ApprovalMax

XERO GUIDE

8 reasons to tighten your financial controls for Xero users

Approvals for Xero invoices, POs, and bills

Financial controls

Secured

xero

★ ★ ★ ★ ★
Xero Community Rating

UK App Partner of the Year (2020, 2021)

NZ App Partner of the Year (2020, 2022)
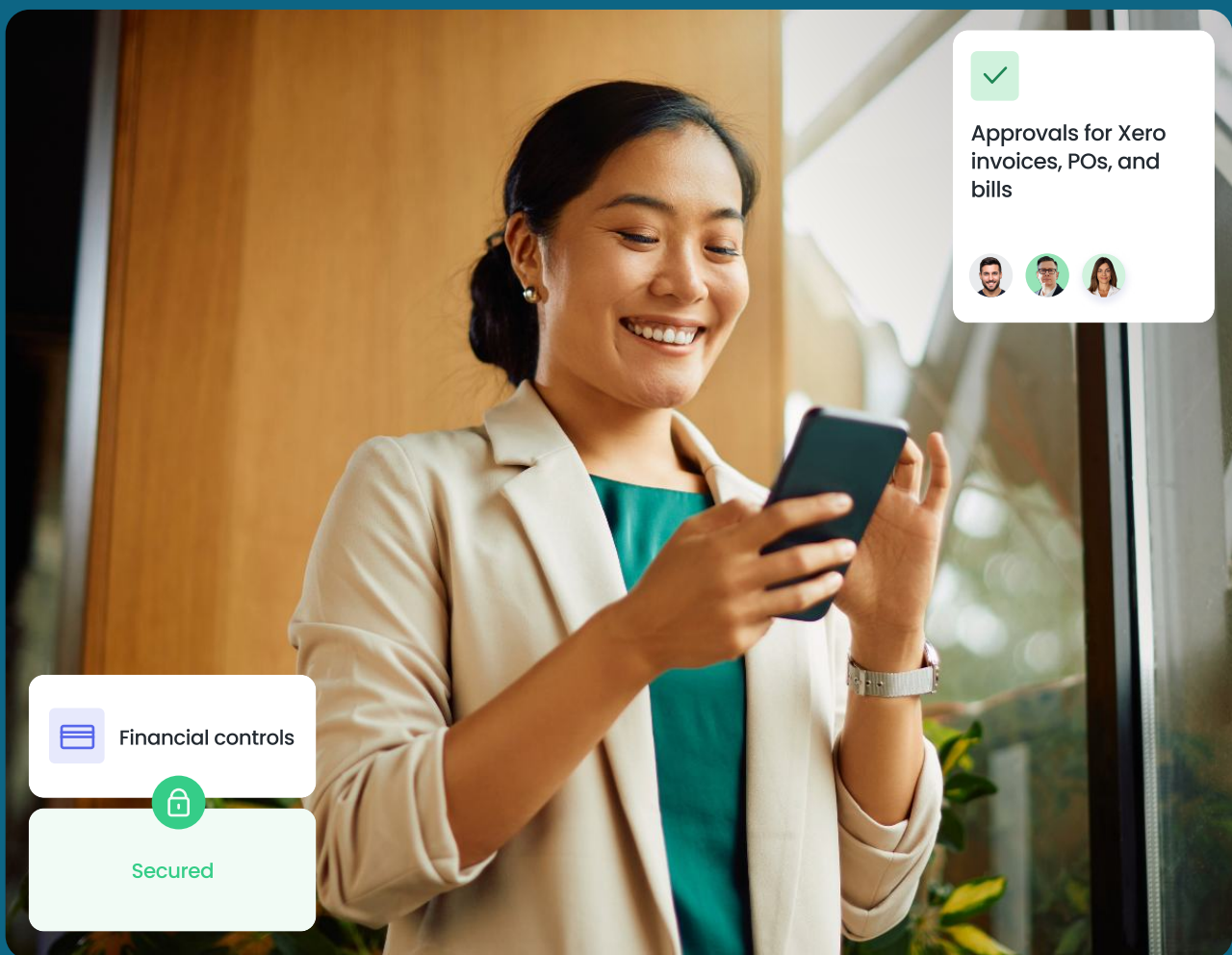
Why tighten your financial controls?

