

STREAMLINING SPEND:

THE ROLE OF FINANCE IN PUBLIC SECTOR ORGANISATIONS

In an era of unprecedented change and uncertainty, how can public sector organisations stay successful?

In partnership with market research specialist Vanson Bourne, we asked finance leaders from the public sector and a range of other industries about their strategies for managing spend and preparing for the future.

As we discovered, future-proofing the organisation means ensuring that finance teams are equipped with the tools they need to manage spend and control costs more effectively.

THE BEST RUN



Preparing for the Future

Despite the many challenges facing British businesses, finance leaders in general are optimistic about the future.

Perhaps unsurprisingly, 93% of public sector organisations see the finance team as instrumental to achieving their objectives.

To support their organisation effectively both now and in the future, public sector finance teams are hoping to reduce costs (70%), improve cashflow (58%), and streamline current finance/IT systems (51%).

The Role of Finance

Finance teams must make tough decisions about budgeting and spending to ensure the organisation remains cost-efficient and targets are met.

Finance teams can also advise on where to invest and when to cut back, for example by overseeing and controlling employee spend across expense, travel and invoice costs.

Furthermore, the bigger the organisation, the more important the role that the finance team plays in shaping strategy. In the public sector, 37% of respondents

describe financial insights as 'critical' to setting priorities. Yet one in five organisations admitted they don't have enough visibility into their finance data.

Barriers to Effective Cost Control

Although visibility of financial data is important, many finance teams simply don't have time to collate and analyse the numbers in as much depth as they'd like. They're spending precious time dealing with data errors, manual processes and troubleshooting that could be better spent on strategic thinking.

Some public sector organisations may have invested in solutions to simplify the analysis of financial data. However, these systems are often outdated or disconnected and unless the public sector acts, this problem is only set to get worse.

As organisations grow, so too does the complexity of their infrastructure. Without proper maintenance and review, the systems that were once designed to support the organisation can quickly start to hold it back.

This can directly impact staff productivity which, according to the survey, is a big issue for the public sector.



Issues with Existing Systems

So, what other issues do existing, but outdated, financial systems create for the public sector?

Top of the list of concerns was payment delays on expenses and invoices. Late invoice payments can lead to regulatory fines and late payment fees, and put supplier relationships at risk. And when it comes to expenses, reimbursing employees late can cause employee dissatisfaction and throw off your cash flow predictions.

Inefficient finance systems are also blamed for an inability to plan and forecast financial figures – a crucial function of the finance team in preparing for the future.

In fact, only 36% of finance leaders said their expense process was completely efficient. For

travel processes, the figure was 30% and for invoice systems it was 43%. Plus many finance leaders admitted they're not confident that their expense, travel and invoice systems can scale with them as they grow.

The Role of Technology

Of course, the thought of investing in new technology can be off-putting. But a direct correlation can be seen between financial efficiency and the levels of automation implemented by finance teams. An investment in the short term is likely to lead to substantial savings in the long term.

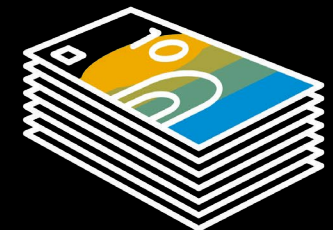
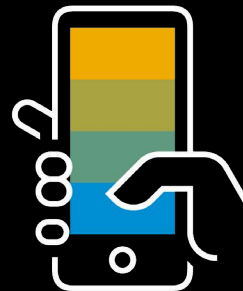
Unfortunately, however, 29% of accounts payable, 44% of expense and 54% of travel booking processes are still entirely or mostly manual.

This is surprising since 98% of respondents

believe automation would benefit their organisation. It can speed up payments, reduce manual data entry and improve cost control and insights.

Even more tellingly, 93% of respondents agree that connecting expense, travel and invoice processes is important to meeting objectives. So why aren't more public sector organisations automating their financial processes?

Finance leaders said that the investment in staff training (41%), and a lack of capacity in IT (32%) were the biggest reasons preventing the adoption of automated solutions. But in fact, most automated solutions offer user prompts to reduce the need for employee training. Furthermore, many cloud-based solutions require minimal IT resource during implementation.



Future-Proofing Finance: A Strategic Priority

The effectiveness of the finance team is so entwined with strategy that future-proofing this function will have a massive impact on success.

But if your tools and systems are not fit for purpose, it's highly likely your finance team will be spending more time than necessary on admin tasks. Not only that, but efficiency gaps in finance tools and processes will divert resources away from planning and strategy. Low team morale and reduced productivity will be inevitable side effects too.

For the public sector, who are under increasing pressure to spend money wisely, this is especially important. In fact, 55% of public sector organisations believe the role of finance will become much more important in driving future strategy – higher than in any other sector surveyed.

Therefore, the organisations and businesses that will continue to be successful are those that are prepared for every eventuality. The public sector must refine and future-proof processes today, so that it can remain agile and efficient in the future.

To see how expense, travel
and invoice automation
can help the public sector
streamline spend, visit
concur.co.uk/public-sector
or call **01628 645 100**.



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