

# Essential Processes for *Finance*



Finance is at the heart of a successful organization. When money doesn't flow in or around the business effectively enough, all other units cease to function effectively too.

Yet, every day we hear companies ask for help. Finance processes are an area that all firms could improve, and that some really struggle with.

We asked our process experts to dig deep into the issue and breakdown critical finance processes that can help companies immediately. We collected these together and created this process guide. It covers the small and frequent processes as well as processes you might struggle to find documented anywhere else.

Whether your team are fighting to keep up or you're looking to optimize already effective processes, we hope this guide will help you in your journey.

If you find this guide is helpful, we'd love to hear from you. Let us know what you need help with, and we'll set you up with a free trial of Flowingly, complete with the processes in this guide!

Thanks,



Khasha Rafie  
VP Customer Success



# *Contents*

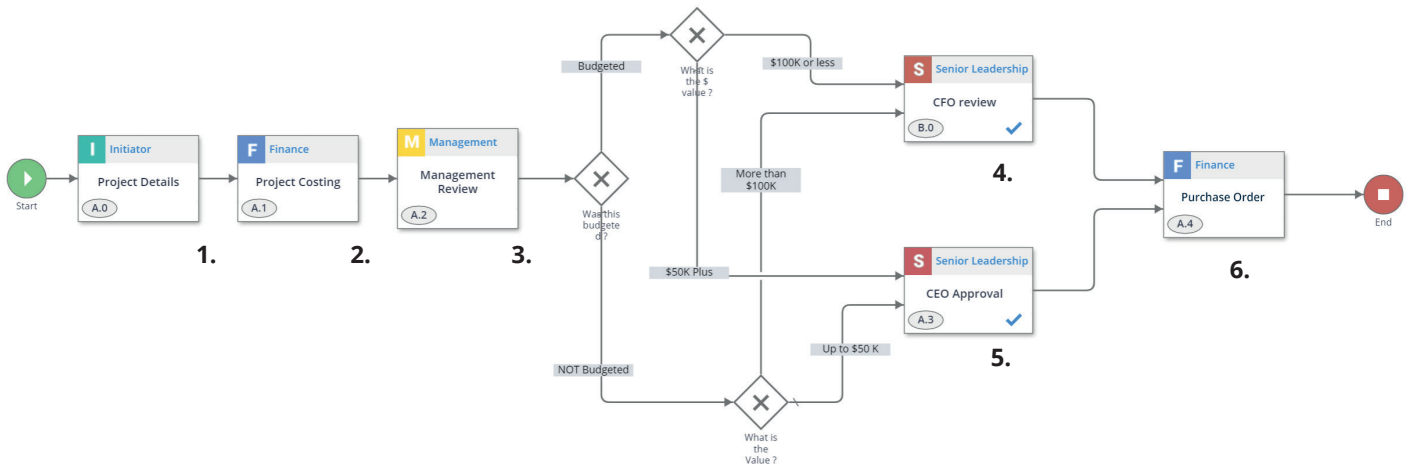
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- 4. **CAPEX**
- 6. **OPEX**
- 8. **EXPENSE CLAIM**
- 9. **APPLY FOR A PURCHASE CARD**
- 11. **PROCESS INVOICE**



# Finance Process CAPEX Request

Capital expenditure requests are one of the most critical of all processes. Organizations must be able to consistently and responsibly manage the approval of large and enduring financial decisions. Depending on organizational specifics, there are many variations in capital expenditure approval processes. It is a process that is too important to allow ambiguity or over-complexity to sneak in.



## 1 Project Details *Initiator*

The first step in any CAPEX request process is to gather the information that will help determining the costs and relative benefits of the expense. The 'Request Details' step of the CAPEX request gives the Initiator the opportunity to provide risks, benefits, alternatives and any other detail to support their suggested expenditure.

Financial Year	Capital Cost	Incremental Operating Costs	Operating Cost Savings
2020	2000	300	500
	\$2,000.00	\$300.00	\$500.00

## 2 Project Costing *Finance*

Core to all capital expenditure request processing is communication of the relative benefits of the expenditure. This step documents its cost and ongoing value. Costs are itemized and the residual value is recorded. It also provides an opportunity for the Finance team to comment on the request.

3

### Management Review *Management*

Once the official costing of the project is complete, the Management team or CAPEX committee can meet to discuss, review, and make recommendations based on the information. Once the expense is approved by the group, it can move to final signoff from the CFO or CEO.

