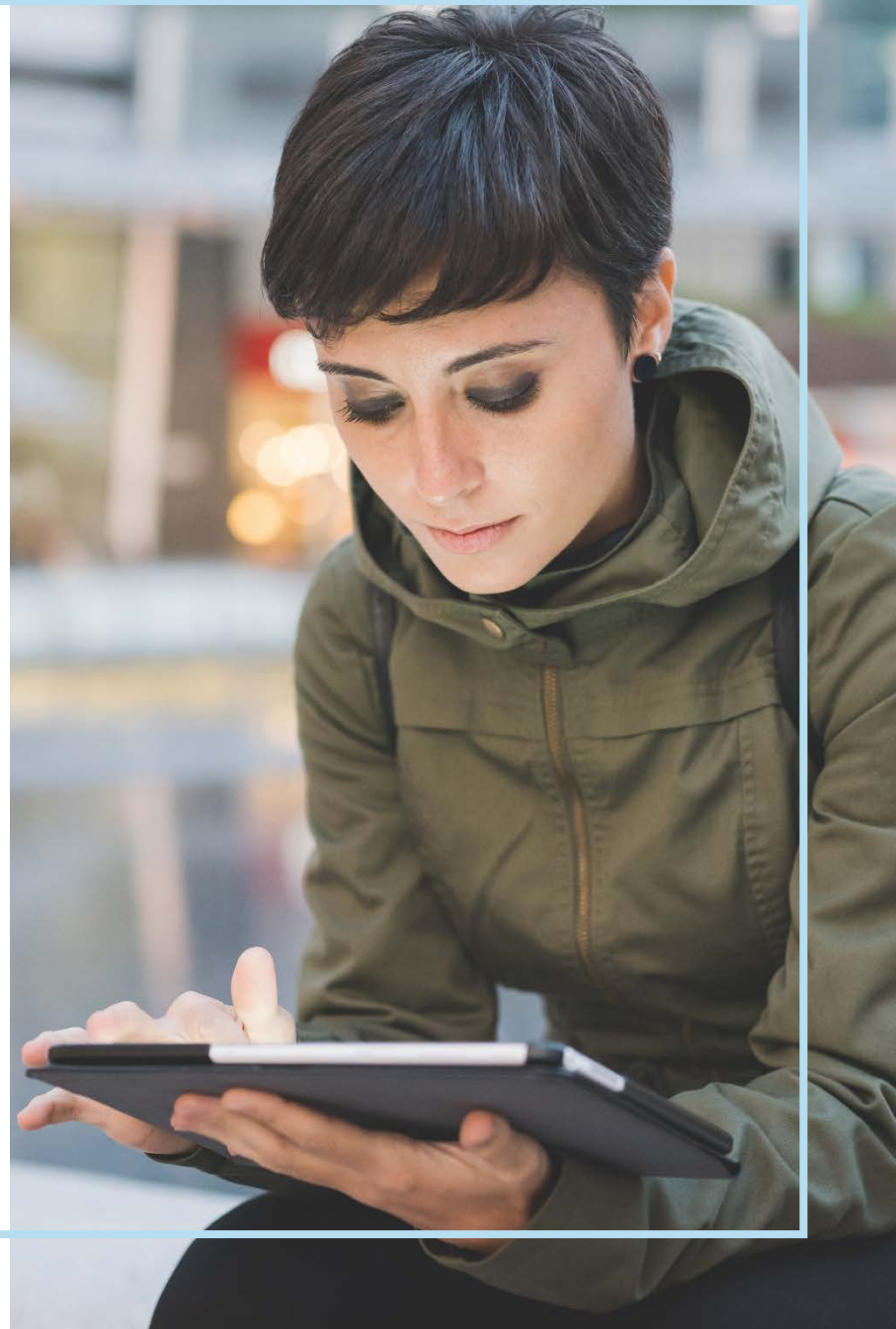




# Expense Management for Higher Education

The Challenges and Solution for Grants,  
Athletic Teams and Procurement

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# Introduction

Universities and other higher education and research institutions share many of the same attributes as medium to large commercial organizations: sizeable numbers of employees – a significant number of whom travel both domestically and internationally; teams that are often geographically dispersed, and closely controlled budgets. However, unlike commercial organizations, higher education institutions' faculty and research members travel and expenses are often funded by grants and scholarships, which can often have a variety of different reporting regulations.

