

Policy vs. practice: Ensuring expense compliance in the real world



CONTENTS

Introduction	4
Why have a formal expense policy?.....	5
What are the challenges?	6-7
Why use expense management software?.....	8-9
Conclusion	10
Zetadocs Expenses	11

What this white paper is about

This whitepaper highlights the challenges associated with enforcing a formal expense policy when a manual or traditional expense management process is used.

It explores how expense management software enables organizations to put policy into practice consistently and effectively, ensuring that the policy is both adopted and complied with by expense submitters and approvers. The wider benefits of using an expense management solution to enforce policy are also identified.

Key takeaways:

1. Formal expense policies can be difficult to implement due to lack of employee adoption and understanding as well as human error when it comes to submitting and approving claims.
2. Expense management software offers built-in policy compliance, flagging non-compliant claims in real-time.
3. The benefits of using an expense management solution to enforce a formal expense policy include improved compliance, time and cost savings, and a better employee experience.

Introduction



Enforcing a formal expense policy is a challenge for many reasons, including employee pushback, misunderstanding, or the ability to consistently flag up any expenses that don't comply with policy.

Travel and Entertainment (T&E) expense management presents a critical area where this balance is tested, especially when the gap between policy and real-world practice leads to inefficiencies, compliance risks and financial loss.

This whitepaper explores the importance of implementing a formal expense policy, the challenges of ensuring adoption and compliance, and how digital expense management solutions provide practical and time saving benefits.

We'll begin by addressing why a formal expense policy is essential, followed by an analysis of why some businesses deprioritize policy development and the risks associated with operating without a clear framework. Next, we will examine the challenges organizations face in driving policy adoption and compliance among employees and the shortcomings of traditional expense management systems. Finally, we will highlight how expense management solutions can simplify enforcement, reduce expense fraud and deliver real-time visibility into company spending.

By the end of this whitepaper, you will have actionable insights into bridging the gap between policy and practice in your organization.

Why have a formal expense policy?



A formal T&E expense policy sets clear boundaries for spending and ensures accountability across the organization. It serves as a blueprint for employees, defining which expenses are permissible and which are not, and provides clarity on reimbursement procedures. However, despite its importance, many businesses deprioritize formalizing their expense policies.

For small businesses or startups, expense policies may feel like a low priority amidst competing demands for growth and profitability. Leadership might assume that their team will naturally make responsible spending decisions without the need for written guidelines. In larger organizations, delays in policy implementation often stem from a perceived complexity or resistance to change within company culture. This apathetic approach to T&E spending can have significant consequences.

Without clear policies in place, employees may submit ambiguous or inappropriate claims, putting pressure on managers to interpret inconsistent spending practices. This not only drains time but can lead to an inconsistent approach to approvals, which frustrates employees and creates an impression of unfairness.

The absence of a formal policy exposes companies to expense fraud, which, according to the Association of Certified Fraud Examiners (ACFE), costs businesses an average of 5% of their total revenue annually. Expense fraud can take many forms, from inflated claims to fictitious expenses ([SAPConcur](#)). For instance, an employee might round up mileage claims or submit personal expenses as business-related charges. In the new age of Artificial Intelligence, AI-generated receipts can even be used to falsify expense claims.

In addition to direct financial losses, a lack of expense policy erodes trust and damages company culture. Employees may begin to push boundaries, knowing there's no consistent framework for accountability. Over time, these practices can snowball into a widespread issue that negatively impacts financial health and organizational morale.

By formalizing T&E expense policies, businesses set the groundwork for transparency and consistency, ultimately reducing risks and empowering employees to act within established guidelines.

What are the challenges?



Even with a well-defined expense policy, businesses often struggle with ensuring adoption and compliance. Employees may resist change or view new policies as overly rigid, while outdated or manual processes create additional friction.

Policy adoption

One of the biggest hurdles in policy adoption is employee pushback. Employees may view expense policies as bureaucratic obstacles that slow down reimbursement or unnecessarily restrict their decision-making. This is particularly true in organizations that lack a history of clear communication about policy objectives or benefits.

Consider the example of a traveling salesperson who prefers to book their own flights and accommodation. A new policy requiring the use of pre-approved vendors may be perceived as limiting, even if it saves the company money. Without proper communication and training, employees may continue to circumvent policies, undermining their effectiveness.

Another often overlooked challenge of formal expense policies is ensuring that employees read and understand them. A survey by Soldo found that even though 69% of finance leaders believe their expense rules are clear, only 39% of employees feel confident about what can be expensed ([HR News](#)). So, despite putting in the work to iron out a concrete expense policy, it's still important to make sure that policy is easily accessible and understandable company wide.

What are the challenges?



Compliance

Whilst the adoption of expense policies may be difficult, traditional expense processes offer other hurdles like the manual processing of receipts that can lead to holes in even the most well-planned out expense workflows.

When left to employees to manually submit receipts for expenses, the process becomes much longer and risks the receipts being damaged or lost. This in turn makes it harder to ensure that all information is tracked accurately, making it more difficult to ensure audit-readiness and compliance.

