

Business Expense Management Simplified



Marcel Syriani

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Submitting an expense report is easier than ever. Today you no longer have to key everything in or even be all that organized a person. You can image receipts with your cell phone, then stand back and let your report (almost!) build itself. Of

course, there is a lot going on behind the scenes, like OCR technology for reading receipt images and transaction feeds, not to mention a lot of clever programming. Still, in the world of expense reporting, the filer is king.

What about the approvers and auditors? With most expense reporting systems, they are pretty much on their own. The worst of it is matching receipts to transactions. Many organizations mandate a 100 percent audit. That means someone has to claim that he has associated a receipt with every expense report line item. Of those organizations with mandated audits, the vast majority mandate a zero percent audit of the approvers. Since receipt matchers know or at least suspect that their work is not being reviewed, well, people will be people. The effect is that an extremely poor job is done, but then again, it is the appearance of diligence that seems to matter more than the reality.

The reality should matter. Checking for receipts reduces both fraud and the chances that a tax audit will discover costly record-keeping deficiencies. According to Marcel Syriani, DATABASICS CTO, “Matching receipts is important but as a manual process it just doesn’t make sense anymore. Reviewer effort is a limited and expensive resource. It shouldn’t be wasted on low value, tedious tasks. Certainly, supervisors and managers have far better things to do.” Technology does have an answer: OCR. Receipts can be “read” automatically, then linked to the related line item in an expense report with a very high degree of accuracy. As Syriani asks, “Why make people do something they do badly that automation can do extremely well?” Reviewers are left to deal with the occasional “kick-out” and that is probably ok, all considered.

So reviewers—with the right expense reporting solution—do not have to worry about receipts. Instead, they can focus on the legitimacy and classification of the reported transactions. Are they reasonable? Do they comply with policy? Are they possibly fraudulent? An expense reporting system with an automated rules engine that has the flexibility and power to validate transactions against real-world policies can make things much easier for the reviewer. He does not have to know that Business Class airfare is allowed for Project A but not for Project B except for Phase 2. If the system does not flag the transaction, he can assume that it is good. What does he do though, when he sees a coach charge for \$1,235.00 for a flight to Cleveland? Is that a lot or a good deal? Here, the reviewer would need a rules engine with a link to an external data source with benchmark rates.

And how would he detect a pattern of fraud where an employee is making up his own cab receipts? Syriani says, “It’s unrealistic to rely upon reviewers to know all of a company’s policies and exceptions, to know what everything ought to cost and to have the expertise of a fraud examiner.”

The real break-through in transaction review will come from AI, Syriani claims. “Reviewers will not be empowered so much as eliminated from the process. Reviews will be thorough, objective and most importantly, adaptive. Patterns at all levels will be detectable, and rules will be refined to single out exceptional transactions. All of this will happen without direct human participation. We’re not there yet, but reviewers should take heart that in not so long, they won’t have to look at another expense report.” **CT**