized with the date, purpose, and nature of the expense. The business office will know the compliance controls are working. The result is a reduction in thoughtless or intentional fraud, waste, and abuse. Financial managers also get a complete spending picture they can manage in near real-time. “An organization that may have overspent in the first part of the year will have the insight required and the tools necessary to adjust the organization's expenses in the back half of the year” says Gibbons.

**Mobility:** Smart phones have become the go-to computing device for working

SOURCE: "Modernizing the Tracking of State & Local Employee Initiated Spend." GovLoop. August 30, 2017.  
<https://www.govloop.com/resources/modernizing-tracking-state-local-employee-initiated-spend/>

professionals. Applications that only run on desktops now seem out-of-date, kludgy, and unsatisfying. Employees increasingly prefer technology that's portable, intuitive easy to use and available 24/7. That translates to mobile apps handling tasks such as receipt capture, filing of expenses as soon as they're made, and handling approval decisions the moment the request arrives. The best SaaS solution accommodates both web functionality and native mobile operations.

**Workforce improvements:** In that same survey, government respondents were asked if there were one characteristic they could change about their current spend management system. Not surprisingly, the top choice by 30 percent of the people was to reduce worker frustration, followed by lack of automation (28 percent) and lengthy reimbursement times (22 percent). According to the survey, it typically takes more than two weeks for reimbursement of employee expenses, which can quickly manifest into employee dissatisfaction. That length of time may come across to the employee as a lack of caring on the part of the school or district. In other words, there are several frustration

factors with current systems. "From a workforce management perspective, adopting a SaaS solution gives [organizations] flexibility but also increases their productivity and employee satisfaction," says Gibbons. "[Those things] can really make a big difference in hiring and retention strategies."

**Smart data integration:** The old adage that data is king is never truer than now. Having a complete spend management platform that brings together all relevant and critical spend management data into one single platform is the best way for finance professionals to understand every nuance of where and how the spending is happening. Moreover, we live in a world where apps help us do everything from find that parking place in a crowded city, track mileage via GPS, and incorporate VAT taxes correctly. A system that incorporates this app ecosystem as part of a spend management solution brings not just the complete spend picture, but a user-friendly experience. Taking that integration one step further, it makes sense to integrate a spending management solution directly into a district's enterprise resource or financial planning system to feed relevant data without

having to re-enter manually. "Once you have good insight into specific spending categories, it allows you to go out and negotiate more powerfully with your vendors associated with those expenses," says Gibbons.

**Cloud advantages:** Cloud based SaaS solutions are recognized as offering tremendous value to organizations including affordable cost (both initially and on-going), speed of implementation, continuous innovation and positive user experience. Companies committed to providing cloud-based, SaaS solutions achieve far better results at a lower cost than individual organizations attempting to undertake complex application development and maintenance on their own legacy systems.

While the vast majority of public school districts realize the benefits of adapting a "cloud first" strategy as well utilizing SaaS solutions, many are finding the path to achieving the benefits are a bit more challenging to realize. Your SaaS provider will be more than happy to assist with the navigation process, allowing you to focus on the mission of educating students.

## Update Your Spending Management

By updating the processes and technology with which your district handles its employee-initiated spending, you can improve the employee experience and keep them in compliance with policies. Considering the amount of budget money at stake, this approach elevates spend management to the realm of financial and business oversight that it truly warrants. By choosing the right SaaS solution, you'll help your school and district avoid unnecessary costs while helping make better decisions.

For more information,  
[www.concur.com](http://www.concur.com).



## Concur for K-12 Spend Management

Employee-initiated spending includes five primary areas, each served by a module within SaaS-based Concur:

**Travel:** Provides a site for district employees to book and manage all travel and spend, tailored to your travel policies and preferred vendors.

**Expense:** Lets employees use their mobile devices to capture and attach receipt images to expense line items. Managers can review, approve, and reject expense reports from their smartphones. The business office gains pre-built integration between ERP, CRM, HR, and accounting systems for timely and accurate views of the financials.

**Locate:** This duty-of-care application helps your district maintain contact with employees traveling in the United States or internationally, if you need to communicate with them due to an emergency or normal course of business.

**Invoice:** This automates invoice processing, allowing for quick capture of invoices from any format, streamlining of purchase requests, approval automation, and other features.

**Mileage:** MileIQ tracks mileage and calculates reimbursement.