4

### CFO Review *CFO*

CAPEX requests then flow through the office of the CFO for official approval. This step may then trigger a process within the office to include the expense in financial documentation.

5

### CEO Approval *CEO*

For unbudgeted or high-cost expenditure, it is common to route the request to the CEO for final approval. This step is as much about keeping the CEO informed of capital expenditure as it is about receiving approval.

6

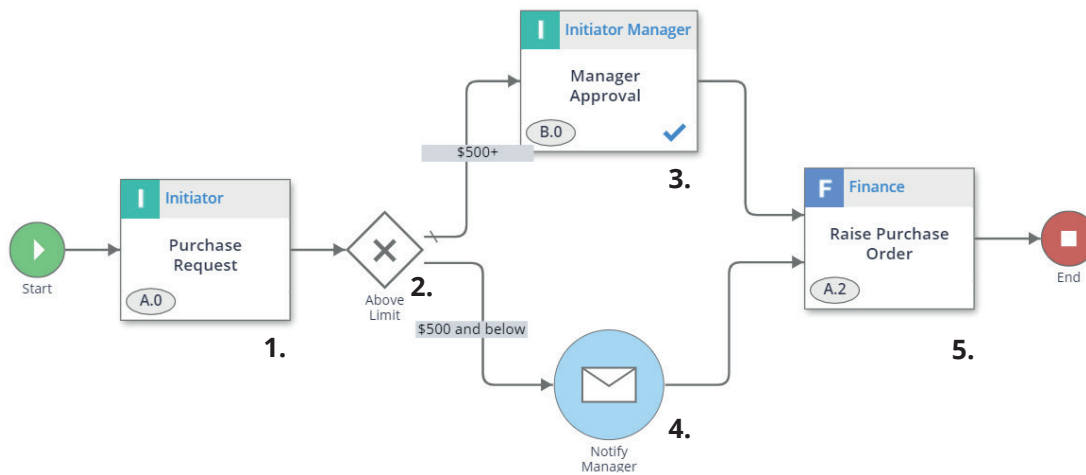
### Purchase Order *Finance*

Finally, the Finance team can begin their own internal process to raise a purchase order for the asset. Once this is completed, the expenditure can be made.



# Finance Processes OPEX

Unlike long-term focused CAPEX, operating expense (OPEX) account for most day-to-day expense processing. Since requests are typically more frequent and lower cost purchases, we feel that the process needs to be significantly more simple than that of a CAPEX request. Larger organizations may wish to add conditions to route high cost or domain specific (e.g. software purchase) requests to the appropriate teams.



1

## Purchase Request Initiator

The process begins with a staff member uploading a vendor quote and itemized list of goods required. The staff member also supplies basic information about the vendor as well as when the purchase is required by.

2

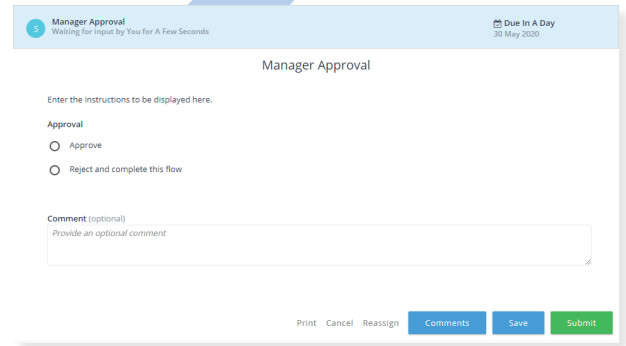
## Decision Path

For requests above an approved purchase limit, this process routes requests through the initiator's manager. For those below this amount, an email summary is sent, and the process continues to the Finance team.

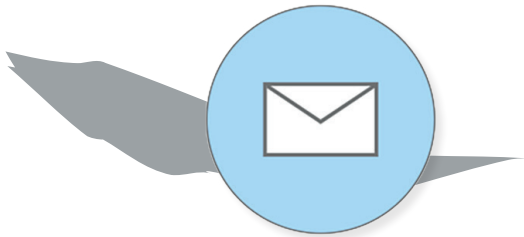
3

### Manager Approval *Initiator Manager*

This step allows the initiator's manager to approve requests costing above the initiator's limit. Some organizations may choose to have an additional approval step from finance or the department head for particularly high cost requests.



