



SAP Concur 

Protect your tax dollars from fraud and misuse!

Improving spend compliance during economic uncertainty

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PUBLIC

THE BEST RUN 

What is your organization doing to combat unauthorized spend and prevent potential fraud?



28%

Of government entities say their vulnerability to risk of fraud and abuse increased in the past year.¹



73%

Of government entities report that fraud, abuse, and waste are challenges their organization currently faces.²

During this session we will discuss:

- 01** Employee initiated spend trends impacted by COVID 19
- 02** Unauthorized Spend and your risks for fraud and non-compliance
- 03** Discussion with Catherine Bryne, State Controller - Nevada
- 04** Best practices around compliance and policies and anti-fraud safeguards
- 05** Questions

Improve Compliance and Prevent & Detect Fraud



What more could you be doing to protect your organization from the risks around employee initiated spend?

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- **Employee Initiated Spend** is defined as any purchase an employee makes on behalf of an organization that is not managed by a purchase-order process.
 - This kind of spending may take place outside of approved systems, leading to potentially problematic inconsistencies and leaves organizations **vulnerable to fraud and compliance risks.**

Analyzing Your Risk



Your risk goes up when you can't account for your total spend.



Manual processes and a lack of integration between systems make it nearly impossible to manage regulatory compliance, policy compliance and fraud.

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- Does your auditing process catch 100% of expense and vendor fraud?
 - Is your organization set up to successfully track all of your spend to ensure compliance in your organization?
 - How often do you review and update policy?
 - How do you enforce new policies?