Xero is an online accounting platform that connects small to medium business owners with their numbers, banks, and advisors from anywhere, helping 3.7 million subscribers manage their day-to-day accounting and business processes. **As businesses grow though, they can benefit from going beyond the day-to-day to strengthen financial controls and approvals to prevent, detect, and correct any financial issues before they arise.**

Financial controls are policies and procedures put in place to keep financial records in check and protect company assets. Think of them as helpful checks and balances. **They happen automatically in the background, so you don't miss a thing, and help kick off the next step without having to lift a finger.** While adding extra processes might sound like a chore, building robust financial controls brings a whole host of benefits to make life easier and save time in the long run. Automation, through tools like ApprovalMax, keeps these functions running seamlessly.

You might be asking, "Do I really need to focus on my internal financial controls? I've been doing things the same way for 20 years and it works just fine." The reality is that **times do change – and so do our processes.**

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Financial controls

Secured

Whether you're a business owner, accountant or bookkeeper using Xero, there are plenty of great reasons to tighten your financial controls through ApprovalMax. Here are eight to consider:

1. Detect and prevent fraud

Fraud is not new – but it is on the rise. As our lives moved online during the pandemic, so did cybercriminals, finding new ways to target businesses and partners. Meanwhile, experts have raised concerns about growing employee fraud as the cost-of-living rises and more people face financial pressure.

While there's no foolproof way of preventing fraud, **bolstering your financial controls helps detect fraudulent activity and can even stop it from happening in the first place**. Whether to combat external scams via fake invoices or false suppliers, or internal theft by committed employees, financial controls add an extra layer of security.

Fraud detection

Choose any option below to alert the organization's administrator whenever a change is made after approval:

- ☐ Contact
- ☑ Net total amount
- ☐ Tracking category
- ☑ Account
- ☑ Item
- ☑ Description
- ☐ Currency

> Financial controls put processes in place, such as segregation of duties and authorisations/approvals, to create an environment where people only access the information relevant to them, when they need it.

This makes it hard for fraudsters to commit crimes. Technology ensures these steps happen each and every time – even automatically.

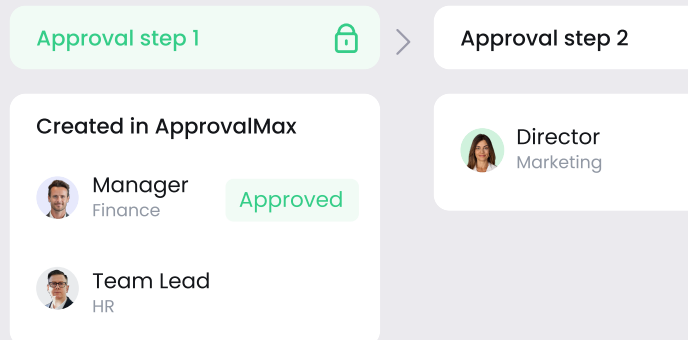## 2. Streamline and automate approvals

What do your current approval processes look like?

For many, printing out a document and putting it on someone's desk or sending an email that goes **unopened for days is the norm**.
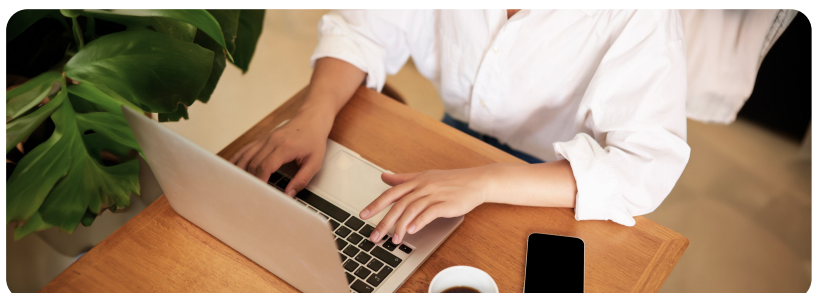
When the right financial controls are put in place, there's a concrete process around this, **mapping out who approves what, and when**. Automating this with an approval workflow ensures the process runs seamlessly in the background, without the need to send multiple follow-up emails.

