7 Steps to Manage Expense Reimbursement

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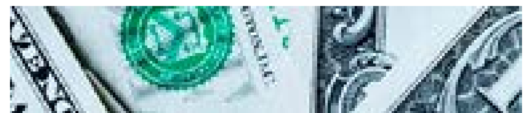
What is Expense Reimbursement?

> ***"Expense reimbursement is a method for paying employees back when they spend their own money on business-related expenses. These expenses generally occur when an employee is traveling for business but can occur in other work-related situations".***
>
> ***The Balance***

Defining business-related expenses is tricky. Each company has its own criteria to define what is (and what isn't) related to work.

Most travel-related expenses (flights, transportation, lodging, meals, etc.), for example, are considered business-related and eligible for reimbursement. Other expenses such as purchasing work-related material, taking prospective customers (or employees) to lunch/dinner, educational material/courses can be considered refundable depending on each company's policies.

Speaking of expense reimbursement policies, most companies have a set of policies in which they define what can be reimbursed and the situations in which expense reimbursements are allowed.



Steps to Manage the Expense Reimbusement Process Efficiently

Most companies try to establish an internal system according to which employees must report their expenses and request for their reimbursement. Let's go back to the travel expenses example.

John traveled from San Francisco to New York to meet a customer. Once he got there, he spent on cab/uber fares, meals, lodging, etc.

In order to report these expenses and ask for reimbursement, he must fill a paper with detailed information about each and every expense, attaching all original receipts. That generates a pile of paper he'll then pass on to the HR/finance department so they can evaluate and process his request.

It sounds boring and archaic, doesn't it? If only there was an easy way to deal with expense reimbursements that eliminated all that…well, there is!

1.

Define the Policy

The first step to have an efficient process is to create clear rules of what's eligible to be reimbursed and what's not. Having a stablished policy will give your team full autonomy to approve or deny a request.

And, of course, it's important to teach employees what's acceptable. Creating a pattern will decrease the number of exceptions and give the financial team the ability to treat demands faster.

2.

Standardize the Requests

Decide how to receive requests, avoid errors and create your own flow for every process in your Finance department. Mapping out business processes is a great way to understand all the steps needed to complete a workflow. With process maps, employees– especially in upper-level management, can easily gain an overview of how processes are carried out, how they can be improved or constrained and how many of the steps taken are necessary to drive the process to its end.

3.

Centralize all Requests

With all the information in hand, it's necessary to organize it. Imagine your financial team receives 10 requests a day. In a week you already received 50. How to deal with all documents, different deadlines and employees' information?

You'll need a place to centralize it and have full visibility of each request.

4.

Automate Repetitive Tasks

Once your process is mapped and standardized, you will likely identify activities that are manual and repetitive. Automating those steps saves valuable time that can be invested in activities that require more time and detailed attention. For example, you would be able to track the status of each expense reimbursement request and automate approval flows in an easy, effective way that enables you to secure an error-proof and efficient process.

5.

Smooth Flowing Communication

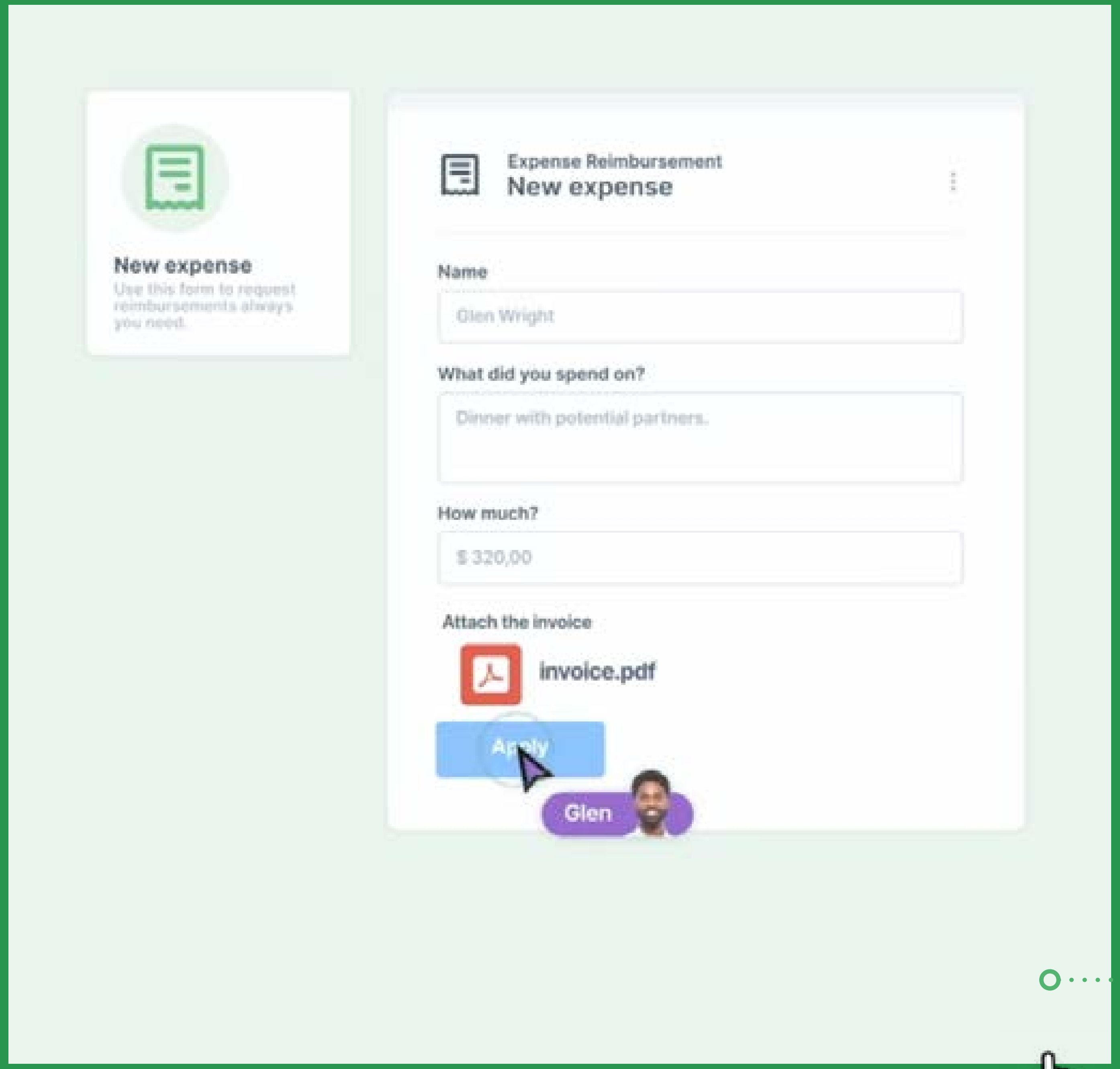
Once a reimbursement request is submitted, that employee will want insight into if it's correct, to know when the payment will occur, or ask about due dates. Not only is this not ideal for those who hate long email threads, it's another task that can be automated to ensure clear and efficient communications with the requester.

6.

Measure and Control all Expenses

And the last step to have an efficient reimbursement process is to measure the process efficiency. Knowing how the team is performing is a key point to continuously improve your process.

Not only that, but measuring also allows the financial team to have full control of where your company is spending money.



How to Implement an Expense Reimbursement Process

Now you already understood how to make your reimbursement process efficient, it's time to apply and implement it.

Pipefy has a ready-to-use *Expense Reimbursement template.* Start controlling all your company's expenses.

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