As a result, higher education institutions' expense reporting processes can often be more complex than those for similarly-sized companies, and require specialized solutions to ensure they can stay in compliance with grant regulations. Not to mention public institutions that also have numerous state regulations with which they must comply.

This ebook looks at some of the unique expense management challenges faced by higher education institutions, how these can be effectively addressed, and what solutions are available to help solve these challenges.

## EXPENSE MANAGEMENT CHALLENGES



# Core Expense Management Challenges

Organizations worldwide, regardless of their type or industry, face a variety of challenges to ensure that the process of accurately and rapidly submitting, processing, and reimbursing employee expenses. Examples of commonly shared expense management challenges include:

## MANUAL, PAPER-INTENSIVE PROCESSES

[Manual expense entry is highly inefficient.](#) The requirement to maintain receipts and then create spreadsheets with vendor, transaction and budget code data, attach receipts to a hard copy of the spreadsheet, and then fax / mail these to a central administrator can be a major time burden for expense owners. For administrators, the need to manually enter and verify information and then process and reimburse the expenses is a major headache and a poor use of time and resources.

## DATA ENTRY ERRORS

While manually entering data is frustrating, a larger potential challenge is that of data entry errors. Simple “fat finger” errors such as typing a ‘9’ instead of a ‘0’ could have huge implications on expense reimbursement or allocation against the correct GL code.

## CUMBERSOME SOLUTIONS

Migrating from manual processes to an automated solution can certainly reduce the burden on both travelers and administrators, but many organizations that have moved to expense management software are still faced with a platform which is both unintuitive for users, and also cumbersome for approvers and financial professionals.

## REMOTE / TRAVELING EXPENSE OWNERS

Many universities have campuses across states and sometimes even countries. Along with this, faculty, researchers and athletic teams frequently travel for both short and long trips. Therefore, the inability to easily create expense items while away from their home location delay the submission and reimbursement of expenses.

## EXPENSE FRAUD

[Expense fraud is estimated to cost U.S. companies more than \\$2.8 billion per year,](#) and education institutions are not immune to this. Manual, paper-based, expense submission and approval makes it difficult to prevent fraudulent expense claims from being entered into the system or identified and rejected by administrators. This leaves a significant opportunity for institutions to fall victim of fraud, risking both current and future grants, as well as damaging the credibility of both individuals within the faculty and finance team, as well as for the institution overall.

# Unique Challenges Faced in Higher Education

In addition to the challenges that any organization needs to overcome in order to effectively maintain control of individuals' expenses, higher education institutions must also address several unique issues that they face as a result of their funding. These are rooted both in the need for compliance with grants' covenants, as well as a greater emphasis on cost control and expense allocation than that of many for-profit organizations. Examples of these include.

## **COMPLEX PER DIEM REQUIREMENTS**

Per diems can often have several tiers based on travel time – a half day / travel day, full day, overnight, etc. If meals are served at a conference, do travelers still receive the meal allotment? Do the per diem rates change according to the city, state and country? How will the business traveler keep track of all these rules? How will accounting?

## **ONGOING FUND TRACKING AND MANAGEMENT**

Cash advances and drawdowns are just one way to track expenses against a department budget or grant, but these need to be reconciled against remaining balances.

## **AVOIDING ERRORS IN ENCUMBRANCES, BUDGET OR EXPENDITURES**

Approved purchase orders and pre-approvals for expenses can be encumbered to avoid the possibility of going over budget, but what's the approval process for these and how is it tracked?