Putting safeguards in place is **essential** for compliance



50%

Organizations with anti-fraud safeguards detected fraud **more quickly**.¹

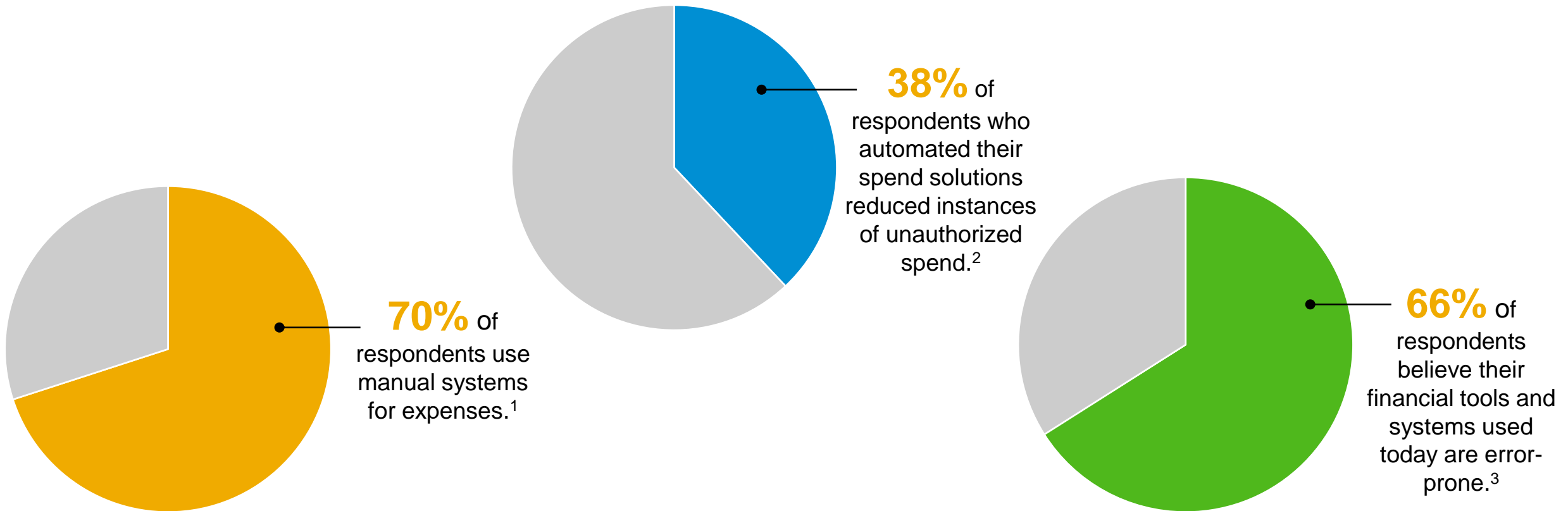


54%

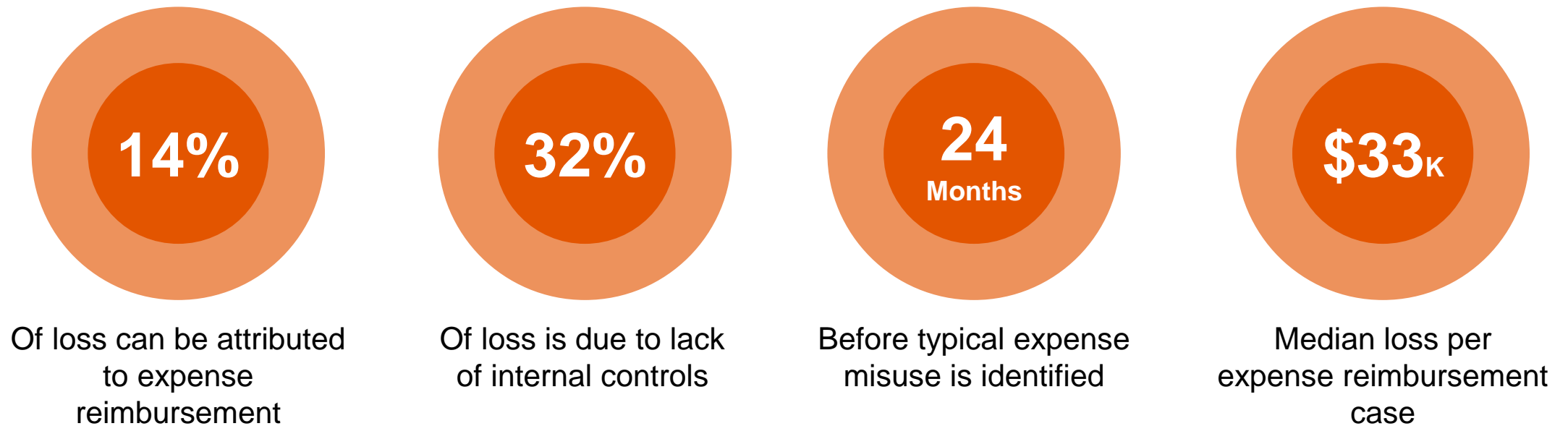
Anti-fraud safeguards can lower fraud losses²

Trends in State & Local Government

- Manual processes take up valuable time and are prone to risk and fraud
- Vulnerability to fraud and non-compliance is on the rise.



The Cost of Non-compliance



Source: [Association for Certified Fraud Examiners 2020 Study](#)

Drivers of Spend Risk in the Pandemic

1 Fraud Concerns

Concerns about increased fraud and abuse were valid as fraud risk climbed-- accounting for 22% of spend violations by Q3 2020.

2 Spend Shifts

As travel-related expenses, such as airfare declined considerably, spend in high-risk categories accounted for a larger portion of spend.

3 Third-party Payment Platforms

Online shopping contributed to more payments via third-party platforms, such as PayPal and Stripe.

4 New & More Spenders

By April, first-time spenders had increased 12% in a YOY comparison.

5 Virtual Customer Engagement

Sales teams started using gift cards, meal delivery to stay engaged with customers.

6 Increasing Out-of-Pocket Expenses

There was an initial increase of out-of-pocket expenses – 17% month- over-month increase from April to May.



Spend is Down, Risk is Up



Pre-pandemic, we would see about \$15,000 in violations per \$1M of spend. We are now seeing \$40,000 in violations per \$1M in spend.