The screenshot shows a web interface for 'Manager Approval'. At the top, it says 'Manager Approval' and 'Waiting for input by You for A Few Seconds'. On the right, it indicates 'Due In A Day' on '30 May 2020'. The main content area has the title 'Manager Approval' and a prompt: 'Enter the instructions to be displayed here.' Below this, there are two radio button options under the heading 'Approval': 'Approve' and 'Reject and complete this flow'. There is also a text input field for a 'Comment (optional)' with the placeholder text 'Provide an optional comment'. At the bottom right, there are buttons for 'Print', 'Cancel', 'Reassign', 'Comments', 'Save', and 'Submit'.



4

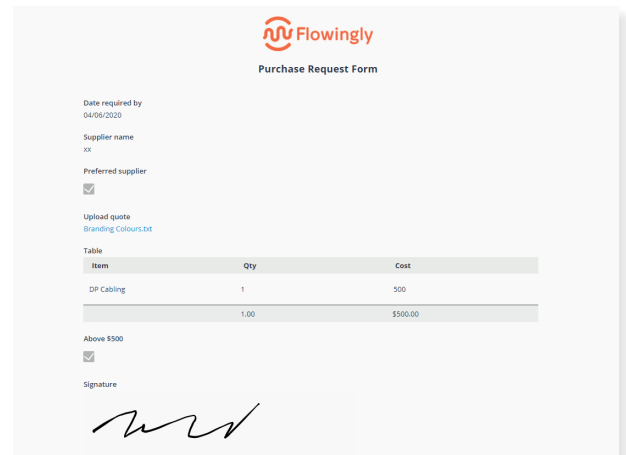
### Notify Manager

For requests that are below the initiator's expense limit, an email is sent to their manager to inform them of the request and its details. This serves more as a courtesy or a 'heads up' since no further action is required of them.

5

### Raise Purchase Order *Finance*

This step allows the initiator's manager to approve requests costing above the initiator's limit. Some organizations may choose to have an additional approval step from finance or the department head for particularly high cost requests.



The screenshot shows a 'Flowingly Purchase Request Form'. It includes the following fields and options:

- Date required by: 04/06/2020
- Supplier name: xx
- Preferred supplier:
- Upload quote: Branding Colours.txt
- Table:

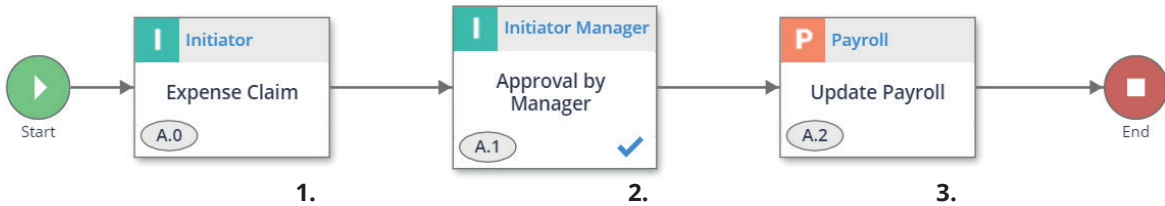
Item	Qty	Cost
DP Cabling	1	500
	1.00	\$500.00

- Above \$500:
- Signature: [Handwritten signature]



# Finance Processes Expense Claim

In most organizations, particularly those that require staff to travel, it's common for employees to incur expenses that require reimbursement. If staff have a pre-approved spending limit, a very simple process is all that is required. This is an easy first step into process improvement and the world of workflow automation.



## 1 Expense Claim Initiator

The process begins with a staff member submitting a claim. This step prompts them to enter an itemized list of expenses claimed and the dates the costs incurred. This list is supported by the respective receipts. Additionally, a reminder of the daily spending limits is included.

Date	Expense Type	Purpose	Amount
29/05/2020	Batteries	AC	100
			\$100.00

Approval by Manager

Approval

Approve

Reject and send back to first step: Expense Claim

Comment (optional)

Provide an optional comment

Print Cancel Reassign Comments Save Submit

## 2 Approval by Manager Initiator's Manager

Once the claim is submitted, the initiator's manager reviews and either approves or rejects the claim.

