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Contact: Jodi Lebow
Gelco Expense Management
952-947-1574
jodi_lebow@gelco.com

Glossary of Expense Management Industry Terminology

Audit Services – companies often require audits to be conducted on expense reports submitted by employees to validate expenses for financial reporting purposes and to deter fraud. The function can be outsourced to an independent third party for review to avoid the possibility of collusion, increase efficiency and ensure compliance with federal and local regulations as well as corporate travel policies. Services generally include receipt collection, imaging, matching to report, auditing according to company-defined criteria, reporting, and storage of receipts.

Business Standardization – the creation of standardized functions and business policies across a company's entire enterprise.

Compliance – company adherence to federal, local and industry regulations (US and global) governing expense report submission and employee adherence to corporate travel policy.

Corporate Card Payment – the process of paying the corporate card vendor for business-related charges incurred by employees for travel and entertainment expenses.

Expense Management – the business function that describes the processes and procedures used by an organization to process, pay and audit expenses incurred by employees in the course of doing business. These costs include, but are not limited to, travel and entertainment expenses.

EMA – Expense Management Automation – a hosted business service or software application that allows employees of an organization to submit their expense reports through an electronic system or the Internet and automatically route the report for approval and process for reimbursement.

Expense Reimbursement – the return of funds to employees for submitted travel and entertainment expenses.

Expense Substantiation – the supporting receipt documentation used to validate employee expense report claims. The Internal Revenue Service (IRS) requires substantiation of all expenses filed.

Fax Imaging – a service allowing a filer to transmit their receipt documentation for support and validation of expense report claims via a fax machine. Faxed receipt images are linked to the submitted report and visible to the user, approver, and administrator online.

General Ledger Reporting – the general ledger tracks a organization's expenditures and is used by its accounting department to perform financial reporting. An expense management service can provide sub-ledger reporting capabilities reflecting travel and entertainment expenditures that reconcile to the organization's general ledger.

Glossary of Expense Management Industry Terminology (Continued)

Global Expense Management – the business function that describes the processes and procedures used by an organization to process, pay and audit travel expenses incurred by employees working in multiple locations and countries throughout the world. Typical global expense management capabilities include currency conversion and the ability to reimburse employees in foreign currencies, multiple language interface, compliance with local regulations, ability to work with corporate card programs, and reporting capabilities for the global enterprise. GlobaLink is Gelco's set of capabilities that allow an organization to automate relevant local business policies, allow for standardization of processes and aggregation of spending for insights across the entire organization.

Implementation – a set of activities to transition to an expense management service, including configuring the program to reflect travel policies of the business, ensure prompt employee reimbursement, identify reporting needs, and train employees and administrators on system use. The process should take no more than 30-45 days.

Receipt Imaging – a service that images original receipt documentation submitted for support and validation of expense report claims. Usually part of an audit service, original receipts can be manually authenticated and matched to their corresponding report in the online program. Gelco's service is called Premium Imaging.

Reporting – data captured from expense reports and provided to organizations online. Reports provide financial information that allows organizations to deter fraud, manage finances and negotiate with vendors.

The Sarbanes-Oxley (SOX) Act – federal legislation and implementation of Security and Exchange Commission (SEC) regulations that require companies to report on the effectiveness of their internal controls over their financial reporting. Companies must also maintain a record of the controls and responsibilities governing financial reporting and have an independent auditor attest to the internal control report.

SAS 70 Type II Certification – a report that service providers obtain on behalf of their clients. A Type II report contains a description of a company's internal controls at a specific point in time as well as a detailed description of the testing of the controls conducted by an auditor over a six-month period along with an opinion as to whether the controls are effective. According to the SEC, independent auditors may rely on a vendor's SAS 70 Type II Certification in preparing their attestation for internal controls required under section 404 of the SOX Act.

Shared Services – the centralized management of business functions for a company's entire enterprise.

VAT Reclamation – value-added tax (VAT) is applied to the purchase of goods and services in some countries. Organizations located outside the country assessing the VAT may request a refund of this tax that can be as high as 21% of the item cost. Original receipts are required to reclaim the tax. Companies may outsource this function. Gelco supports clients' tax reclamation needs by identifying and pulling receipts that qualify for VAT refunds.

For more information, please visit www.gelco.com