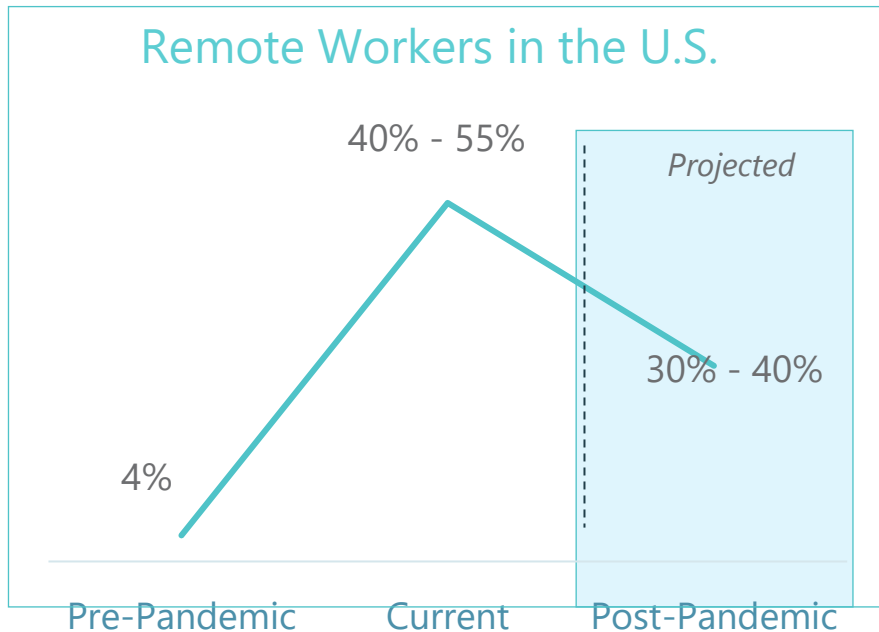
Remote Work: No Longer an Experiment*

Finding a new balance

- Companies that adapt to remote work will be more resilient to disruptions both large and small
- Employee engagement is as important as ever in a remote environment
- BYOD is now much more than phones

How are companies handling remote work expenses?

- Monthly stipend
- T&E system (card / out-of-pocket)
- One-time stipend
- eProcurement / combination of approaches



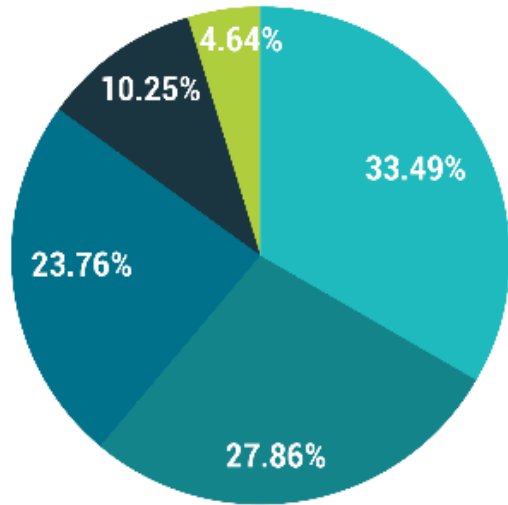
What does the next phase look like?

- 1 OFFICES RE-OPEN AND PEOPLE RESUME THEIR PRE-PANDEMIC ROUTINES
- 2 COMPANIES EXPAND REMOTE WORKFORCES AND OFFICE SPACES BECOME MORE FLEXIBLE
- 3 COMPANIES LEAVE OFFICES SPACE BEHIND

