Travel & Entertainment Expenses

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APS, APM, APPM

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Introduction

- Accounts Payable Manager – Symbotic LLC, Wilmington MA
- 35 years of Management Experience in Financial Operations area including Accounts Payable, Accounts Receivable, Cash Receipts & Purchasing
- Focus on maximizing process efficiencies in the Accounts Payable area
- Managed & mentored teams ranging in size from 6-60 people. Participated in several ERP implementations including Oracle & PeopleSoft & have led the deployment of several expense reporting tools including Gelco & Concur expense.
- Policy and process documentation
- Certified AP Specialist, AP Manager, Procure to Pay Manager, Certification Trainer for IOFM, Member of the Advisory Panel

Learning Objectives

I. Considerations when evaluating Travel & Entertainment Expenses

II. Learnings and Key take aways from a recent implementation

III. Tips for policy definition & enforcement, adoption and fraud mitigation

Considerations when evaluating Travel & Entertainment Expenses

- Do your homework! Research the company, their product, public disclosures
- Will their automation work for your program? – self paid, company
- Automated policy audit – applicable?
- Understand the pricing structure – per report, per person, other?
- Other useful products or items available, mobile reporting, mobile apps to record and capture mileage
- Garner support from within the business

Learnings and Key take aways from an implementation

- Socialize, Communicate, prepare various types of training materials
  - Training sessions – vary dates and times, record sessions
  - FAQs
  - Snip Its
  - Job aids
- Post centrally - intranet for future reference – infrequent users – log in details!
- Utilize the system's capabilities wherever possible
- Involve other teams and areas as needed, early on in the process, including leadership

Travel & Entertainment Expenses – Policy Development

- **Create, Develop, Review your policy**
  - No policy is a one size fits all
  - Keep up to date!
  - IRS Requirements (IRS Publication 463 outlines what's deductible and what's not, what the requirements are)
  - Tax rules – frequent changes
  - Double dipping (car allowance + mileage/Fuel + Reimbursement for R&M to personal vehicles?)
  - Be Specific
    - Clear, Concise, unambiguous wording
    - Avoid words like "reasonable", "logical" & "practical"

Policy Audit - Enforcing Compliance

- **Consistency Matters!**

  - Whether auditing, following up, reporting to management or other, be consistent

- **Automated/Systemic Audit**

- Take advantage of automated audit functionality (rule configuration)
  - Receipt requirement
  - Receipt Threshold
  - Receipt details
  - Hard stops (not allowed)
  - Warnings (allowed with a warning)

- **Manual**

  - Develop/Create Reporting
  - Audit specific policy requirements that can not be captured via the auto mated audit functionality –
  - Identify by capturing key words, MCC codes, or G/L accounts –

- **Communicate & publish spend and audit results**
  - Consistently provide Managers and Leaders with travel metrics
  - They can’t help enforce if they don’t have knowledge and visibility to the data or the abuse

Travel & Entertainment Expenses – Policy Adoption

- **Garner the support of Sr Management/Leadership!**
  - Development or updates – inform
  - You and your team can not enforce on your own

- **Start Small/Slowly**
  - People don't like change
  - People don't like to lose what is perceived as a benefits

- **Hold employees accountable**
    - Attest to the receipt and or review of the policy
    - Ignorance or failure to read that policy or any related correspondence is not an acceptable excuse for ignoring

Travel & Entertainment Expenses – Adoption

- **Communicate**

- **Educate** – Training is important!
  - Know your audience
    - Travelers – review policy, clearly set expectations
    - Processors – review policy, set expectations handling policy exceptions & resolution
    - Approvers – review policy, set expectations for what needs to be reviewed & requirements (i.e.acceptable receipts, business reason)

