

# ANZ Commercial Cards Managing Incidental Expenses

10 May 2013



# OBJECTIVES

- > **Understand incidental payments**
- > **Understanding the range of travel management models**
- > **Knowing your stakeholders**
- > **Exploring payment channels**
- > **Understand the processing costs in each payment channel**
- > **Designing the optimal program for incidentals management**

**“Is about getting resources from Point A to Point B without incurring personal financial loss.”**

**“Is about providing traveling resources the assurance their expenses will be managed by the corporate.”**

**“Is about ensuring personal and financial risks are well mitigated.”**

**“Has a requirement to capture business and financial information relevant to the travel event.”**

# KNOWING YOUR STAKEHOLDERS

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- > Chiefs
- > Operations
- > Procurement
- > Risk
- > Finance
  - Accounts Payable
  - Finance Systems (ERP)
  - Expense Management
- > Human Resources
- > IT
- > Traveler



# DEFINING INCIDENTAL EXPENSES

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## > **Standard incidental expenses**

- Meals
- Coffee breaks
- Taxis / buses / trams / ferries
- Dry cleaning
- Parking
- Valet parking
- Tolls
- Hotel internet

# DIFFICULT INCIDENTAL EXPENSES

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## > **Complex incidental expenses**

- Entertainment
- Group meals
- Excess baggage
- Conference sundries (staging, printing, prizes, telecoms etc)
- Traditional procurement while travelling
- Hotels (central pay) with incidentals
- Hire car extras including fuel
- Baby sitting / pet minding
- Own vehicle use

# COMMON PROBLEMS IN MANAGING INCIDENTALS

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- > Incidentals impact personal well being, hence they generate emotion
- > Can be considered part of the conditions of employment
- > Exposed to subjective decisions / comment (taxi or bus?)
- > Potential opportunity for individual benefit
- > Unlike traditional procurement, category managers have no control over the majority of the supplier base
- > Generates high volumes of invoices for relatively low value travel event (i.e. can be a very high administration and processing cost)

> **Central Book**

- either central pay or devolved payment
- generally airfares, hotels, hire cars

> **Individual Book**

- either central pay or devolved payment
- generally airfares, hotels, hire cars



## > **Central Pay**

- Single invoice from TMC
- Card issuing virtual / lodge account
- Direct account with supplier

## > **Individual Pay**

- Corporate Card
- Personal Card (credit or debit)
- Cash / BPay

## > **Hybrid Pay**

- Large ticket central pay, incidentals on individual pay

# PROCESSING COST (excludes TMC Managed expenses)

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## > Allowance based travel

- Calculate all costs in pre-trip approval
- Process payment to traveller
- Claim extras post travel
- Process payment to traveller
- (Reconciliation of expense to allowance)
- (Recover allowances for unused days)

## > Per Diem based travel

- Calculate number of days multiply by per diem rate
- Process payment to traveller
- Claim extras post travel
- Process payment to traveller
- (Reconciliation of expense to allowance)
- (Recover allowances for unused days)

## > Reimbursed travel

- (Calculate travel budget)
- Claim incidentals post travel
- (Reconciliation of expenses)
- Process payment to traveller

## > Actuals based travel

- (Calculate travel budget)
- Pay for expenses within company policy
- Reconcile expenses

> **Allowance based travel**

- Corporate Liability (allowance)
- Personal Liability (extras)
- Personal liability (non/short travel event)

> **Per Diem based travel**

- Corporate Liability (per diem)
- Personal Liability (extras)
- Personal liability (non/short travel event)

> **Reimbursed travel**

- Personal Liability (incidentals)
- Corporate Liability (reimbursement)