*MOTUS: Originally published June, 2020

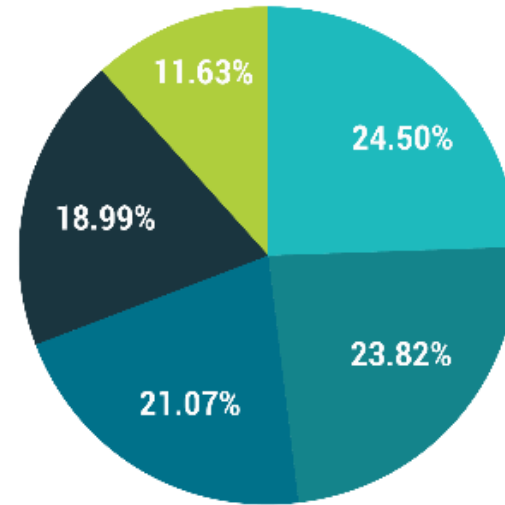
Where is Spend Happening

Top 5 Spend Categories
Q4 2019



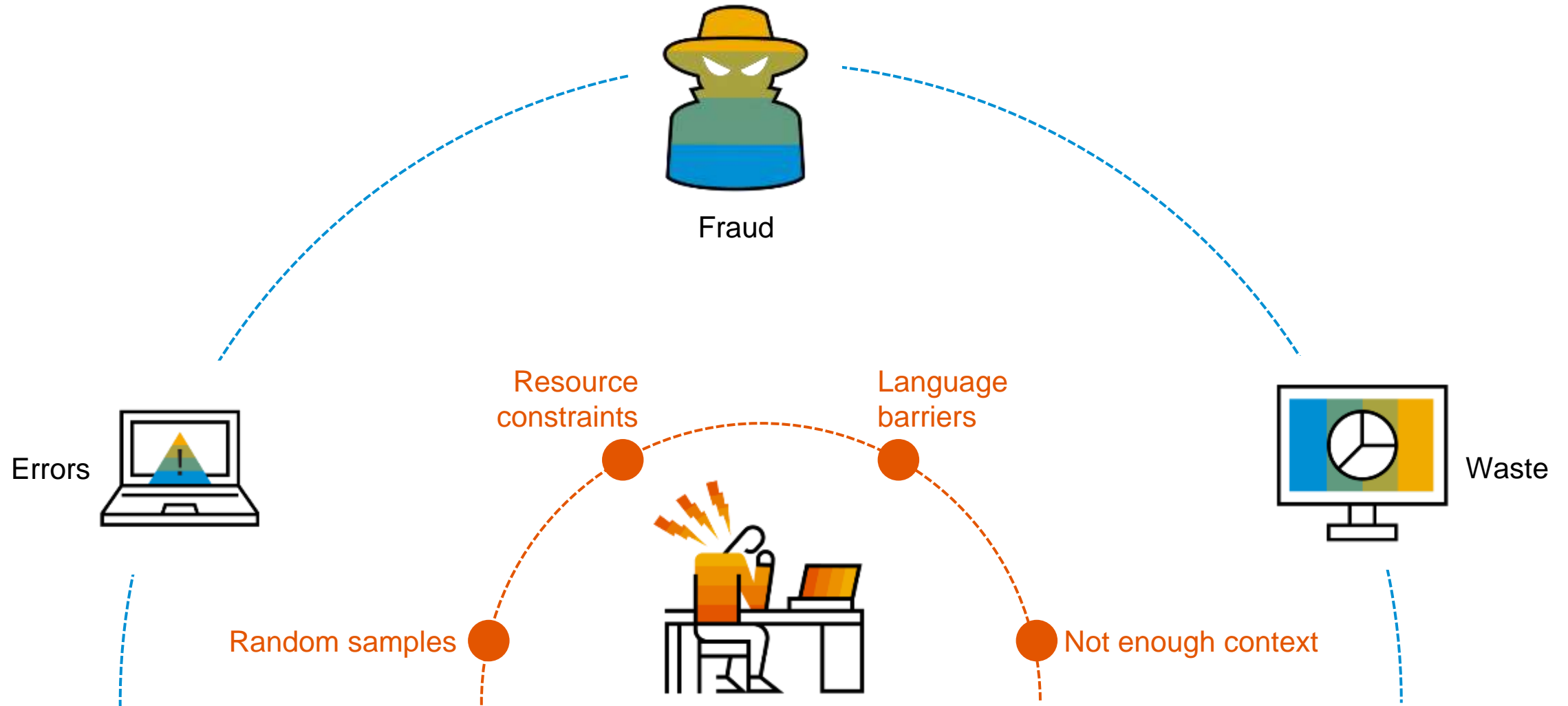
- Hotel
- Airlines
- Restaurants
- Transportation
- Business Services

Top 5 Spend Categories
Q4 2020



- Restaurants
- Hotels
- Miscellaneous Stores
- Business Services
- Mail/Phone Order

A Challenging Problem for Finance Teams





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Discussion with **Catherine Bryne,** State Controller - Nevada

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What controls do you have in place to ensure that grant funding is being used and applied appropriately?