## **ELIMINATING OVERSPENDING**

While departments in a commercial organization have strict budgets which need to be adhered to, it's usually possible to reallocate funds from one pot to another if necessary. However, with grants being strictly defined and regulated, it's not possible to move funds around. As a result, grant recipients must be able to track spend effectively and ensure that there is no overspending against grant allocations.

## **ALIGNING PROJECT SCHEDULE AND BUDGET WITHIN START AND STOP DATES**

Some grants have specific start and stop dates that must be adhered to. How will participants know dates for each portion of the grant schedule and spend the allotted budget accordingly? Will the purchase order approval date prevail or the invoice date?





# Group Travel

## **NCAA REQUIREMENTS**

For athletic team travel, institutions must comply with NCAA divisional regulations. These regulations are very comprehensive and it is extremely challenging to ensure that all of them are being enforced.

## **DUTY OF CARE**

For all types of group travel, whether for athletics, or faculty led study abroad programs, safety of both faculty and student travelers is an ever-present concern. Being able to know ahead of time where your travelers intend to travel is a critical step in this process.

## **PROPER ACCOUNTING FOR GROUP TRAVEL EXPENSES**

Aside from compliance and risk management, the third top challenge institutions face with group travel programs is the ability to properly capture and account for the expenses incurred. Often one individual such as a coach or faculty member will be covering the expenses for an entire group. Capturing the details of the individuals involved and ensuring accurate accounting for expenses is key to help institutions budget and manage costs.



# BEST PRACTICES IN EXPENSE MANAGEMENT





# Operational best practices

Effective expense management requires a solid foundation of processes, with which they can build a program suited to their individual needs. Whether an institution is a small private college or a major state-wide university system, there are several fundamental items that need to be implemented:

## **CLEAR, WELL-COMMUNICATED EXPENSE POLICY**

Regardless of the caliber of expense management solution that is put in place, effective expense management can only be achieved by creating and adhering to [a sensible expense policy](#). These are critical to both control costs and [reduce business expense fraud](#). Without a clear policy, travelers are left in the dark about what is and isn't allowed, and will simply assume how much they can spend.

Clearly communicated and evenly enforced expense policies are very effective in helping travelers to self-regulate their spend, and they can also be incorporated into a solution's business rules to automatically prevent travelers from submitting out-of-policy expenses.

## **IMPLEMENT CORPORATE CARDS**

Corporate credit and purchasing cards [offer a number of benefits](#) to institutions to both track and control employees spend on travel and other work-related expenses. On top of obvious benefits such as cash rebates, minimizing cash advances, and eliminating the need for travelers to use their own cards, the ability to easily reconcile card statements against expense reports can dramatically streamline expense processing and GL entries. In addition, matching up receipts to transaction data from the card provider can also be an effective tool in preventing expense fraud.

## **IMPLEMENT AN EASY-TO-USE, AUTOMATED EXPENSE ENTRY AND APPROVAL SYSTEM**

For any institution that's looking to streamline its expense management processes, moving away from manual receipt-and-spreadsheet based processes is an essential first step. [Online expense management](#) solutions provide the ability for expenses to be submitted electronically, and workflows can be established for straightforward online expense approval and reimbursement. With a significant number of higher education users submitting expenses infrequently, it's essential that any solution is straightforward and intuitive, so that users don't need to re-learn the system each time.

# Must-have capabilities

While an expense automation solution is fundamental, it cannot simply be a box for the IT / procurement team to check off their list. There are a number of fundamental capabilities that any expense management solution must have in order to fit even the most basic requirements of any college or university.

## MOBILE EXPENSE CAPABILITIES

With a sizeable number of expenses being incurred on the road, [it's critical for any expense management solution to be fully mobile](#), delivering on the requirements for expenses to be created, submitted and – if necessary – approved from a mobile device.