ApprovalMax enables **multi-step, multi-role authorisation** for key financial documents, such as POs, bills, and expenses that are raised in Xero. With the ApprovalMax and Xero integration, financial documents can be **automatically sent to each decision maker and approved without needing to log in to Xero**.

Approval step 1 🔒 > Approval step 2

Created in ApprovalMax

Manager
Finance   Approved

Team Lead
HR

Director
Marketing

3. Automate your audit trail

Audits can be tedious. From rummaging through boxes of receipts to searching for old emails, the hours can easily add up when compiling audit logs – not to mention the space these physical records take up.

Technology can take the hassle out of audits through automated steps that cut down manual effort:

ApprovalMax **automatically creates audit trails and a detailed audit report** is published to Xero with each approved document.

Purchase Order PO-1565
Submitted by Manager

☑ Open Audit Report
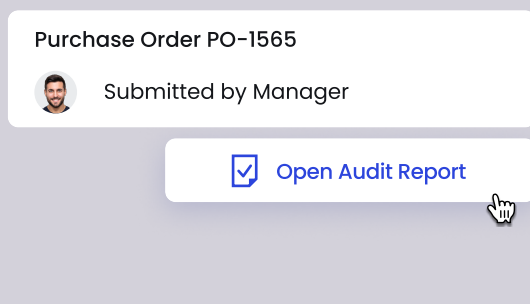
There is also the **option to provide auditors with access to all approval workflows** in read-only mode so that they can easily view and analyze the approval process.

Role ⌄

New user
External   Auditor

Team Lead
HR   User
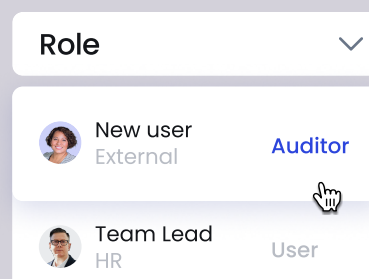
4. Limit access to your accounting system

While Xero has extremely basic approval capabilities, signing off on bills-to-be-paid or other documents in Xero requires granting everyone access to the platform. Just like you wouldn't cut a new house key for every visitor coming into your home, **providing everyone access to your accounting software can cause more issues than it's worth**.

Building robust financial controls in ApprovalMax means:

All approvers don't need access to Xero, instead they can view documents and **only relevant data directly in ApprovalMax**.

✓ Kaylee Carter
ApprovalMax access only

✓ Ann Lawson
ApprovalMax access only

ApprovalMax will even **warn administrators** if a document gets authorised in Xero without going through the approval workflow or is changed after approval.

⚠ Alert: The total bill amount has been modified after approval was granted ✕

5. Put documents in the hands of the right people

No one enjoys bill shock. It's the same in business where a casual attitude and lack of proper processes can lead to trouble, especially as businesses face tougher economic conditions.

You can find yourself asking **"Who on earth approved this?"**

Financial controls prevent this by adding **multi-step approvals by people across multiple roles and departments, like finance, HR, and marketing**.

Automating this means **the right people will always get to see the right documents** before they go anywhere else – even across businesses, for accountants and bookkeepers working with clients.
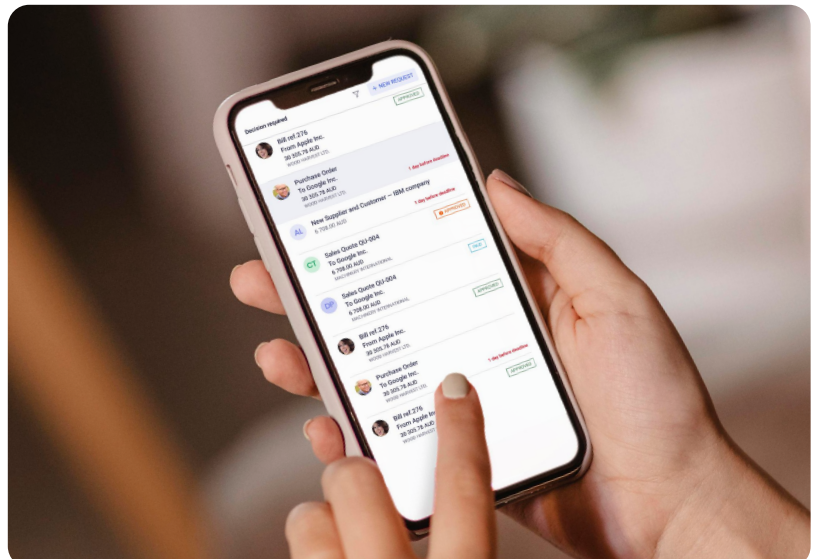
6. Go paperless!