Catherine Bryne State Controller - Nevada

How has the pivot to a remote workforce during the pandemic impacted spend policy or non-compliant expenses?

Catherine Bryne State Controller - Nevada

How does Nevada currently control, monitor,
and enforce employee spend policy?

Catherine Bryne State Controller - Nevada

What systems and technology is in place to prevent, detect, and mitigate the misuse of taxpayer funds and validate compliance if you are audited?

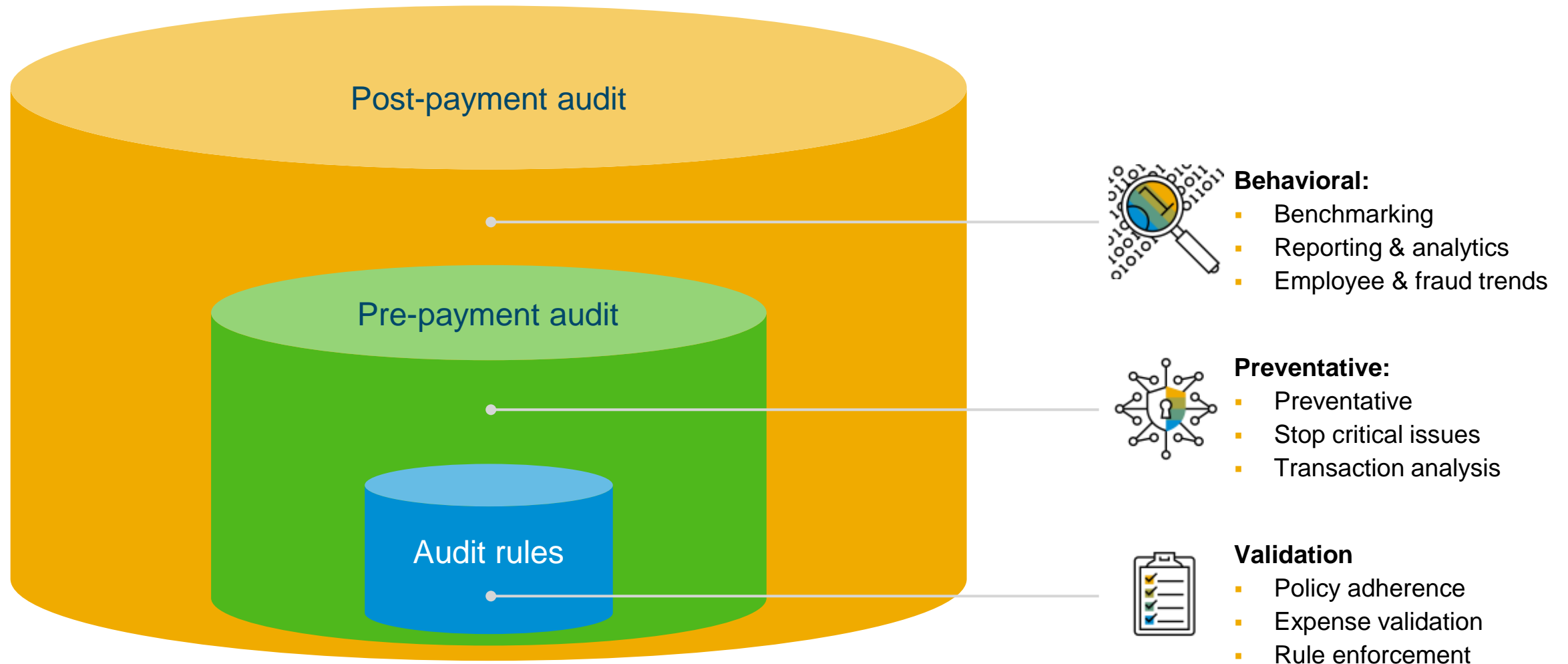
Catherine Bryne State Controller - Nevada

What type of data or reporting is Nevada capturing to assess risk and investigate fraud and non-compliant spend?

