How Automating Spend Management Helps States, Cities, and Counties Increase Compliance and Reduce Risk

Kelton

As spending becomes increasingly decentralized and employees are empowered to make more and more spending decisions on their own, the risk of fraud goes up in both public and private sector organizations. However, the stakes are even greater in the public sector. Since these organizations are funded by public/tax dollars, transparency and accountability are paramount. Public disclosures of fraud, waste, and abuse can have severe reputational and financial consequences for states, cities, and counties.

A recent Kelton Global study surveyed 162 financial decision makers working in state, city, and local government and found that despite their best efforts, government organizations are struggling to be compliant. Additionally, these organizations are tasked to minimize mistakes and fraud, which are in large part due to error-prone, disconnected systems, outdated technology, and manual processes. Many financial decision makers who have integrated fully automated solutions have shown that their organizations are more efficient in managing budgets, better at remaining compliant, and protecting themselves from errors.

Kelton

Government Organizations are Struggling to Remain Compliant

Nearly all (90%) financial decision makers working in state, city, and local government say their organization is doing all it can to remain compliant. Many have institutionalized critical solutions such as internal and external audits, working with a compliance office, and even encouraging employees to gather information at industry events in an effort to keep their organization up-to-date on data and regulatory compliance. Despite doing all they can, maintaining compliance is not without its challenges.

73% of decision makers say their organization struggles to remain compliant

Additionally, many government organizations use manual or legacy systems to manage organizational spend. In fact, nearly **3-in-4** decision makers admit regularly maintaining compliance within their organization is a struggle. Obstacles such as employees accidentally filing the same expense report multiple times **(30%)**, filing potentially fraudulent expense reports **(27%)**, or unintentionally reporting incorrect budget data based on inaccuracies within financial systems **(28%)** are just a few of the many internal issues that threaten a government organization's ability to remain compliant at all times.

These challenges are perpetuated by the financial tools and systems that government organizations use—many of which are manual or legacy systems that are subject to frequent errors.

Kelton

Manual Systems Can Lead to Reputational Risk

A key challenge in maintaining compliance is the frequency of errors in expense reports and invoices. About **1-in-3** decision makers say that errors almost always occur across expense reports and invoices—a trend that many admit has increased over the last 12 months. At the heart of these issues are the legacy or manual systems used to manage expenses. Two thirds of decision makers acknowledge that their current manual systems are prone to mistakes and may be costing the organization time and money—all of which could damage their organization's reputation with the public they are serving.

And these are not isolated issues impacting only a select few organizations. According to our survey, problems with accuracy are pervasive and only growing. Fraud, waste, and abuse are challenges nearly **3-in-4** decision makers face today, and **63%** say their organization has not improved efficiency in spending taxpayers' dollars over the past year. Additionally, **3-in-10** report their organization's vulnerability to the risk of fraud and abuse has increased in the past 12 months.

AT RISK

73% of decision makers cite fraud, waste, and abuse as challenges their organizations are trying to solve

To address these growing challenges, financial decision makers must consider implementing automated, integrated financial systems within their organizations.

Kelton

# Automation Increases Efficiency, Supports Compliance, and Reduces Risk

Spending extra time processing expense reports and invoices hinders organizational efficiency and prohibits employees from focusing on citizen services. A solution: moving to integrated and automated financial systems. Those using manual or legacy systems are spending over **5 additional hours** processing each expense report and over **2 additional hours** processing each invoice than their peers who are using fully automated systems. Given the sheer volume of reports and invoices processed each month—472 and 300 respectively—it quickly adds up to thousands of hours that could be better spent on more mission-critical tasks.

Nearly all **(95%)** government decision makers who have adopted an automated system for travel, expense, and invoice management say their organization has benefited from making the switch. Notable improvements include reducing actual instances of fraud, waste, and abuse of taxpayers' dollars that would put organizational reputation at risk, as well as increasing efficiency in managing their budget. Furthermore, decision makers who don't currently centralize travel, expense, and invoice management through one integrated solution are **25%** more likely to say their organization struggles staying up-to-date on regulatory compliance.

FULLY AUTOMATED FINANCIAL SOLUTIONS RESULT IN...

32%
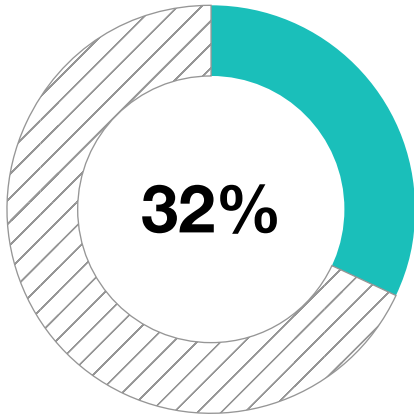
Reduced filed instances of fraud, waste, and abuse

40%
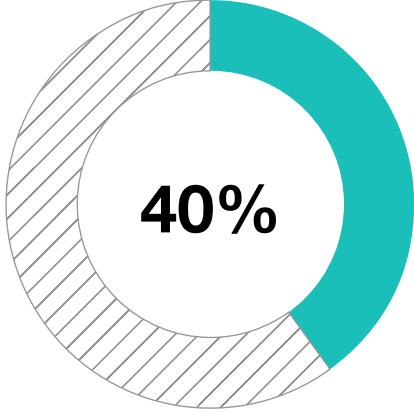
**Increased efficiency in managing budget**

Greater efficiency, sustained compliance, and reputation protection are possible with an automated, integrated solution.

Kelton

# Maximize Efficiency, Maintain Compliance, Manage Your Reputation

Government institutions will always strive to preserve organizational reputation, increase efficiency, and improve interdepartmental partnerships to better manage spend. Leveraging automated travel, expense, and invoice management solutions allows organizations to achieve these goals, so they can better serve their citizens.

Fully automated financial systems streamline processing of expense reports and invoices, and can save your organization an average time savings of over **3,000 hours per month**. Additionally, **over 1-in-3** say adopting a fully automated system has reduced fraud, waste, and abuse that would put the organization's reputation at risk.

FULLY AUTOMATED SYSTEMS CAN REDUCE:

38%
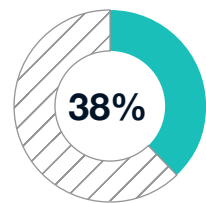
The potential risk of fraud, waste, and abuse

38%
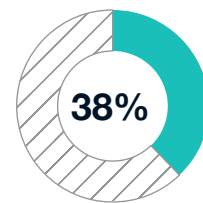
Actual instances of fraud, waste, and abuse

Additionally, implementing automated, integrated solutions for financial management will promote greater collaboration between two critical departments: Finance and IT. Supporting greater cohesion between the Finance and IT departments within your organization can strengthen its ability to remain compliant. Currently, less than **2-in-5** decision makers say these two departments work extremely closely within their organizations. Despite a common disconnect, nearly all **(99%)** believe greater cohesion between Finance and IT can benefit their organization. Notable perceived benefits include improving their organization's ability to remain compliant **(49%)** or be able to spot instances of fraud, waste, and abuse more easily **(41%)**.

Visit our website to learn more about helping your organization maintain compliance and increase efficiency through automated financial solutions.

Kelton

About SAP Concur
& Kelton Global

SAP Concur C·

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, businesses 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 businesses run at their best every day. Explore our compliance capabilities at **concur.com** or the **SAP Concur blog**.

Kelton Global is a leading global insights firm serving as a partner to more than 100 of the Fortune 500 and thousands of smaller companies and organizations. For more information about Kelton Global please call **1.888.8.KELTON** or visit **www.keltonglobal.com**.

Kelton