

Conquering the Accounts Payable Nightmare



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Conquering the Accounts Payable Nightmare

School districts that replace old systems with automated technology gain transparency into spending and boost morale

Supporting AP Teams with Technology

School districts face urgent issues, from student safety to teacher evaluations, but perhaps the most critical problem involves mismanaged spending.

Mismanaged spending can be a costly, potentially criminal, liability. For example, an audit of 42 school districts in Pennsylvania found incorrect payments of more than \$8.4 million in transportation expenses¹ But the problem goes beyond just wasted funds. Mismanaged spending can also lead to:

- Squandered resources
- Overworked personnel
- Extra time needed to untangle invoices and missing paperwork
- Non-compliance with AP protocols or school guidelines

Moreover, antiquated systems and back-end operations done by hand can further bog down accounts payable (AP) departments.

Many districts have found that automation and technology can be key to reversing these trends.

To that end, SAP Concur offers a suite of tools for improving, streamlining and modernizing school district spend management. This paper will explore these options to help school district leaders, CFOs, finance directors, CTOs and other district decisionmakers make an informed choice for their circumstances.

¹ Audits find \$8.4 million in incorrect school transportation funding," by Times-News staff. GoErie.com. October 24, 2018. <https://www.goerie.com/news/20181024/audits-find-84-million-in-incorrect-school-transportation-funding#>



Solution #1: Concur Expense

The AP function in any school district is simple in theory when procedures are carefully followed. The reality, however, is much different.

Frequently, district employees fail to submit receipts, fill out expense reports incompletely or inaccurately, request payments for unauthorized purchases—the list is endless and the impact on AP teams crippling.

Concur™ Expense provides a clear, cost-effective and comprehensive solution to this problem.

Working through a cloud-based system, Concur Expense manages every aspect of the expense process efficiently, from spend requests to ultimate reconciliation and recording. The benefits are extensive, including:

- Shortening the reimbursement cycle
- Creating reports to meet compliance requirements and your district's policies
- Cutting down on fraud, waste and abuse

With Concur Expense, expenses can be managed from any point in your system, from desktop workstations to laptops and mobile devices, to make the review and approval process fast and convenient. Concur Expense lets you:

- Automatically insert expense reports with electronic receipts
- Capture all credit card data for easier reconciliation
- Generate a single, overall report of expense data

Now, what about invoices?

With Concur Expense, expenses can be managed from any point in your system, from desktop workstations to laptops and mobile devices, to make the review and approval process fast and convenient.



Solution #2: Concur Invoice

AP teams have to process a mountain of paperwork submitted by hundreds of parties in a district. It's easy for them to get overwhelmed, especially if they're doing things by hand or working with an outmoded infrastructure.

Automation can speed up efficiency and productivity—such as a system like Concur Invoice.

Concur™ Invoice streamlines your invoice management into a single system that eliminates paper piles, slashes the time to process requests, and provides one central dashboard that motors and manages your spending.

With Concur Invoice, districts can:

- Manage cash outlays to pay vendors when invoices come due and even get early payment discounts from suppliers to make better use of available funds
- Capture invoices the way you want them, such as giving you the capability to use OCR (Optimal Character Recognition) technology to cut processing time
- Catch errors and mismatched figures before payments are made by verifying expenses on POs, GRNs and matching invoices
- Integrate a wide range of applications such as QuickBooks and PeopleSoft in a one-touch click, eliminating the necessity of exporting or importing files and entering data manually

Now, what about budgets?





Solution #3: Budget

Controlling costs is a necessary but difficult goal for any school district. Spending by employees is not only a huge expense, but covers a growing range of categories, from entertainment to travel to supplies. Because many budgets are not visible or may be based on faulty reporting data, putting one together is problematic at best.

Budget empowers school districts, giving them more control and power to come up with a budget that fits their individual needs—efficiently, transparently and comprehensively.

