

# Spend Management for QuickBooks Online



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Properly managing business expenses isn't as simple as paying bills on time.

Proper spend management also includes tracking and controlling company-wide spending, including procurement costs.

With up to 80% of a company's total costs driven by external spending, proper spend management is essential for the financial well-being of your business.



The purchase order feature in QuickBooks Online is easily navigated.

Once the purchase order has been entered, you can send the purchase order electronically to your vendor or supplier for processing.

In QuickBooks Online, you can also update the purchase order status once an invoice has been received by copying the information to a bill for AP processing.

There is also an option to view all open purchase orders by running the Open Purchase Order List report, which can be run by product/service or by vendor.

One thing to note is that the purchase order feature in QuickBooks Online will need to be turned on.

This can be done in the Settings area of the application.

For a small business this can work well. But as a company grows this will create a bottleneck with your accounting team because you won't want all your staff to have access to QuickBooks and see your accounting data.

QuickBooks does not have granular access controls.

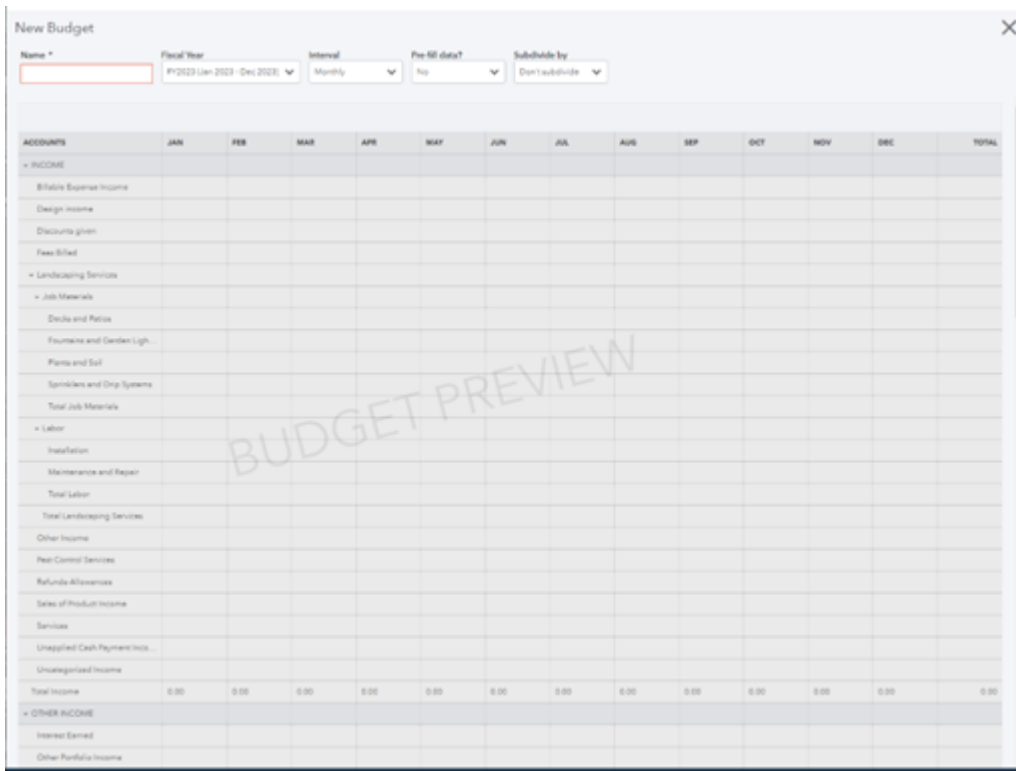
Also, there are no purchase order approval workflows and other important functions for properly managing purchasing within a company.

## **Budgeting**

Both QuickBooks Online Plus and QuickBooks Online Advanced offer basic budgeting options that can be useful for your finance team.

You have the option to use previous year totals or current year totals to prepare your budget.

Because QuickBooks Online uses accounts that are in your current chart of accounts, if you wish to add a particular account to your budget, you'll first have to add the account to your chart of accounts.



The Budget feature lets you create a new budget for multiple fiscal years.

A Pre-fill data option lets you prefill a newly created budget using previous year or current year totals, and you have the option to subdivide the budget by customer if you desire.

You can create a budget for up to seven fiscal years, and have the choice to create a monthly, quarterly, or yearly budget.

If you subscribe to the Advanced plan, you can also import budgets as a .CSV file.

There's also an option to copy an existing budget, which allows you to use last year's financial data in your new budget.

Once a budget has been created, you can run either the Budget Overview report or a Budget vs. Actuals report so you can see how close your current totals are to your budgeted amounts.