> **Actuals based travel**

- Corporate Liability

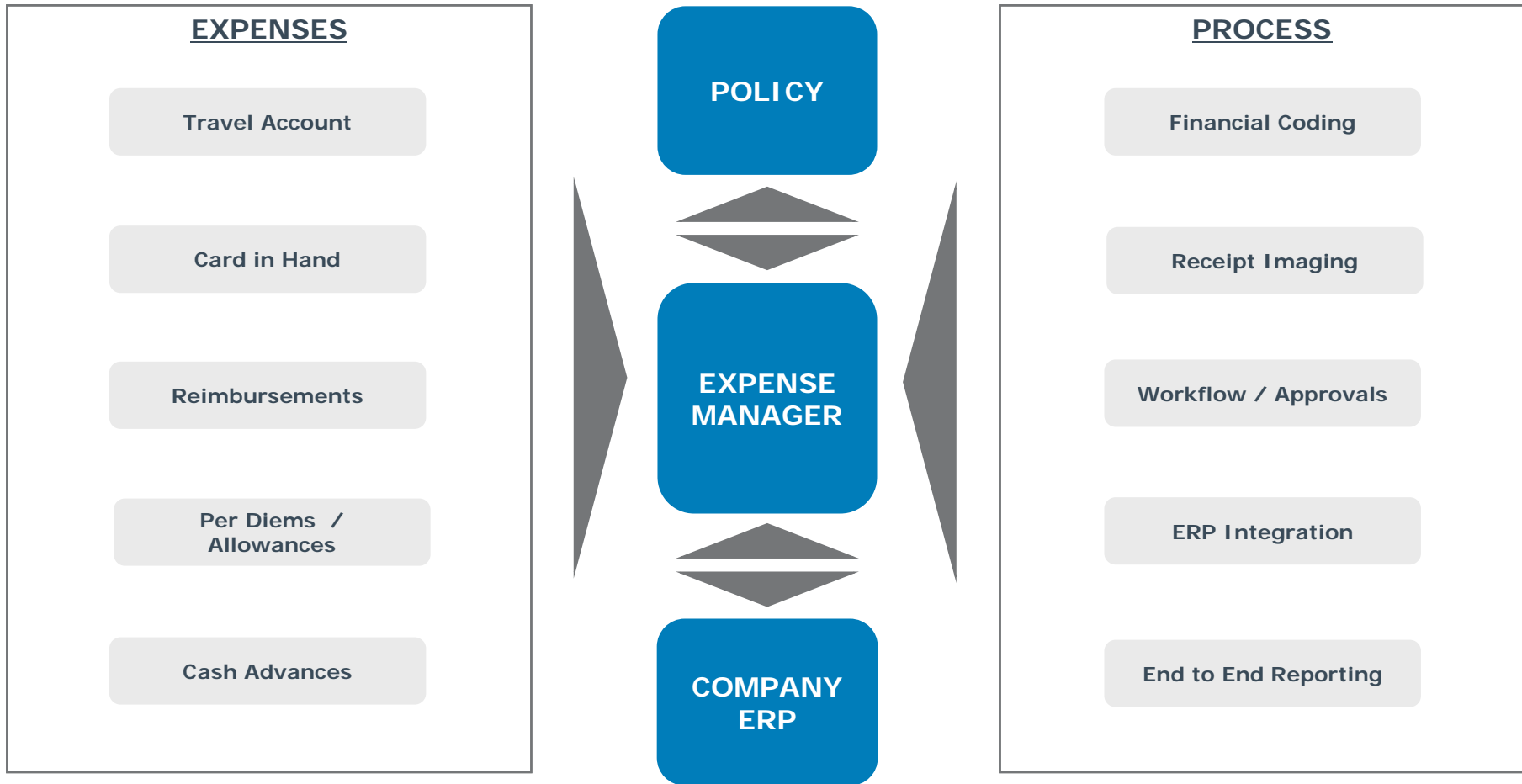
- > Objectives for travel
- > Duty of care to travelers
- > Explore the cost of processing versus actuals
- > Compare the perceived risks versus actual benchmarks
- > Compare the risks: duty of care vs processing cost vs financial loss
- > Explore the cost of lost GST recovery and FBT compliance
- > Financial reporting – single or multi-system reporting
- > FTE vs Automated systems costs