Budget works with other SAP Concur tools (such as Expense, Invoice and Travel) by gathering and integrating data to create a clear, easy-to-understand dashboard that shows spend before and after it occurs.

Budget gives districts the power to:

- Capture data for a district-wide view of employee spending
- Adjust your budget for changing needs
- Improve accuracy and timeliness of spend
- Get a real-time view of spend from start to finish

Now, what about oversight?





Solution #4: Concur Detect

Even the most scrupulous district won't be able to catch every single abuse, fraud or financial violation—especially for AP offices that rely on overworked or under-staffed personnel who conduct manual reviews.

But districts that use advanced technology and sophisticated AI programs can save time, money, effort and meet their compliance goals easier—a program such as Concur Detect.

Concur Detect by AppZen works in tandem with Concur™ Expense to uncover compliance errors, potential fraud, and regulatory issues on expense reports before any reimbursement takes place.

Using AppZen's AI capability, Concur Detect analyzes receipts and cross-references expenses for accuracy against public and private databases and reduces expense report errors. Concur Detect can locate common and costly violations, including:

- Disallowed and personal spend
- Unverifiable receipts
- Personal credit card usage
- Disallowed merchants
- Travel add-ons

With the capability of auditing 100% of expense reports with greater speed and accuracy than human auditors, Concur Detect can help you:

- Reduce expense report errors by up to 66%
- Shorten auditing time by as much as 90%
- Capture 10 times the amount of errors and fraud before reimbursement

Now, what about travel?

Using AppZen's AI capability, Concur Detect analyzes receipts and cross-references expenses for accuracy against public and private databases and reduces expense report errors.



Solution #5: Concur Travel

While school districts might not have the type of travel expenditures that Big Business does, travel is still a line item in their budget—and open to the same problems and abuses of other district spending categories.

Inaccurate or incomplete receipts, missing paperwork, expenditures submitted without prior authorization, charges for unapproved vendors—all these problems and others can cause headaches, wasted time and sometimes misspent or overspent funds for the AP department.

While school districts might not have the type of travel expenditures that Big Business does, travel is still a line item in their budget—and open to the same problems and abuses of other district spending categories.

Concur™ Travel can eliminate these problems with a cloud-based solution that makes it easy to track, verify and approve travel expenditures and keep spend management under control. The benefits are significant, including:

- Integrating all your travel and expense data
- Making it easier to book travel
- Increasing compliance and monitoring spending
- Consolidating data from ERP, HR and accounting systems to create one place that coordinates all data from your systems to give you an accurate view of all your spend and expenses
- Giving you greater control of your receipts and matching them to credit card purchases for easier approval and validation.
- Identifying out-of-policy spending and uncovering violations before they occur

Now, how do these solutions work in reality? The experiences of one school district will be illuminating.



The Rochester City School District: Embracing the Future

With 30 schools serving roughly 30,000 students, the accounts payable department of the Rochester City School District found itself under growing pressure.

Invoices were coded, sorted and processed manually into an Oracle PeopleSoft system. Often, the AP department would get direct pay invoices without a purchase order—a clear violation of procedure.

"We didn't have any way to track them without a purchase order. Paper was being pushed all over the place. We were losing visibility. It was a logistics nightmare," says Derrek Blair, accounts payable supervisor for the Rochester City School District.

Errors were rampant, vendors called about missing or late payments, and the budget process stalled. With only three full-time staff members, Blair reluctantly had to delegate some AP functions to other departments to handle the immense workload and backlog of problems. For example, of the \$504 million that AP processed in the 2015-2016 school year, only \$177 million was on purchase orders, while direct payments without POs came to \$125 million.

"Our district was open for risk of fraud, duplicate payments, improper use of taxpayer dollars, wrong budgets, wrong approvers and wrong payment amounts," Blair says.

After a spike in non-PO spend in their lunch, transportation and facilities funds in 2014-2015, Blair looked for a new electronic system that would eliminate manual data entry, slash the risks connected with direct payments, and align audit rules with purchasing guidelines.