The budgeting in QuickBooks Online can be beneficial from a reporting perspective but it will not restrict and control expenditure during the purchasing process and give you real-time budget vs expenditure data at the point of approving a purchase like PLANERGY, a dedicated spend management software that integrates with QuickBooks Online.

# QuickBooks Desktop for small and mid-sized businesses

QuickBooks Desktop is a flexible accounting software application designed for small to mid-sized businesses. While the desktop application cannot compete with custom-designed ERP applications, many larger businesses have continued to use QuickBooks Desktop applications for their bookkeeping and accounting needs.

QuickBooks Desktop was first introduced in 1998 and modeled after Intuit's first financial application, Quicken, which provided personal accounting capability, but no double-entry accounting. When QuickBooks Pro was initially introduced it was aimed at the non-accountant small business owner looking for a way to do accounting other than an Excel spreadsheet. In 2000, additional features were added to the application, but it still lacked the specificity that many small business owners were looking for.

That all changed in 2003 when Intuit introduced the first industry-specific editions of QuickBooks, which have grown in popularity and are now available in several editions, including the professional services version, which we'll talk about in this article.

## What is QuickBooks Desktop Professional Services?

While all niche industries can make an argument for an application designed specifically for their business needs, the professional services industry offers several challenges that need to be appropriately addressed including solid time tracking capability, flexible billing rates, and the option to better track project data.

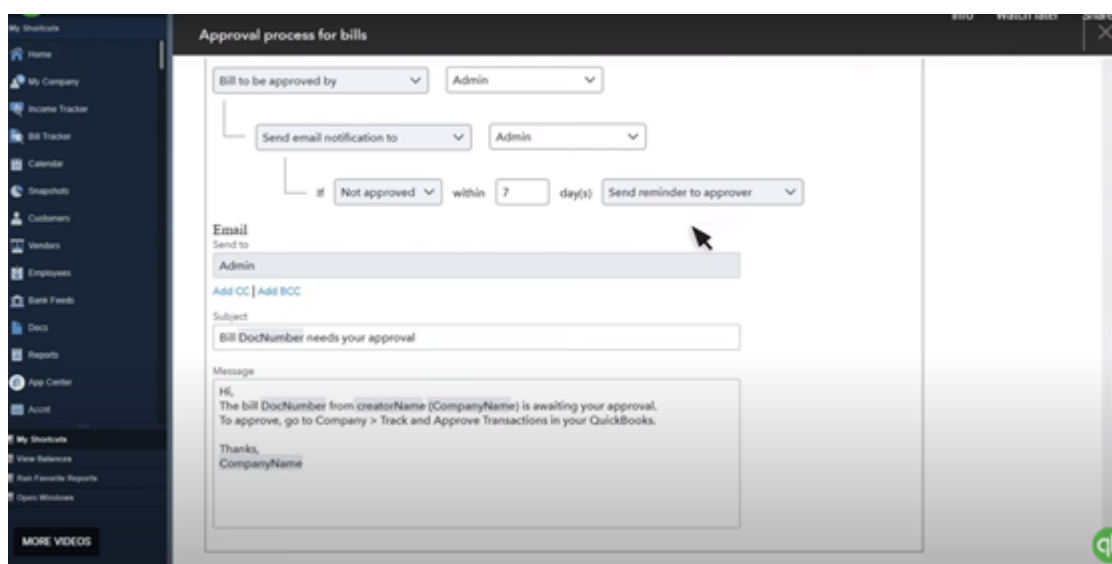
QuickBooks Desktop Professional Services does that and more. Designed for those providing services rather than selling products, the Professional Services edition is available in both the Premier and Enterprise versions of QuickBooks Desktop.

In this article, we'll take a look at QuickBooks Enterprise for Professional

Services, which is designed for mid-sized businesses and can support up to forty system users. However, if your business has less than five QuickBooks users, you may want to consider using QuickBooks Premier Professional Services, a better option for smaller businesses.