Update Payroll

Finance details

- Checked expense claim details
- Details updated in payroll application

1 out of 2 items complete - 50%

You must complete all task list items to complete this form

Print Cancel Reassign Comments Save Submit

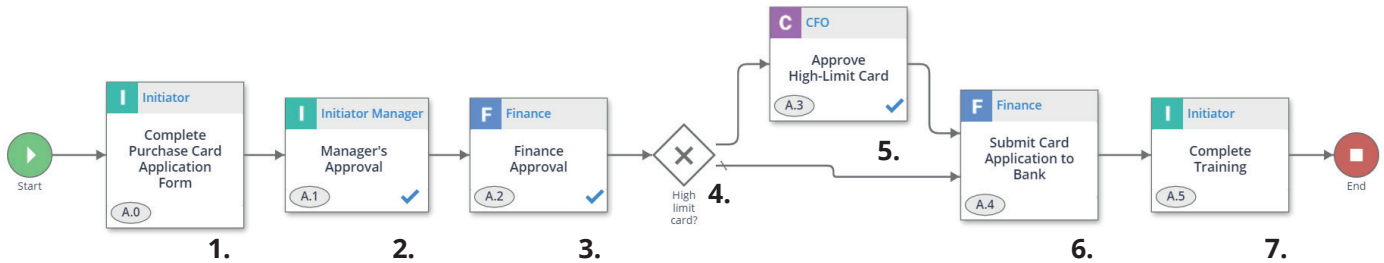
## 3 Update Payroll Finance

This process concludes with the Finance team. They perform a final check of the supplied information. If all details supplied are correct, they update the payroll system and the process is concluded.



# Finance Processes Apply for a Purchase Card

There are roles across every organization that require more timely and flexible access to funds. Similarly, every organization uses vendors that are less appropriate or impossible to engage with via purchase order. Company credit cards, or purchase cards, are commonly used to address these issues. Like any other process, the application for a purchase card should be comprehensive yet as brief as possible.



Complete Purchase Card Application Form

Application for a Company Purchase Card

**1. Personal Details**

First Name  
Dianne

Surname  
Ng

Name to appear on card  
D

Date of Birth  
20/05/2020

Job Title/Position  
Management

## 1 Complete Purchase Card Application Form *Initiator*

This process begins with an application from a staff member. This application should include all the information that the Finance team will need in later stages. These details include personal information and certified copy of their ID as well as the reason for the card and their cost center.

## 2 Manager's Approval *Initiator Manager*

This approval step ensures that the initiator's manager is happy for finance to issue a purchase card to the initiator and that the card limit is correct.

Manager's Approval

**Manager Approval**

Approval

- Approve
- Reject and complete this flow
- Reject and send back to first step: Complete Purchase Card Application Form

Comment (optional)  
Provide an optional comment

Print Cancel Reassign Comments Save Submit

Finance Approval

**Finance Approval**

Approval

- Approve
- Reject and complete this flow
- Reject and send back to first step: Complete Purchase Card Application Form

Comment (optional)  
Provide an optional comment

Print Cancel Reassign Comments Save Submit

## 3 Finance Approval *Finance*

In this step, a member of the finance team reviews the application to verify that it meets the requirements. If you have organization specific guidelines for finance around purchase cards, link it here to speed up the process.

4 A decision allows a flow to choose between two or more specified paths based on user input from the decision step. Where the decision step is not processed, the default path will be taken. [Learn more.](#)

Path Naming

Decision Step

Complete Purchase Card Application Form

Decision Field

Required Card Limit

Decision Paths

Required Card Limit: \$10,000

Approve High-Limit Card

4

## High-Limit Card *Decision*

If the application specifies a card above a certain limit, the CFO is notified and is required to provide approval.

5

## Approve High-Limit Card *CFO*

The CFO, or their delegate, reviews high-limit applications to control the number of high-limit cards to only those who require them.

5 Finance Approval

Waiting for Input by You for A Few Seconds

Due In A Day 30 May 2020

Finance Approval

CFO Approval

Approval

- Approve
- Reject and complete this flow
- Reject and send back to first step: Complete Purchase Card Application Form

Comment (optional)

Provide an optional comment

Print Cancel Reassign Comments Save Submit

Decision Step

Complete Purchase Card Application Form

Decision Field

Required Card Limit

Decision Paths

Required Card Limit: \$10,000

Approve High-Limit Card

Default Path

Submit Card Application to Bank

6

## Submit Card Application to Bank *Finance*

Once all approvals are complete, the Finance team can submit a card application with the bank using the details collected in Step 1.

7

## Complete Training *Initiator*

After the application has been completed, the new card holder is prompted to complete purchase card training modules. There will be differing levels of knowledge, needs, and experience amongst card holders so it is a good idea to include some optional training modules. The optional modules should include both the basics around finance and advanced purchase card specific topics.