As higher education institutions typically don't provide mobile devices for traveling staff, there is often a wide variety of device manufacturers and operating systems being used. As a result, offering a solution that requires the download of an app to their device could lead to users having a wide variety of versions of the expense app. Not only does this mean that training becomes more complex, but it also increases the challenge of providing support and troubleshooting issues within the app. Therefore, [expense management solutions that offer a true web app](#) using responsive web design (RWD) are preferable.

RWD-enabled mobile solutions provide the following critical benefits:

- **No IT burden:** Your IT department will not have to keep up with a myriad of mobile app versions based on the mobile operating system. Since web apps run through the browser on the device, they will work with almost any device type that has a modern browser.
- **Security:** Unlike native apps, web apps do not store any data on the device.
- **No end-user training required:** Unlike native apps, web apps enable full system functionality from the mobile device. Mobile end-users can use the system just as they would from their desktop or laptop.

## SUPPORT FOR COMPLEX BUSINESS RULES

Managing different expense policies and approval / reimbursement workflows for different funding sources can be a highly complex process, which can easily become prone to errors. To eliminate this possibility, an expense management solution should be configurable to accommodate any potential variant, without the need for complex and cumbersome coding from the vendor. [Creating these business rules](#) within the solution will make it easy for expense owners to adhere to grants' spending policies.



## GLOBAL CAPABILITIES

As higher education institutions and faculty become more global in their approach, the ability to manage expenses – both incurring and reimbursement – on an international basis has become paramount. Therefore, attributes that include currency conversions, up-to-date foreign exchange rates, and [VAT and international tax policy support](#) have become essential.

## ANALYTICS AND AUDIT

Controlling personal spend through elimination of inefficiencies and wasteful spend is critical for any organization regardless of its function. Therefore, the ability to [analyze expenses to spot spending patterns and trends](#) that are either outside of policy or are otherwise inefficient can enable finance teams to drive down unnecessary spending. In addition to analytics capabilities, [expense auditing](#) (both in-line and post-submission) can enable institutions to minimize the potential for fraudulent expense submission.

## STRAIGHTFORWARD ERP INTEGRATION

Expense management solutions can only deliver their full benefits if the data that they create can be easily and [seamlessly exported into the ERP](#), to allow straightforward processing of GL entries, reconciliation against grant funds and employee reimbursement / corporate card payments.

## INTEGRATED PRE-APPROVALS

Given the essential requirement of tracking expenses versus funding sources and eliminating the possibility of cost over-runs, pre-approvals are a key feature of any [expense management solution](#), as they allow available funds to be verified before travel is booked.

# Advanced Expense Management Capabilities

In order to manage faculty and other travelers' expenses effectively, higher education institutions require expense solutions that can manage more complex needs, such as projects involving multiple staff members, athletic team travel, or research that may involve overseas travel.

More advanced features that higher education institutions should look for include:

## **ADVANCED PER DIEM FUNCTIONALITY**

The ability to designate grant solicitation and research travel differently to standard travel and other grant-funded travel is essential. However, the complexity of per diem rules requires business rules logic to ensure they are expensed accurately. The rules can flag any out-of-compliance charges, like meals charges when traveling to a conference where the meals are provided; or rules that can calculate per diem percentages based upon travel time or miles traveled.

## **GUIDE USERS ON APPROPRIATE USE OF FUNDS**

Pre-approval for spending is a smart practice regardless of the type of organization or funding source. For grants, it's critical because it provides an opportunity to review the rules and

limits.

These rules can be designated as prompts when users start to build a pre-approval, reminding them of allowed hotel costs, meal allocations, etc. The approver can also see the reminders as they are checking the projected costs.

## **DIVIDE EXPENSES AMONG MULTIPLE GRANTS AND / OR COST CENTERS**

Some expense reports may contain items that relate to different funding sources or cost centers (for example if a grant's rules don't allow a certain item to be expensed, but the institution will still reimburse the individual for it). To eliminate the requirement for multiple expense reports to be created and submitted, the expense solution should allow for a single report to contain expenses with different criteria.

