



LATROBE CITY COUNCIL

Case Study

Council cuts the cost of processing expenses by over 80%

The City of Latrobe is located 130km east of Melbourne. It is the principal service centre for the Gippsland region and includes the regional headquarters for significant government and private organisations, and education centres.

Latrobe City Council has over 900 staff across the region in service centres in the cities of Morwell, Moe, Traralgon and Churchill.



PROBLEM IDENTIFIED

Before ProMaster Expense Management System, Latrobe City Council used a manual process to manage their expenses: corporate cards, staff expense claims, and petty cash. This involved paper-based coding, receipting and approvals while their eight cards were restricted to Senior Management.

Cardholders received a printed statement each month to annotate by hand and provide expense details and codes. Finance entered the data manually into a spreadsheet and uploaded it into their finance system. They frequently had to chase up overdue transactions with cardholders and deal with missing receipts.

Employees without cards were required to pay out of their own pocket and apply for reimbursement from a petty cash float on site.

Council had concerns around the risk of holding these balances and the process for topping up the float.

The finance team had no visibility as to who was spending money and where. Plenty of spend occurred but they lacked the data to interpret how spend changed over time or which suppliers were being used. Latrobe discovered that 25% of their invoices were for purchases less than \$100.

Considering it cost them approximately \$120 to process each invoice, a quarter of their invoices cost more to process than they were worth. The finance team identified a need to reduce the cost of processing and to gain greater visibility around spend.

THE SELECTION PROCESS

The finance team had specific criteria when choosing an expense management system. They required:

- ✓ an easy to use and administer system
- ✓ a system with a strong track record of success with other councils
- ✓ the ability to quickly identify inappropriate spend
- ✓ onshore support and data storage in Australia
- ✓ a cost-effective solution
- ✓ a system capable of integrating with their finance system

LAUNCH

ProMaster went live in February 2018. Council realised the benefits of ProMaster very quickly and believes training was key to their success. The Financial Accounting Officer Rachael Mayes was charged with the project. Rachael had been working at Council for several years, originally from service delivery and began her new role in December 2017.

Inlogik ran an onsite workshop and training session as part of the roll-out process. It was important to have face-to-face training for both end users and administrators to ensure a smooth transition to the new process.

The User Acceptance Testing phase of implementation also allowed the team to become familiar with the system prior to Go Live and review the configuration to make it as user-friendly as possible.

There was some initial resistance to the roll out of the card program due to a history of reluctance to issue cards. They began phasing out petty cash and looked at the numbers of petty cash claims being processed. Corporate cards were issued to employees if they needed to incur expenditure for council.

The corporate card limits were set across a scale from \$500 to \$5000 depending on required spend rather than seniority alone.

NEXT STEPS

Latrobe is taking a breath now after the initial 12 month rollout of ProMaster to review the policy, look at new functionality, and take those next steps forward with integration.

The full administration of cards and ProMaster currently takes approximately 15 hours a week. Latrobe is looking to introduce HR integration to automatically manage data maintenance and Single Sign On to remove the need to maintain separate passwords.

Internal estimates suggest the total administration requirement will drop to around 12 hours a week once these integration activities are complete.



RESULTS

Beginning with eight cards in early 2018, Latrobe now has 191 cardholders as of February 2019. Rachael keeps an eye on the number of staff reimbursements to identify any regular purchasers who might benefit from having a card.

Now that card is the preferred payment method for all transactions under \$500, their transactions have grown from 25 to 500. ProMaster provides the next day visibility of spend on the card program and this has ensured timely reconciliation.

From Deloitte B2B Payments Study (2015), the cost of efficient invoice processing via Accounts Payable is around \$73, while the same invoice could be processed using a credit card and expense process for a fraction of the cost, around \$20.

With Council's estimate of their own cumbersome process at a cost of \$120 per purchase order, the savings by moving to ProMaster with a corporate card program are estimated at over 80%.

"We have a job to deliver services to the community and we don't want our staff to be tied up with administration. With ProMaster and the new card program, ultimately the community benefits."

Rachael Mayes
Financial Accounting Officer