

The Five Most Important Keys to Prevent Holes in Your Travel SOX!

There's no denying it. Sarbanes-Oxley (SOX) compliance requires an investment in time and corporate resources. Here's the upside: like labor and R&D, travel expenses are typically among the most *controllable* expenses on the income statement. Successful compliance may require an up-front investment, but hiring an experienced consultant with a track record of success can save a company time, money, and a lot of headaches in the long run. Some three years after SOX went into effect many companies have made progress on compliance, and the good news is that once the infrastructure is in place, ongoing maintenance gets easier.

The 5 most important keys to a successful compliance program for travel include: a well-written policy, enacting corporate disciplines on tracking and reporting systems, worldwide consistency, dissemination of the policy across the company, and negotiating with key suppliers.

1. Start with a well-written, complete policy.

The cornerstone of a successful program for travel is a well-written, well-defined policy. Be clear, concise, and spell out issues, and how to handle them. Get feedback from people who will have to comply with the policy (especially your heavy travelers, for example, sales) and find out what works (and doesn't) before the policy is set in stone. Since travel issues must address the specific culture of a company, never cut and paste another company's policy template as your own. Quick fixes won't save you time and money in the long run.

Another important feature of a well-defined policy is that while it calls out for specific measurable disciplines, it is flexible enough to allow for growth. As part of this, a comprehensive policy must map out a thorough workflow process for approval, routing, and payment as well as employee reimbursement procedures. This also means having a back-up approval process with timelines so that tracking systems can send reminders to those who have primary or secondary responsibility for approval and payment.

A good policy also includes advance travel planning, and requires purchases as early as possible in order to ensure the best prices. Advance planning will save the company lots of money because most travel expense "waste" is a direct result of last minute scheduling and changes. No doubt some of this may be unavoidable; however, in most cases overpaying can be avoided with proper advancing planning. The earlier you book, the cheaper the costs – even if you have to change a ticket later.

2. Employ disciplines on corporate reporting and tracking systems.

Great policies mean little without accurate corporate reporting and tracking systems to monitor expenses. Section 404 process documentation compliance means companies can no longer rely completely on their outsourced travel providers for everything – including proper reporting. Section 404 processes are designed to safeguard the company against the risk of misreporting financial information to the public, and also to minimize abuse/fraud. And proper reporting requires thorough control documentation on workflow processes. Sounds fun? Not really, but the ramifications for not documenting can be a complete SOX nightmare. You need a reliable way to manage the data volume from reporting and this may require an update of IT infrastructure. An incremental investment now can save a whole lot of pain down the road.

Systems require people to be successful – so once they are in place, train people on how to use them and hold them accountable. We are creatures of habit and often resist change especially where learning new systems is concerned. One way to expedite internal adoption with travel spending policies is to align incentives – tie bonuses to compliance. Grab wallets to grab their attention. It usually works, particularly with sales teams.

Finally, standardization of processes – though no picnic – will make change, mergers, growth and other adaptation much easier down the road.

3. Create processes for worldwide consistency.

SOX and travel compliance means *worldwide* compliance. A global company needs a worldwide tracking and reporting system for efficiency, consistency, and complete cost transparency. Companies cannot rely on their travel agencies for accurate reporting – there are too many of them in different countries, each with its own system. When it comes to your compliance, you own it. Still, make sure your outsourced partners can document what’s been booked and feed that back to you for your reporting. Have this checked regularly for any potential system breakdowns.

Moreover, because multinationals experience cultural differences across geographic offices, there is greater risk of varying and conflicting policies across countries. While differences may show up in travel partners, the company needs to manage compliance with consistency and uniformity across remote offices or reporting will be unreliable and meaningless.

4. Communicate policies and expectations – often.

A good policy must be disseminated across the company – frequently and consistently – if it is to work. And expect the beginning to be a bit bumpy until people become familiar with it. Explain issues and challenges to your people openly so they see themselves as key agents in the process and directly responsible for the system’s success. Communicate that timely expense/receipt submittal is necessary in order to avoid accruing travel expenses and liabilities for too long. Back it up with deadlines for travel expense reimbursement.

Make the IT team your friends. Work with your IT people to integrate policy into corporate intranet and workflow systems (for automatic approval routing) and to make sure the system works as it’s supposed to. When things break down, people find easy ways and excuses to circumvent the system.

5. Negotiate with travel suppliers to reap big savings.

What you don’t know can cost you – a lot. Most companies don’t negotiate travel, but negotiations with travel suppliers can yield 30-40% of *all* travel savings. The key is to know what can be negotiated, how, and when. And most corporate travel programs have many elements that can yield savings by being negotiated as part of a larger travel “package.” One important example is developing a travel related credit card program.

Companies often lack the time, expertise and relationships to negotiate the best terms for their employees. A knowledgeable consultant with a great track record can achieve tremendous immediate and long-term savings that far outweigh any upfront investment and consulting costs. Moreover, a great consultant can tackle travel problems before they become out-of-control nightmares, so a company can focus on growing its business.

Keep your SOX from unraveling with regular “care” maintenance.

Once the infrastructure is in place, ongoing maintenance gets easier. But, of course, a consultant’s work is never totally done – much to the chagrin of most corporate executives, yet with good reason. Plans must be reviewed at regular intervals for accuracy, consistency, and feasibility in order to make sure the investment continues paying off rather than unraveling from lack of proper care. SOX compliance is still a relatively new governance issue even after three years. Thus, the number of in-resident corporate employee experts is small, albeit growing. Moreover, events such as mergers for example will trigger the need for skilled consultants to conduct careful audits of the acquisition target to ensure a smooth system transition.

Mind your business.

Until this knowledge can be transferred to corporate employees, skilled consultants enable flexibility in applying resources to specific challenges, and allow companies to focus on their strengths by outsourcing for core expertise in short supply. A SOX travel consultant with expertise in each of these five areas of compliance - policy development, reporting systems, worldwide consistency, communication and dissemination, and partner

negotiations - can save you money and time, and headaches (more like migraines) down the road. That frees you up to mind (and grow) your business.

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