## **SMART WORKFLOW APPROVAL**

The ability for multiple funding sources and cost centers to be used on a single expense report will make life easier for travelers. However, for the true benefits of this feature to be realized, the back-end functionality must be equally as intuitive. This means being able to set up approval workflows that automatically route line-item expenses to the correct approver, regardless of the type of expenses included on each report.





## **EASY EXPENSE ALLOCATION**

Remove the need for end-users to memorize general ledger codes for expense allocation, and automatically populate form fields when a user types in a recognizable portion of the cost center name, grant name or other identifier.

## **CONDITIONAL APPROVAL RULES**

Customizable approval workflows can be built to accommodate any complex approval cycle, whether by expense amount, expense type, or employee role.

## **GROUP TRAVEL CAPABILITIES**

The ability to ensure specific compliance rules, such as NCAA rules, are enforced by straightforward messages to users at the time of entry for both pre-authorizations as well as expenses. In addition special approval routing to accommodate group travel situations should alert proper individuals at the institution to ensure duty of care.

# Conclusion

Higher education often provides even greater complexity in expense management than that of corporate organizations. The combination of multiple funding sources, each with their own spending rules; per diems; long- and short-term international travel often present unique challenges that require sophisticated solutions. Spreadsheets and cumbersome expense software tools are simply no longer capable of offering the level of automation necessary to support a world-class institution.

Tried-and-tested best practices and a robust, powerful [expense management solution](#) are critical for colleges, universities and other higher education and research institutions, in order to maintain cost control, minimize unnecessary administration, and ensure compliance with grants.

Travel planning and finance departments need to build a foundation of a solid travel and expense policy, which is straightforward, comprehensive, unambiguous and reasonable. To maximize compliance with the policy, it must be clearly communicated to all travelers and expense owners, and should be kept updated to keep up with emerging travel trends, such as the move towards ride sharing.

Education institutions must also look for an expense

management solution that can be tailored to their specific requirements and work smoothly with their existing infrastructure (both on the end-user level and also back-office systems such as ERP solutions).

A best-practice expense management solution should be able to:

- Minimize time-consuming and admin-heavy expense entry and processing for both end users and administrators
- Work perfectly in any country, both for the submission and reimbursement of expenses
- Provide a full-featured, seamless and identical user experience across any device
- Support complex business rules surrounding grant and per diem regulations
- Offer unlimited configurability and workflow
- Integrate seamlessly into the institution's back-end software
- Offer complex analytics to identify spending trends and minimize wasteful spending
- Provide capabilities to minimize the potential for fraud

# Further Reading

## WHITE PAPERS AND RESOURCES

[Common Pitfalls of Manual Expense Reporting](#)

[10 Essential Expense Best Practices](#)

[Guide to Mobility and Expense Management](#)

[10 Ways to Prevent Business Expense Fraud](#)

[Expense Policy Template](#)

## ARTICLES

[Top 10 Perils of Using a Manual Expense Solution](#)

[Making the Business Case for an Expense Management System](#)

[How Can You Maximize Expense Policy Compliance and Maintain Traveler Happiness?](#)

[5 Benefits of Corporate Card Programs](#)

[5 Things to Consider When Choosing a Global Expense Management Solution](#)

# About Chrome River

Chrome River Technologies, Inc. lets business flow for some of the world's largest and most respected global organizations. Our highly-configurable cloud-based expense reporting and supplier invoice automation solutions deliver an elegant and intuitive user interface, which offer the same high quality experience on a smartphone, tablet or laptop.

Our SaaS products provide a world-class business rules engine and technology infrastructure, combined with a completely agile solution that supports today's changing business climate, and that CFOs, AP and travel managers, and employees will all love. To find out why Chrome River is trusted by more than 1 million users at over 500 organizations worldwide, contact us at [+1. 888.781.0088](tel:+18887810088) or visit us at [www.chromeriver.com](http://www.chromeriver.com).



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