## QUESTIONS TO ASK

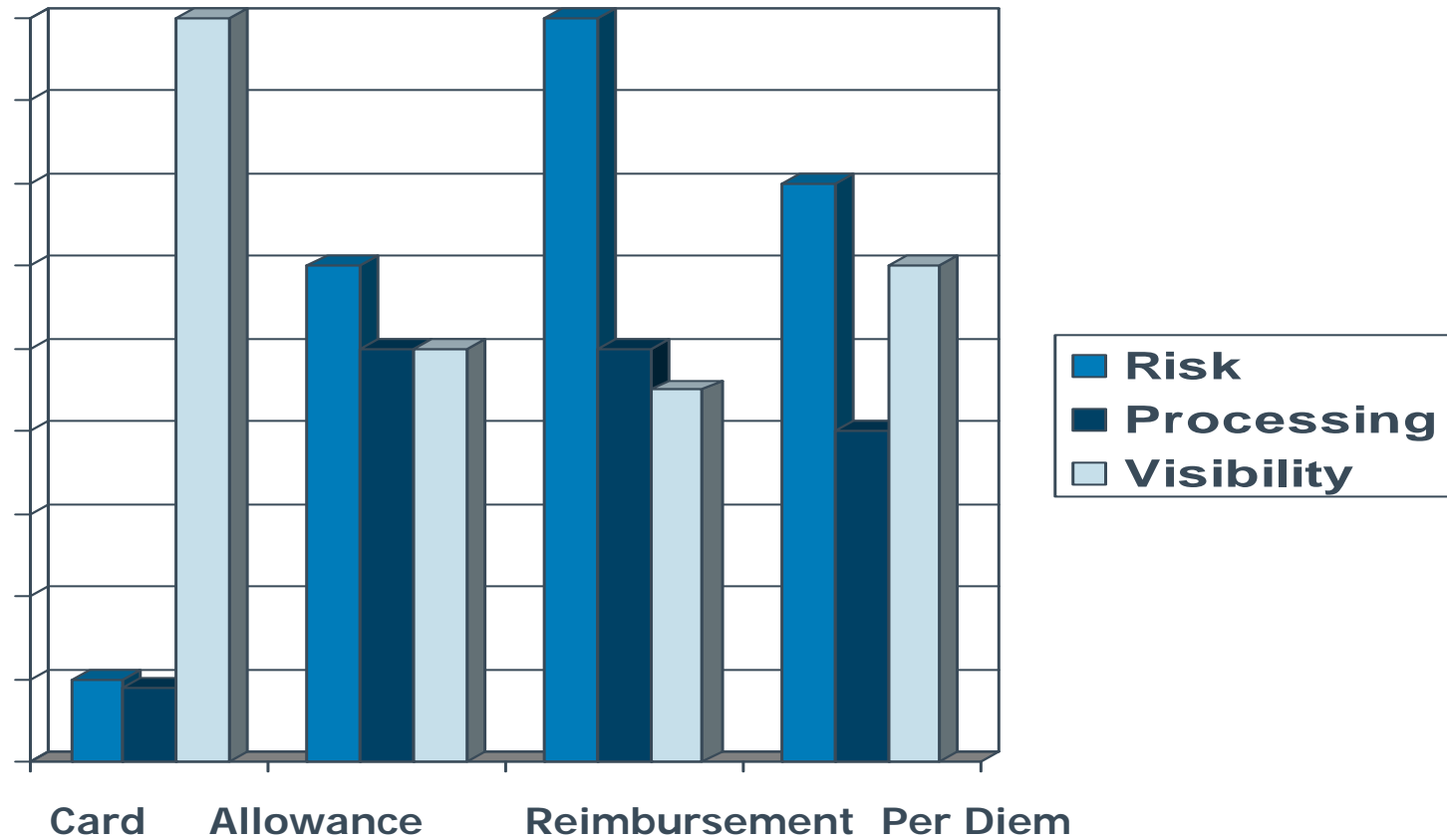
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- > How much am I prepared to spend to control expenditure?
- > Does my policy clearly define financial and risk issues?
- > Does my TMC manage my policy on my behalf?
- > Am I replicating policy management in pre-booking / post trip acquittal that my TMC already manages?
- > Do I have real visibility over all expenditure?
- > Is my spend insured?
- > Do my travellers understand policy?
- > Is all my expenditure managed in a single system?
- > Do all layers of management have a single view of travel?

# CUSTOMISING PAYMENT SOLUTIONS



# BUILDING YOUR MODEL



# QUESTIONS