

6 Ways to Increase Audit Efficiency and Improve Spend Management



INTRODUCTION

According to recent industry findings, 100% of Utilities and Energy leaders report facing at least one regulatory mandate, with 80% likely to upgrade solutions to meet these demands.¹

In today's energy and utilities sector, maintaining compliance and achieving sustainability targets are more critical than ever. As industry leaders navigate a complex regulatory landscape, an effective expense audit process plays a foundational role in ensuring organizational agility and control. By identifying and resolving spend issues before they impact the bottom line, organizations can be prepared for the dynamic challenges this industry faces.

Your expense audit process is the cornerstone of compliance, helping to manage key spending areas, ensure employee expenses align with

preferred suppliers, reclaim eligible VAT, adhere to local tax regulations, and reduce fraud. These factors are especially significant in this heavily regulated sector. By streamlining the audit process and reducing the time and resources needed, organizations can audit a greater number of expense reports, capturing savings and reducing non-compliant spend to fuel sustainable growth.

The following strategies provide actionable insights for refining expense audit processes, enabling Utility and Energy leaders to meet compliance, achieve sustainability targets, and drive operational efficiency.



35%

of energy and utilities leaders using AP solutions without real-time visibility risk budget overruns and fraud due to delayed data.¹

\$100,000

is the median business loss due to expense reimbursement fraud.²

¹ Wakefield, Energy and Utilities Sector Looks to Technology Upgrades to Achieve Compliance Now, Sustainability for the Future, 2024.

² ACFE, "Occupational Fraud 2024: A Report to the Nations," 2024.

1

Reduce non-compliant spend by leveraging audit-friendly channels

In a sector where regulatory requirements are strict and oversight critical, reducing non-compliant spend is crucial. By promoting corporate credit card usage over cash spending, organizations can ensure that expenses are automatically documented, categorized, and easier to audit. This approach not only reduces manual input errors but also aligns with the energy and utilities industry's goal of minimizing fraud and improving spend visibility.

2

Increase efficiency with automated audits

Energy and utilities leaders face challenges due to legacy systems that don't meet current regulatory, or sustainability demands, with 34% using T&E solutions that lack necessary compliance features. Automating the audit process enables organizations to comply with requirements more effectively by ensuring each expense is screened for compliance and sustainability criteria. This automation can reduce audit costs by up to 60%, addressing a significant pain point in the sector where compliance is non-negotiable.



How to estimate your audit costs

Here's how to calculate how much it costs to have a full-time employee (FTE) manually manage your expense report audit process. Fill in these formulas with your own data to estimate your labor costs for in-house audits with your current processes.

$$\frac{10 \times 10,800}{60} = 1,800$$

minutes per report audit number of expense reports per year total number of hours spent auditing annually

minutes per hour

Divide your results by 2,000 (total hours for one full-time employee per year) to assess the cost.

$$1,800 / 2,000 = 0.9 \text{ FTE}$$

If you pay a full-time financial team member \$80,000 per year, your cost for auditing 100% of your organization's employee expense spend is \$72,000 — and that's just salary, not benefits and lost opportunity for other work. If you only audit 50% of your organization's employee expenses, the salary cost is \$36,000, but then you will likely lose money to errors, fraud, and non-compliance.



3

Ensure audits to meet TSCA compliance and support EPA sustainability goals

Compliance and sustainability are critical to maintaining operational integrity and meeting regulatory demands. By optimizing audit practices to monitor and align spending with industry-specific requirements—such as EPA guidelines and mandates under the Toxic Substance Control Act (TSCA)—organizations can ensure responsible resource allocation. A compliance-focused audit system, aligned with the Division of Audits and Accounting (DAA) program, helps provide insight into areas of emphasis and concern, as well as minimizes risks like fines and fraud. This proactive approach fosters resilience and positions organizations for success in an ever-evolving landscape.

4

Free up resources by improving the first-pass ratio

While the best report is the report that doesn't require an audit, the next best report is one that only needs to be audited once. A first-pass ratio can be a game-changer in an industry focused on compliance and resource management. Analyze your current process to identify the most error-prone expense categories and focus on using automation to help get it right the first time.