Despite growing adoption of technology, the use of paper is widespread among businesses and firms; it's estimated that up to 50% of business waste is paper. Sadly, much of this goes straight to landfill. Plenty of teams want to let go of their reams and see the benefits of an efficient and environmentally friendly process but still rely on paper for all sorts of financial processes. **Online accounting platforms such as Xero make going paperless easy, cost effective and provide options for recording bills and other financial transactions.**

But what about approvals? It's one of the most common processes that still relies on physical documents. Luckily, the right app stack can enable paperless accounting, using tools like Xero, ApprovalMax, and Dext.

> By using these apps, a fully digitised workflow can be set up with end-to-end automation to import documents, push them through the right approvals, authorise payments, and keep an audit trail – all without having to hit 'print'.

Up to 50% of business waste is paper.

7. Reduce administrative burden

For business owners and partners alike, admin is a necessary burden – after all, it has to get done. But with so much going on, **hours spent sorting documents and chasing up authorisations and approvals quickly adds up and takes time away from more business critical work** (or even personal time!), racking up extra costly hours of the day. Before you know it, it's almost a full-time job.

## Thankfully, technology has created new and efficient ways to stay on top of this.

Automation takes it a step further, reducing the need for one person to own a task. It even **cuts down the mental load for your team** since they don't have to shepherd a document from person to person – the system does it for you!

8. Collaborate from anywhere

Businesses have embraced working from anywhere in recent years. Many even work with their accountant or bookkeeper **entirely online**; with the right financial controls, this process works seamlessly.

There's no need to chase someone down in the office to sign-off that one PO if you can manage the entire process end-to-end in the cloud. This helps with transparency and visibility as the workflow is set up and tracked via relevant apps – great for if a team member goes on leave or exits the business.

Mobile app

Slack message

Email notification

In-app chat
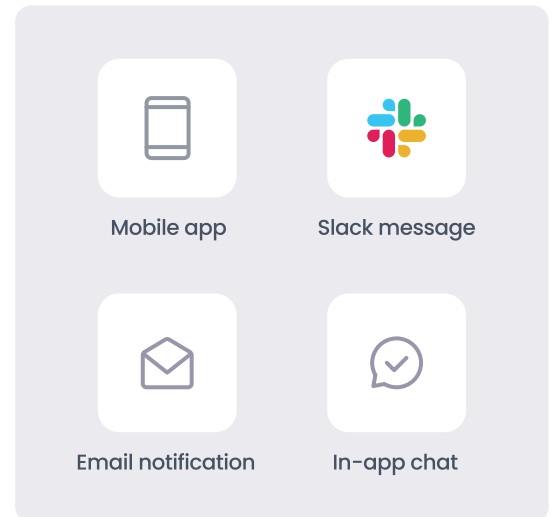
Want to know more about building robust financial controls for Xero?

Join our product demo to see how ApprovalMax works in real-time or start a free trial to try it for yourself.

Join demo   Start a trial

Contact us
sales@approvalmax.com
approvalmax.com

Financial controls

Data security

Decision required   + NEW REQUEST

Bill ref.276
From Apple Inc.   APPROVED
30 305.78 AUD
WOOD HARVEST LTD.

Purchase Order
To Google Inc.
30 305.78 AUD
WOOD HARVEST LTD.   1 day before deadlin

New Supplier and Customer — IBM company
6 708.00 AUD
1 day before deadline

Sales Quote QU-004   APPROVED
To Google Inc.
6 708.00 AUD
MACHINERY INTERNATIONAL

Sales Quote QU-004   PAID
To Google Inc.
6 708.00 AUD