Catherine Bryne State Controller - Nevada

Thank you, Catherine Bryne
State Controller - Nevada

A Multi-tiered Approach to Compliance



Benefits of an AI-driven Approach



Validate expense reports
before reimbursement
happens



Focus auditors on
resolving risks rather
than finding them

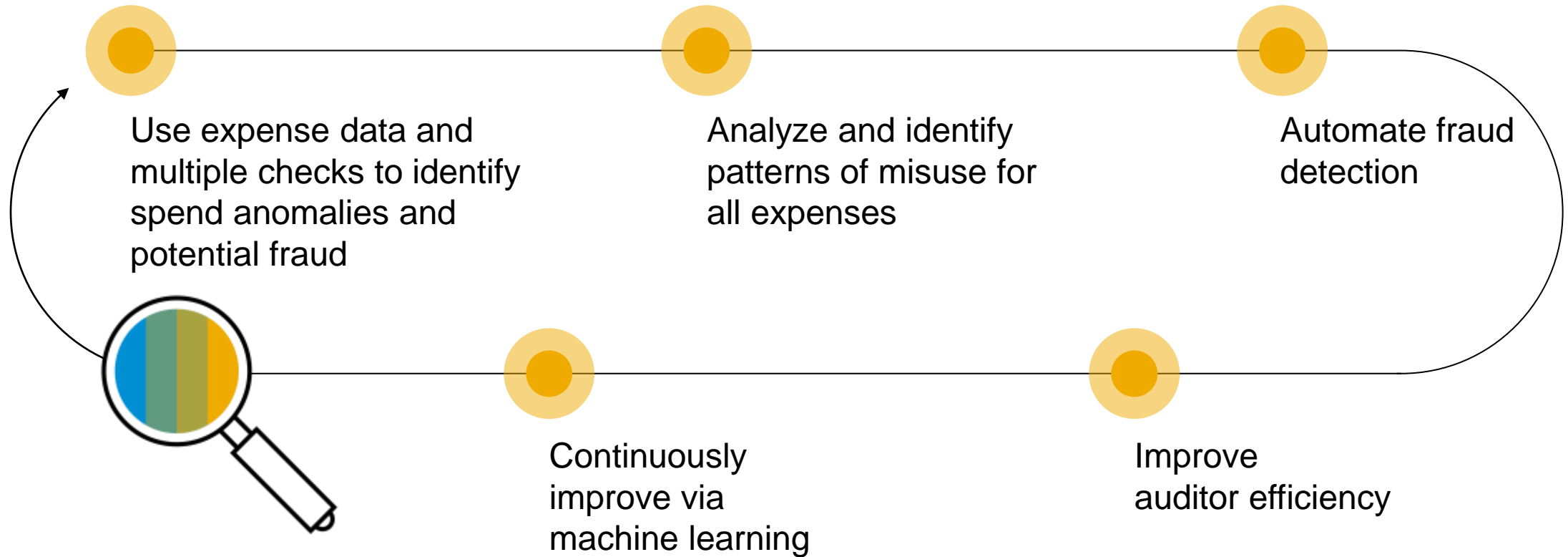


Detect more risk all
along the payment
lifecycle

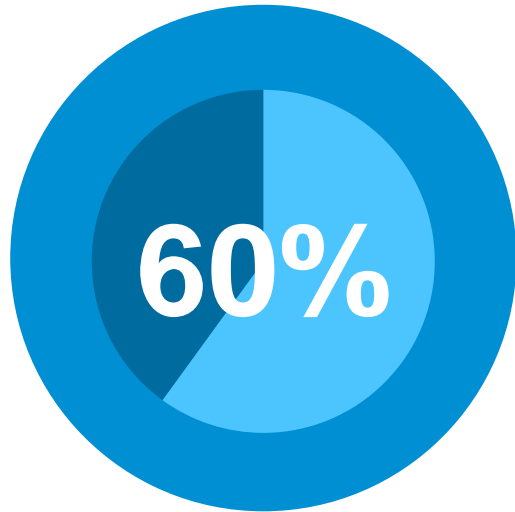


Identify bad actors &
patterns of misuse

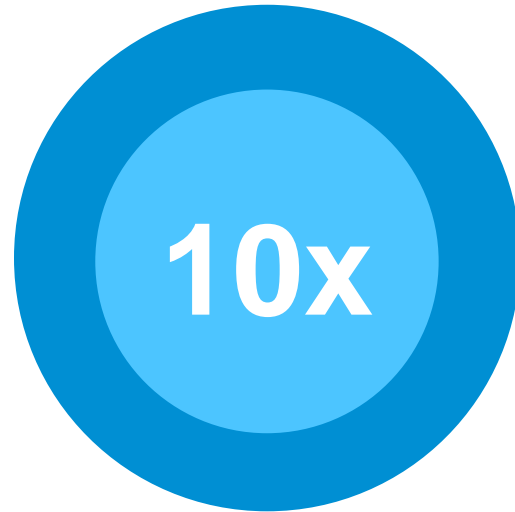
How Does a This Approach Help You?



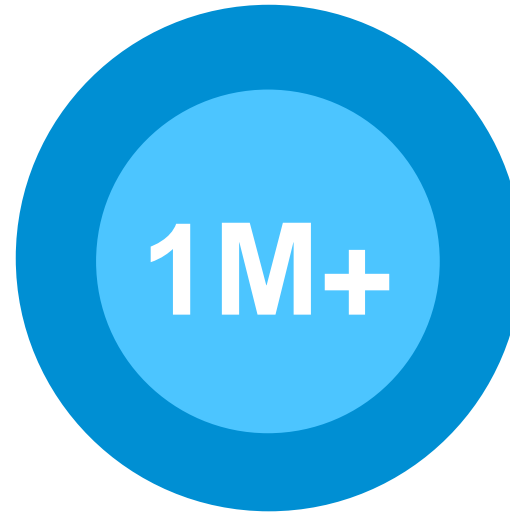
Reduce Fraudulent Expenses and Spend Less Time on Audits



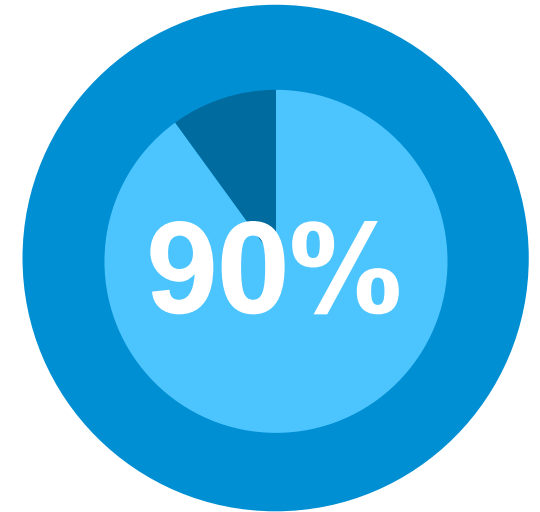
Automated audits can reduce costs of mistakes in expense reports by 60%



AI technology captures 10x the number of errors and fraud



SAP Concur audits 1 million+ expense reports each month for more than 3,000 customers



Using AI to do initial investigation expense reports reduces audit time by as much as 90%

Sources: Concur Internal Testing and [Association for Certified Fraud Examiners 2016 Study](#)

Empower the Modern Finance Team

with real-time intelligence that supports faster, smarter decisions



Continuously monitoring for a broad range of risk types **across** spend channels



Proactively alerting teams with actionable findings that didn't require analysis



Aligning needs of the stakeholders with the ability to **remediate and track identified issues**



Moving beyond transaction monitoring to **program quality management**

Three keys for compliance and fraud prevention:



Visibility & control

To control costs, you must be able to see them. Find a tool that provides a comprehensive view of all expenses and travel for a consolidated view of expenditures.



Speed & simplicity

The easier it is for your employees to capture and submit expenses, the sooner you'll be able to analyze and act.



Policies & workflows

Creating a spend policy is only one part of the equation. You must also support it with the necessary steps, workflows and approvers.

Q&A

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