The less time the same expense report cycles through multiple touches between the submitter, approver, processor, and auditor, the more you can help reduce the burden on finance teams and prevent compliance issues before they escalate.

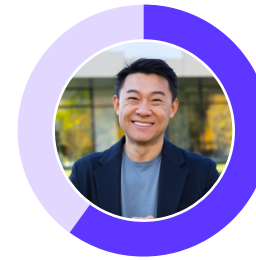


#5

Integrate AI for comprehensive compliance checks

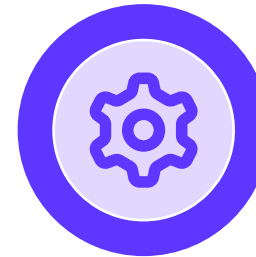
Artificial Intelligence (AI) has the power to review every expense, check it against your policies, and then flag what requires human attention. For many in the energy and utilities sector, ensuring compliance involves balancing a mix of internal policies and external mandates, such as SOC 1 – Type 2 and NIST 800-53.

AI integration can provide the critical oversight needed by scanning every expense against both regulatory standards and internal policies. This proactive approach enables real-time checks, ensuring that expenses align with the organization's requirements for regulatory and environmental compliance.



60%

Automated audits reduce the cost of mistakes in expense reports by 60%.⁴



10x

AI technology captures 10x the number of errors and fraud.⁵



90%

Using AI for the initial investigation of expense reports reduces audit time by as much as 90%.⁶

⁴ SAP Concur Internal Data.

⁵⁻⁶ Ibid.

6

Focus on centralized data to enhance strategic insights

Given that 35% of energy and utilities leaders are lacking real-time visibility into their AP solutions¹, improving data insights is essential. Advanced reporting capabilities offer a more strategic view of spending, enabling data-driven decisions to mitigate risk and optimize spend management.

A centralized AP and audit system enhances data tracking and compliance, unifying all expense data in a single platform for faster, better-informed decisions and fewer compliance blind spots.



¹ Wakefield, Energy and Utilities Sector Looks to Technology Upgrades to Achieve Compliance Now, Sustainability for the Future, 2024.

CONCLUSION

The smart way to fuel growth through an efficient expense auditing process: Human expertise paired with intelligent technology

SAP Concur solutions streamline audit processes and enable insights for sustainable growth by actively managing expenses and compliance as spend happens. Our solutions include:

- **Intelligent Audit:** By combining AI and human expertise, Intelligent Audit scans charges on expense reports, calling out exceptions and flagging those that can't be verified. Then, certified and highly trained human auditors from around the globe double-check the charges that AI could not validate.
- **Verify:** Simplify your own auditors' workflows by embedding policy and receipt checks right into Concur Expense, giving auditors greater visibility into spend while allowing them to focus on high-risk transactions.

- **Concur Detect solution by Oversight:** With intelligent trend and pattern analysis plus end-to-end expense audit processes, Concur Detect gives you the visibility and accuracy needed to be confident in every transaction. Expense reports are reviewed against receipts before reimbursement happens, so it's easier to identify anomalies and fraud.

Unlike other solutions that rely solely on human auditors or software, SAP Concur integrates AI and human insight to detect fraud faster, uncover spending trends, and improve policy consistency—all without adding to your team's workload.

Learn how other
**SAP Concur products can
enhance your compliance
and spend management.**



ABOUT SAP CONCUR

SAP® Concur® is the world's leading brand for integrated travel, expense, and invoice management. Driven by a relentless pursuit to simplify and automate everyday processes, the solutions guide employees through business trips, move authorized charges directly into expense reports, and automate invoice approvals. By integrating near real-time data and using AI to analyze transactions, businesses can see what they're spending, improve compliance, and avoid possible blind spots in the budget. SAP Concur is imagining a world where travel and expenses practically manage themselves, helping businesses run at their best everyday.

Learn more at concur.com or at the SAP Concur [blog](#).

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