- **Communicate**

- **Educate**

- **Enforce**
  - Repetition and Consistency matter

Mitigating Fraud

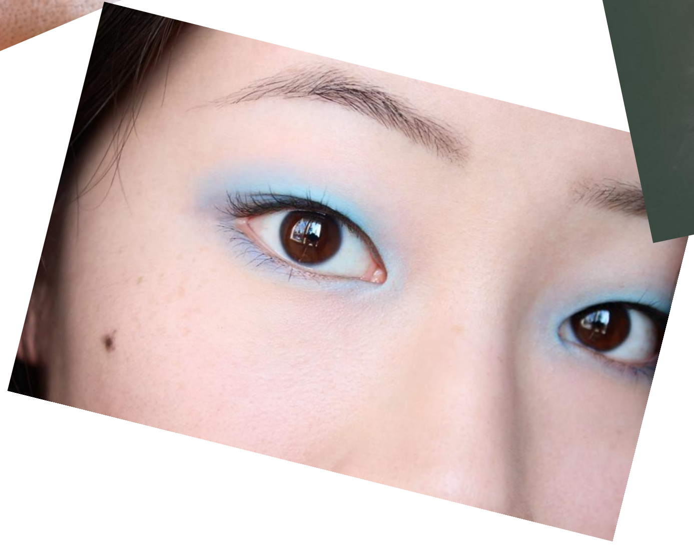
- **Big area of opportunity for fraud and abuse**
  - Bury in incorrect expense types/GL Accounts
  - Leave business purposes and descriptions blank
  - Attach incorrect back up
    - Credit card receipt versus Detail
    - Abuse of MRA
  - Circumvent other policies and or requirements
  - Avoidance of Taxable items – Rewards, Incentives, Retirement gifts

Mitigating Fraud

- **Make sure your team is *trained* and well versed with the policy**

  - Empower them with the knowledge
  - Should be intricately familiar with the policy
  - Get them comfortable with IRS Pub 463
  - Ensure they understand what’s required by the government versus the company and where there may be “flexibility”
  - Identify potential fraud flags - *listen* to conversations (Acceptance; “everyone else does it,” Entitlement; “I spend so much time on the road, I figured it’s the least the company can do,” Rationalization; “I deserved a massage at the spa after the client I had to deal with”)
  - Follow your gut! If it doesn’t look right, feel right or pass the smell test, it’s probably rotten!

Policy Audit - Enforcing Compliance


People are more apt to take advantage if they believe no one is paying attention

People are more apt to be compliant if they know people are looking or someone has an eye on spend & is watching

Actionable Takeaways

1. Be better prepared when evaluating potential T&E Solutions

2. Know what’s needed to prepare and enforce your policy

3. Understand ways to identify and mitigate potential fraud

Please tell us what you think!

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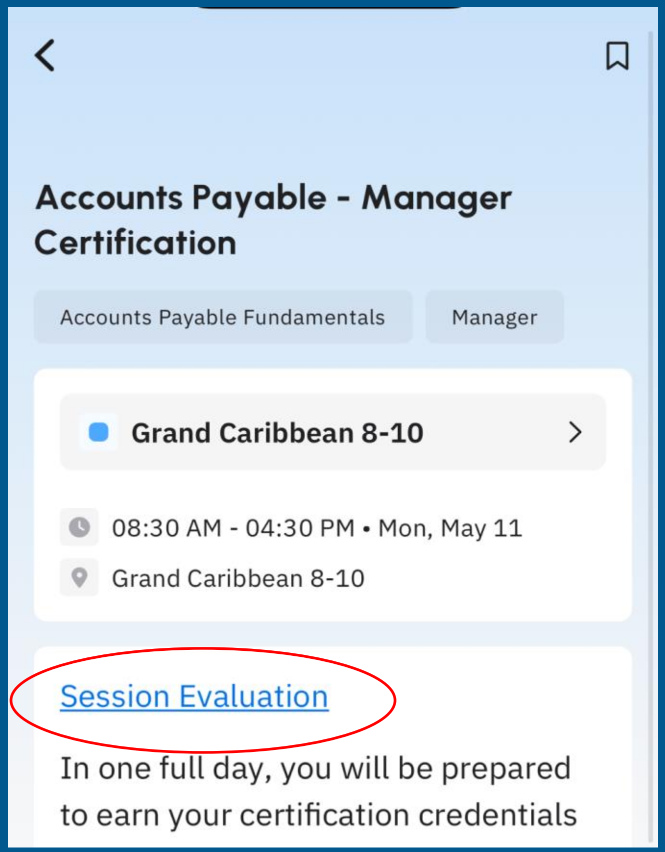

QUESTIONS?

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