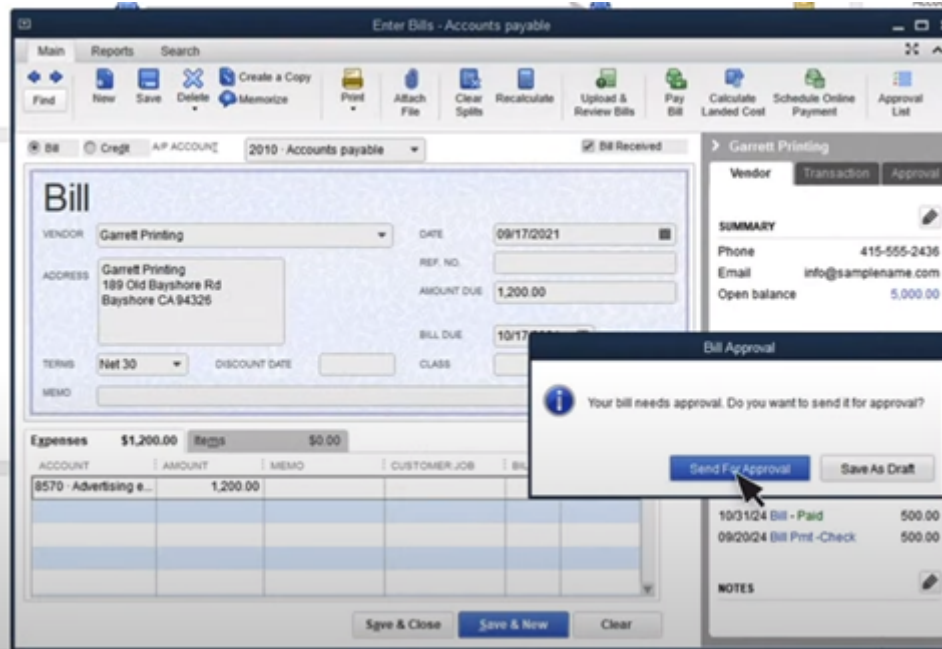
Today, QuickBooks Enterprise Professional Services is loaded with features, including all those found in regular QuickBooks Desktop applications, such as double-entry accounting, online banking, bill payment, and invoicing. But it also includes features and functionality designed specifically for service professionals. Here's a breakdown of some of the latest features.

\* **Bill Workflow Approvals - (Platinum version)** Bill workflow approvals is a brand new feature that allows you to better manage your cash flow by creating customizable workflow approvals. This new feature also includes reminders when approval deadlines approach.



*You can set up custom workflows with the new Bill Workflow Approvals feature.*

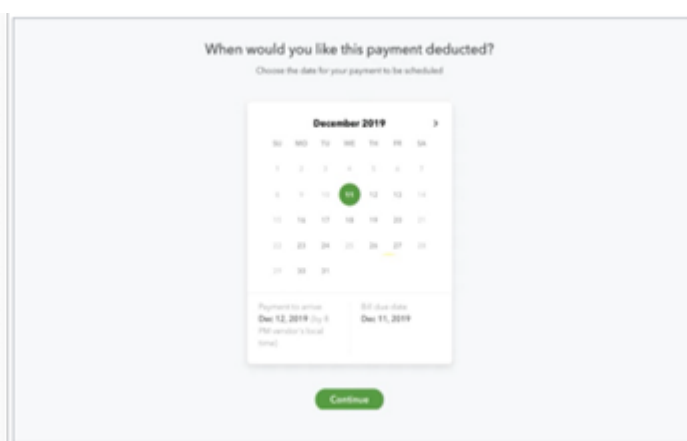
You can choose the custom workflow to suit your business, and can even customize the email message that the assigned recipient will receive. You can also choose whether you wish to copy anyone on the email. Once a workflow process has been set up for a particular vendor, whenever you enter a bill for that vendor, you will receive a message that the bill needs approval.



*The Bill Approval option appears when a custom workflow has been set up for that vendor.*

This message serves as a reminder that the bill has to be submitted for approval before processing.

**\* Scheduling and Paying Bills** - Another new feature in QuickBooks Enterprise Professional Services is the option to schedule bills for payment. A particularly useful feature for smaller businesses with limited cash flow, using the billing scheduling and payment feature allows you to review any open balances, track sales orders, and plan in advance when to pay a bill.

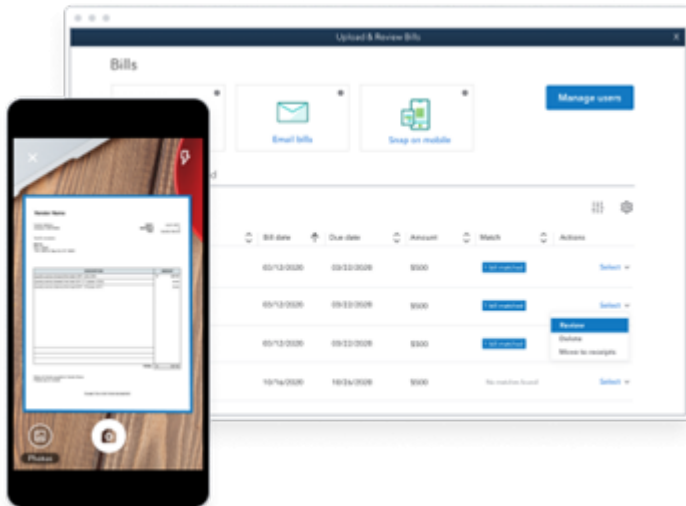


*The Scheduling and Bill Payment feature allows you to schedule bill payments.*

When scheduling a payment, you have the option to choose the form of payment you wish to use including bank transfers or a physical check.

