



How to Manage T&E Expenses More Effectively

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Travel and entertainment (T&E) is an important part of doing business for many Los Angeles and Southern California business owners and entrepreneurs. These businesses often need to meet face to face with their customers and stakeholders, and such meetings may involve traveling by air or car, staying overnight in hotels and eating out at restaurants. In addition, business owners and entrepreneurs sometimes desire to entertain clients by taking them out to dinners, concerts, sporting events and other activities.

If your company regularly engages in T&E activities, it's important to make sure there are clear policies in place that provide specific T&E guidelines for all employees. In addition, policies should specify procedures for expense report processing that ensure compliance with your company's T&E policies as well as efficient and cost-effective processing of all T&E expense reports.

Problems Due to Poor T&E Expense Control

Poor control over T&E expense processing could result in many different problems for small and mid-sized firms, such as:

- Delays in month-end closing and inaccurate accounting due to expense reports not being submitted, approved and processed in a timely manner.
- Difficulty and delays in reconciling corporate credit card accounts and in reimbursing employees.
- Wasted time spent by accounting staff and management tracking employees down to get them to submit expense reports and/or supporting documents by month-end deadlines.
- The failure to enforce T&E policies.

Such poor control and the resulting inefficient processing of expense reports can lead to a number of negative impacts on a business with a high volume of T&E expenses. One of the most damaging is the failure to detect expense report fraud, which can take several different forms:

Fictitious expenses — These are charges that were not incurred but an employee tries to be reimbursed for by submitting fake receipts.

Mischaracterized expenses — These are charges an employee did incur but might not be reimbursable under the company's T&E policies (such as certain personal expenses).

Multiple submission of the same expense (either deliberate or accidental) — For example, one submission is supported by a vendor receipt and the other is supported by a credit card voucher.

Overstated receipts — This is usually accomplished by employees deliberately altering receipts.

Technology Solutions for Streamlining Expense Reporting

The best way to avoid these problems is to utilize a technology solution to help streamline T&E expense report processing. In one of our recent articles, [The Benefits of Moving to Automated Expense Management](#), we discussed such a solution. As this article noted, an automated expense management and reporting system can help reduce the average cost of processing of an expense report to around \$7, compared to up to \$41 for manual expense report processing.

An outsourced CFO services provider can assist in this process by:

- Helping management create appropriate T&E policies and expense guidelines.
- Identifying appropriate technology and tools that will provide efficient expense report processing while ensuring compliance with T&E policies.
- Creating the right internal processes and controls to ensure effective use of the technology solution.
- Implementing the new T&E systems and processes across the organization.

By implementing the right technology solution and appropriate T&E policies and guidelines, companies may realize a number of concrete benefits. These include system enforced compliance with T&E policies; improved detection of fraudulent expense claims; less time and money spent approving and processing expense reports; faster processing of expenses, which in turn allows more timely reconciliation of credit card statements and general ledger entries; and prompt reimbursement of employees who have paid for out-of-pocket expenses.

Concluding Thoughts

Travel and entertainment is an important part of doing business for many companies. Therefore, it's important to make sure there are clear policies in place that provide specific T&E guidelines. These policies should specify procedures for expense report processing that ensure compliance with your company's T&E policies and efficient and cost-effective processing of T&E expense reports. Utilizing a technology solution like an automated expense management and reporting system is the best way to streamline and reduce the cost of T&E expense report processing. An outsourced CFO services provider can help you choose the right technology solution for your company.

About CFO Edge

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