The best way to ensure policy compliance is to stop non-compliant expenses at the source. However, it's practically impossible for finance teams to stop employees submitting such claims (for example, those which breach spending or mileage limits) at the time of submission, without the aid of software.

Another area where compliance can become a challenge is in the traditional expense approvals process. Manual approval processes are slow, inconsistent, and hard to track. It's also possible that approving managers don't understand a company's expense policy and approve expenses that are not compliant, increasing the need for intervention by the finance team.

Despite these challenges, the benefits of achieving widespread policy adoption are substantial. Clear policies and efficient processes improve compliance rates, reduce the risk of fraud and provide finance teams with more accurate data for decision-making. The key to overcoming adoption and compliance challenges lies in integrating policies into user-friendly systems that align with the needs of employees and management alike.

Why use expense management software?



Modern expense management software is a game-changer for businesses striving to close the gap between policy and practice. By automating key processes, these tools simplify compliance, reduce administrative burdens and provide real-time insights that empower businesses to make informed decisions.

Expense management solutions allow companies to embed policies directly into the expense submission and approval process. For example, employees can only submit claims that align with predefined spending categories or limits, making it easier to comply with guidelines. Automated solutions can also require documentation, such as receipts, to be uploaded before processing claims, ensuring that all expenses are properly substantiated.

One of the greatest strengths of an expense management solution is its intuitive user experience. By offering a mobile app, employees can easily submit expenses on the go, upload pictures of receipts and track reimbursement status in real time. This convenience reduces friction and improves adoption rates.

In addition, these tools can communicate policies in context, providing employees with prompts or reminders about spending limits when submitting claims. For example, if an employee attempts to book a hotel above the allowed budget, the system can notify them before they proceed, reducing the likelihood of non-compliant expenses.

When it comes to mileage expenses, some expense management solutions offer features such as a Google Maps integration for accurate calculations. This helps to ensure compliance, as the miles travelled are calculated automatically. This lessens the workload for the finance team to ensure compliance with mileage policy.

With expense approval, an automated workflow removes bottlenecks by routing requests instantly, capturing a fully tracked history of an expense that makes your business audit-ready at any time. All information relating an approved expense is stored in one place that is easily accessible. This reduces errors, improves compliance, and gives teams quick, reliable access to everything they need.

Why use expense management software?



Sophisticated expense management platforms use AI and machine learning to detect anomalies and flag potential fraud. For instance, the solution might identify duplicate claims, detect suspicious patterns (like frequent rounding of amounts) or alert finance teams to expenses that deviate from historical trends.

This proactive approach not only reduces instances of fraud but also relieves managers of the burden of manually scrutinizing every claim. By catching issues early, companies can address them before they escalate, saving time and money.

One of the most valuable features of an expense management solution is its ability to provide real-time visibility into corporate spending. Dashboards and reporting tools allow finance teams to monitor trends, identify budgetary leaks and forecast future spending with greater accuracy.

For example, a company could use real-time data to analyze how much they spend on travel in specific regions or during a particular season, enabling them to negotiate better rates with vendors. This level of insight is difficult, if not impossible, to achieve with manual or traditional systems.

Conclusion



Expense management is a cornerstone of effective financial oversight, but without a clear and enforceable policy, businesses leave themselves vulnerable to inefficiencies, fraud and compliance risks. A formal T&E expense policy establishes the foundation for consistent and fair spending practices, but its success depends on employee adoption and adherence.

The challenges of implementing and enforcing policies, particularly when relying on manual or outdated systems, can seem daunting. However, modern expense management software offers a solution that bridges the gap between policy and practice. By automating compliance, improving user adoption and delivering real-time insights, these tools empower businesses to optimize their T&E processes while minimizing risks.

To ensure expense compliance in the real world, businesses must invest in solutions that align policy enforcement with everyday practices. For organizations ready to take the next step, adopting an expense management solution is not just an operational improvement, it's a strategic imperative.

Zetadocs Expenses



Zetadocs Expenses is an expense management solution that uses AI to help employees submit expenses on-the-go by simply snapping a picture of their receipt.

The AI technology extracts data accurately and creates an expense claim. Discrepancies against company policy are highlighted in real-time, such as if an expense submission exceeds a mileage limit that has previously been set.

The solution also offers real-time visibility over the expense landscape as a whole, enabling finance teams to make better decisions based on real data as it comes in.

Here's what one customer of Zetadocs Expenses had to say:

"With Zetadocs Expenses in place, the team were able to dispense with sending copy receipts to the office and submitting spreadsheets for approval. Approval and authorization were quicker, resulting in speedier reimbursements. Zetadocs Expenses has given us back so much time, and there is no more manual expenses checking or analysis."

If you'd like to learn more about Zetadocs Expenses, [book a demo today](#).

About Equisys

Equisys is a leading provider of expense management, AP automation and document management software on Microsoft Dynamics 365 Business Central.

Our software is known collectively as **Zetadocs**. The Zetadocs suite integrates with Business Central to help organizations automate manual processes, cut paper use, save time and money, and reduce their carbon footprint.

We also produce **fax software** for PCs and web-based **project management software**.

If you would like more information on our expense management solution, please visit equisys.com/Products/Zetadocs/Zetadocs-Expenses.