COVID-19 & Employee Spend: 5 Changes to Plan for Now

Oversight

The disruption of COVID-19 has been swift. For most businesses, it's introduced a new set of operational and financial challenges, including the transition to a primarily remote workforce. Approximately 50% of employees are now working from home, which is out of the norm for 70% of companies surveyed.[1]

Given this new terrain, many operating guidelines may need to be revised or may be entirely obsolete. This is especially true of practices related to employee spend. If you are responsible for spend management at your organization, here are five changes you should prepare for now to manage emerging risks and ensure business continuity.

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1 A new wave of employees may be making purchase decisions

Before the pandemic, less than 20% of workers were remote.[1] That means the majority of employees who are now working from home will likely need to purchase items to establish their remote workspaces. These employees may be unfamiliar with the reimbursement process and may not have corporate cards. They also may not have access to the expense management system or training on expense policies.

Finance teams should act now and formulate strategies – from providing policy training to automating transaction monitoring – to help control spend and offset risks posed by a larger pool of employees making purchase decisions. Some companies are creating COVID-19 expense types to capture these unplanned costs and more easily assess the budgetary impact.[2]

With uncertainty around the pandemic, remote work could continue for an extended time, and some predict it may become the new normal. Regardless, taking measures now to mitigate risk will only strengthen an organization's resolve in economically trying times.

[1] Coronavirus Poll Results: Cyberattacks Ramp Up, WFH Prep Uneven. ThreadPost. March 19, 2020.

[2] Oversight internal data. March 2020.

2 Travel & Expense and Purchase Card spend will become blurred

As employees quickly transition to a remote work environment, those who have T&E cards will likely use them to acquire supplies and make other non-traditional T&E purchases – items that would typically be procured through a P-card program, such as printers and headsets.[2] In this new environment of rapid adaptation, this purchasing behavior is less likely to be scrutinized.

A blending of spend programs, which may be acceptable in the near-term, is likely to create challenges when monitoring purchase activity for any waste, misuse and fraud. This is especially true of organizations relying on manual reviews and sample audits. The review process could become much more tedious. And, the likelihood of risk going undetected could increase as the line between legitimate and off-policy purchases becomes fuzzy. Organizations with manual processes could introduce automation for better monitoring and control. While those with automated processes, may opt to evaluate "one-card" programs to adapt to shifting spend.

3 e-Procurement programs could expand

Companies could opt to introduce or expand e-Procurement programs to maximize purchasing power and gain better control and visibility into spend. For instance, directing employees to make equipment purchases through a catalog rather than using a T&E or personal card can help ensure items are procured with the preferred vendor and are trackable.

Expanding e-Procurement programs can be a viable option for organizations that prefer not to widely issue corporate cards or manage large volumes of cash expense reimbursements.

4 Policies may require revision

To meet urgent business requirements, many organizations may be making temporary exceptions to their policies. It's likely that polices will need to evolve to reflect the ensuing shifts in business operations.

Granting exceptions to policies on an ongoing basis or having irrelevant policies is, in effect, having no policy at all. To avoid this, organizations should regroup to understand how their employees' purchasing needs are changing and update policies based on the appropriate balance between employee experience, organizational efficiency and business risk.

5 Fraud and misconduct risk factors will rise

Take a few minutes to review articles from the Great Recession of 2007-2009 and you will find no shortage of publications on the correlation (and instances) of economic uncertainty and fraud. While theories differ, most experts agree that these periods introduce multiple variables that can create a perfect storm for corporate misconduct – internal business pressure to perform, increased opportunity for wrongdoing, and rationalization of actions based on perceived inequity or unfairness.

While no one knows how far-reaching the impact of this pandemic will be, all three of these risk factors are elevated in times of distress. It is imperative that organizations take steps to address these emergent risks, including having the ability to detect fraud and misuse across spend programs.

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Oversight is here to help

As the most trusted partner for mitigating spend risk, Oversight is uniquely positioned to help you navigate this uncharted terrain. Leveraging our AI-powered platform, we provide full visibility into spend to help organizations quickly pivot programs and policies to address risks and adapt to market forces.

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- Improve compliance
- Establish better controls
- Protect your bottom line

SCHEDULE YOUR SPEND RISK ANALYSIS

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