



Expense Report Auditing Acts as Policy Enforcer and More

Seven bottles of \$300 wine. A \$250 meal for one employee. Kegs of beer totaling \$1,200. Manicures for dogs. Topaz International has uncovered these, and other startling expenses, in what CEO Bradley Seitz called the final link in the end-to-end travel chain—the Expense Report Audit. “This final step is crucial to making sure fraud is not happening as well as understanding what leakage your program is facing,” Seitz said.

Clients depend on Topaz to catch what often falls through the digital cracks. Topaz expense auditors use their keen eyes to match hard copy receipts with those entered into the expense reporting system; verify that airlines, hotels and rental car firms apply preferred rates to employee travel; ensure that necessary receipts are filed; and examine any suspicious purchases—functions that require a human touch and therefore elude auditing software programs.

Going Beyond Expenses

Although extravagant out-of-policy expenses are always quick to grab attention, clients employ the audits for reasons beyond catching the occasional employee who puts pet manicures on the company dime—an expense that actually crossed the desk of one travel manager at a global design software firm. Still, “It’s not just about finding out whose trying to break the system,” this travel manager said.

For years, the design company, which has more than 90 offices, 7,000 employees and \$15 million in airline spending across the globe, has enlisted Topaz auditors to perform an annual Expense Report Audit. Over that time, the audit has boosted compliance to travel policy, ensured that travel suppliers charge the appropriate corporate rates, and helped build the case to senior management to automate the expense-reporting process.

“What the audit did for us was really provide an ROI where we could say with confidence, ‘This is what we’re missing in our airline contracts; this is what we’re missing in our preferred hotel programs,’” the travel manager said. “We’re able to do that with airline agreements and with car rentals as well. We could see that people were expensing insurance when they shouldn’t be, for example. We were also able to calculate the productivity and the lost rebate revenue because people were not using their corporate card.”

Considering that enlisting an individual to pour over every receipt and every expense would be cost-prohibitive, Topaz customizes a statistically valid sample size for each client to maximize thoroughness but curb costs. Topaz auditors meticulously examine expense reports and receipts and “literally go through pieces of paper,” the travel manager said. “They pull the staples out and literally log in every single solitary thing that was on there. It is painstaking.”

Audit as Approval Aid

Knowing senior management approval was needed to get an automated expense-reporting system, this travel manager used the Topaz audit as an unbiased examination of whether there would be a return on the company's investment in an automated expense tool. The question from management was loud and clear: "Why would we spend a couple hundred thousand dollars on this?"

What the audit showed was that the company would get the return on that investment "by getting better compliance in our policy and also better compliance in terms of our corporate card rebates," the travel manager said. "The benefits went on and on. Topaz took all this information and digested all the data and put it into a report that we provided to our CFO and our executive team, and it was pretty shocking. They also did a productivity review and we figured out a methodology that in essence showed how our productivity would improve if we were to lessen the amount of time people spent doing T&E reports. It was that basis that got the attention of our executive team to be able to start the discussion to say there is a business case here to automate T&E reimbursement."

Creating an Action Plan

While most audits stop at a final report, Topaz synthesizes its findings and taps into its vast knowledge of best practices to formulate actions that would improve the corporate travel program. Even after the design software firm installed an automated expense reporting system, which helped streamline the expense filing process and red-flag suspicious purchases, the travel department continues to enlist Topaz for an annual audit.

"By looking at things and talking to people and letting them know that their T&E is being watched, we were able to change behavior, so we have fewer out-of-policy bookings," the travel manager said. "We saw policy compliance increase and fewer and fewer people going outside the system. That was verified by the second Topaz audit, which showed this reduction."

This travel manager said he believes Topaz helped get his program to where it is today. "We'd still be on paper if Topaz hadn't been the impetus to really provide us that additional data that we were able to use to build the business case to automate the T&E program," he said. "The audit paid for itself."

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About Topaz

Topaz International is the global leader for auditing and other strategic services to the corporate travel management professional. Topaz has over 30 years of experience of auditing airfares and other travel related expenditures and supporting travel managers, buyers and agencies to improve performance and facilitate cost savings. Topaz will assist you in validating savings during these difficult economic times.

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