7 Complete Training

Waiting for Input by You for A Few Seconds

Due In A Day 30 May 2020

Complete Training

Purchase Card Basics Training Module

Purchase Card Reconciliation Training Module

Finance Basics Training Module (optional)

Task list

- Card basics training module complete
- Card reconciliation training module complete

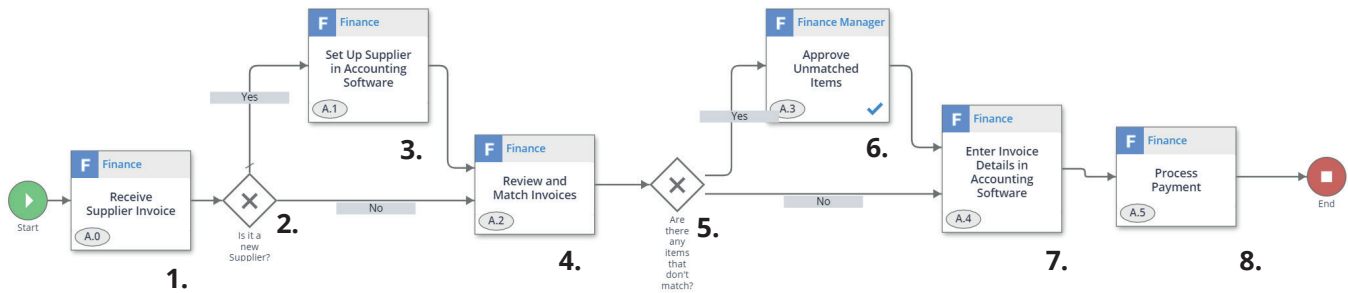
2 out of 2 items complete - 100%

Print Cancel Reassign Comments Save Submit



# Finance Processes **Process Invoice**

Processing invoices is possibly the most frequent and essential accounts payable process. Including a new supplier setup step helps keep overall complexity down and keep work flowing. Because circumstances and requirements change, it is also useful to include a step to handle any unmatched invoice and purchase order items.



## 1

### Receive Supplier Invoice *Finance*

Different organizations will receive their invoices differently, but they commonly arrive to a shared mailbox. This step sees a member of the Finance team record the invoice number and PO number if known. They also indicate if the invoice is from a new supplier.

## 2

### Is it a new Supplier? *Decision*

If the invoice is from a new supplier, the Finance team are prompted to set them up in the accounting software.

## 3

### Set Up Supplier in Accounting Software *Finance*

In this step, the Finance team apply for a credit trading account with the supplier. They then add the supplier to accounting software. Some organizations may wish to include an additional step to add the supplier's information to the intranet for the benefit of non-finance staff.

4

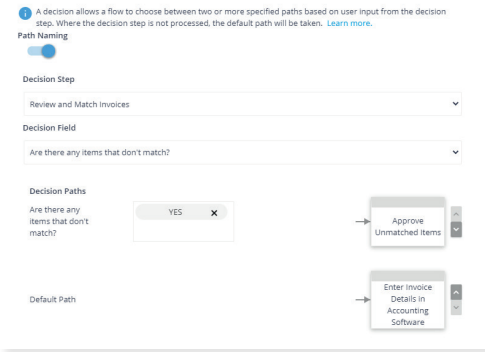
## Review and Match Invoices *Finance*

The Finance team member can now review the invoice and compare it to the purchase order. Now is the time to record if a difference exists in the items, price, or quantity. If the invoice cost is higher, the staff member must attach a form of approval from the respective cost center.

5

## Are There Any Items That Don't Match? *Decision*

If there is a mismatch between the invoice and PO, this is escalated to the Finance Manager for approval.



6

## Approve Unmatched Items *Finance Manager*

Though some organizations may not explicitly require this supervisor approval, many see it as an unfortunate but necessary precaution against embezzlement. In this step, the Finance or Accounts Payable Manager can review the invoice, PO and approval documentation if required.

7

## Enter Invoice Details in Accounting Software *Finance*

Once the invoice and PO have been matched, the Finance team member can enter the specifics into the accounting software to schedule payment.

8

## Process Payment *Finance*

Finally, once the payment has been made, the process is complete.

We hope that we've got your mind turning over all the possibilities for improvement in your own finance processes. You may have found that these processes are readily applicable to your own organization. Or they may give you some ideas on building your own processes from scratch.

If you wish to start on your process improvement journey, get in touch with us today.

Flowingly is a beautifully simple process mapping and workflow automation platform. Trusted by 100,000+ users at innovative companies around the globe.