After researching five different options, Blair chose SAP Concur. He had been using Concur Travel and Expense since 2013-14 and found that "it had been running seamlessly with little to no AP involvement. So we thought we would try to emulate that when it came to direct payments."

Dramatic Improvements in a Short Time

The system is used by personnel who handle requisitions currently. Managers who want to add team members would just fill out a financial access request and submit it to the IT department. Any new financial access requests who automatically get access to Concur are run in a daily feed to Concur. Requests for payment go through a workflow designed by the Rochester team.

The Concur system has given Blair more oversight control.

"If someone puts in a non-allowable payment request, it will be routed to their chief, our CFO and anybody who can hold the department or submitter accountable. Then, we report that these departments are not following our guidelines and maybe training [is required]. After it goes through the workflow, it gets put on an accounting extract in our system, a voucher is built up for every payment request, and checks are spit out once a week," Blair says.



The system only went live in January 2019, but Blair says they have already seen noteworthy results:

- Data entry by hand has been eliminated and audit errors are down by more than 50%
- The loss of invoices has been reduced and the cycle time for payments has been slashed. For example, under the old system, it would take at least 45 days to process a payment for sports officials. Now, it takes seven, with cycle days of 11 days on average.
- Using a manual process in the first quarter of 2018, the AP team caught only 44 confirming orders that should not have been recognized. In Q1 of 2019, the automated SAP Concur system identified 234.
- The district has saved an estimated \$18,000 in paper costs.

Productivity has been optimized, Blair says. "Instead of the paper shuffle, a manager is getting presented everything in one place. They press a button, review it, and either approve it or don't. They don't have to ask their secretary to pull out all the information, print it out, and present it to them in a folder. They have it right in front of them. Once they approve it, it goes to the next part of the workflow without any handling. Someone is doing what they're supposed to be doing and not having to do 5,000 steps to be processed for payment."

"We've made a lot of gains by using an automated system. Now, maybe we can fill some gaps doing the same thing with other problems." — Derrek Blair, accounts payable supervisor, Rochester City School District.

Blair says that the district is about halfway to their ideal goals. For example, he'd like all his vendors to send their invoices that can be captured, OCR-read and put in a queue for payment to have more visibility, reduce cycle time and get invoices paid with as little administrative work as possible.

Blair sees automation as a powerful means to help school districts in general and AP departments in particular make better use of their limited resources—provided districts have an open mindset to doing away with inefficient systems that have been in place for decades.

"When we first started Concur, our IT team was a little perturbed at me because my vision was a little too grandiose and they didn't want somebody changing everything. So I started with Concur Travel and then moved to the invoice for direct pays," Blair says. "We've made a lot of gains by using an automated system. Now, maybe we can fill some gaps doing the same thing with other problems."



Taking the Next Step

School districts that manage their expenses and payments efficiently will not only ensure their survival, but also be fiscally responsible to the students and taxpayers they serve.

For many district AP teams, the advanced technology of tools from SAP Concur help them:

- Replace time-wasting antiquated procedures with modern functionalities
- Make better use of their limited resources
- Boost their productivity and staff morale
- Build better relationships with vendors and other payees
- Add needed transparency and accountability to every AP item

Find out what SAP Concur can do for your district. For more information or to talk with an SAP Concur representative, go to <https://www.concur.com/en-us/public-sector-k-12>.





ABOUT SAP CONCUR

SAP Concur is the world's leading provider of integrated travel, expense, and invoice management solutions, driven by a relentless pursuit to simplify and automate these everyday processes. With SAP Concur, a top-rated app guides employees through every trip, charges are effortlessly populated into expense reports, and invoice approvals are automated. By integrating near real-time data and using AI to audit 100% of transactions, organizations can see exactly what they're spending without worrying about blind spots in the budget. SAP Concur eliminates yesterday's tedious tasks, makes today's work easier, and helps organizations run at their best every day.

Learn more at [Concur.com](https://www.concur.com)

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