**\* Upload Bills to QuickBooks** - Using the QuickBooks Desktop mobile app, you

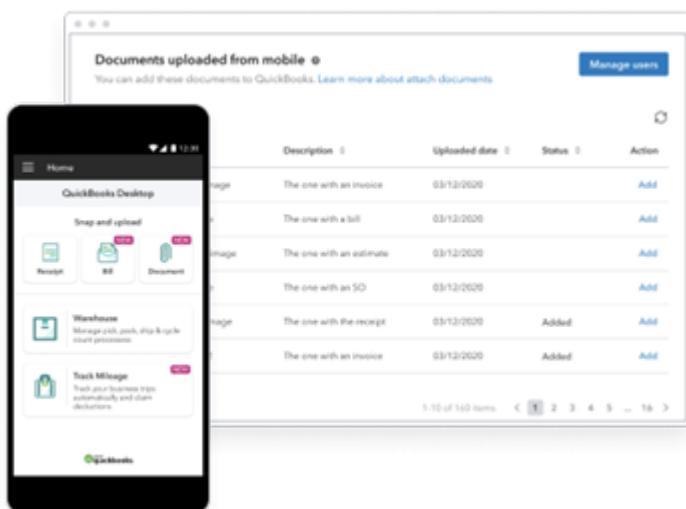
can now upload your bills directly into the application.



*Using the QuickBooks Desktop Mobile App, you can easily upload bills.*

All you have to do is snap a photo of the bill and click on the import feature. You'll be able to review the bill for accuracy before it posts into your account. Another benefit to using this feature is that you can have your vendors email their invoices directly to QuickBooks, where they will be available for you to review.

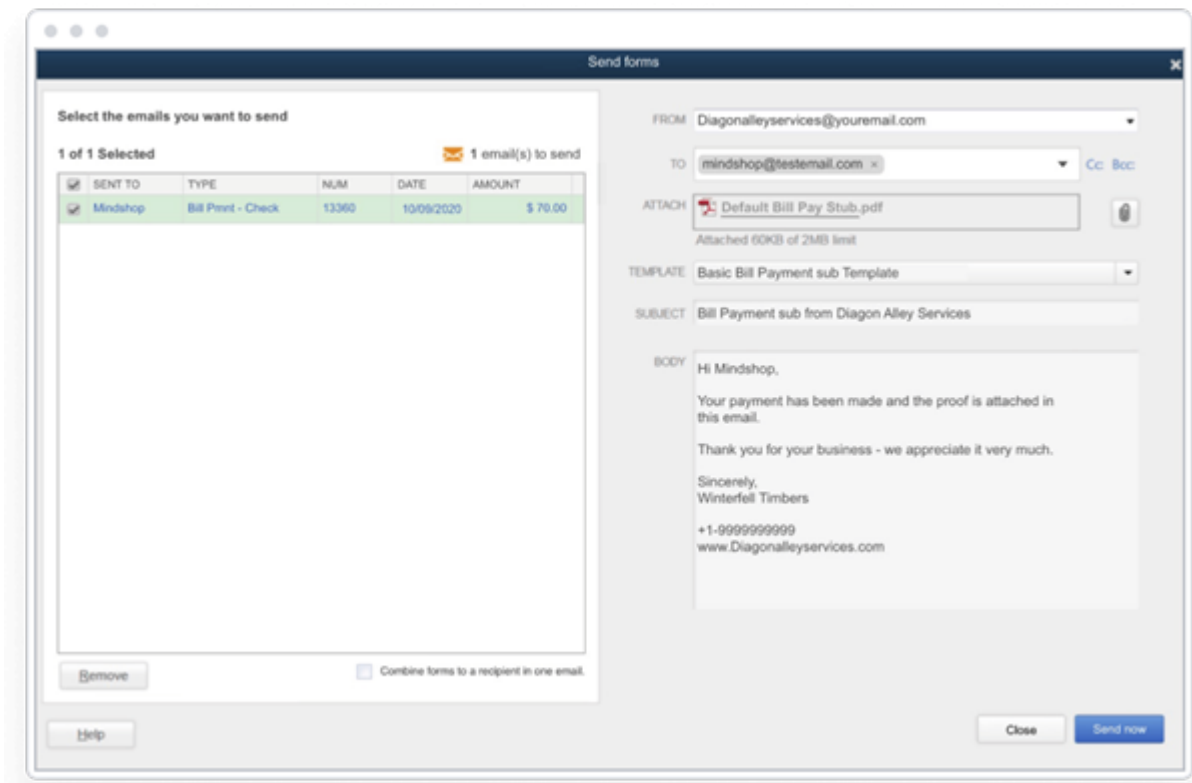
**\* Attach Documents to Transactions** - Along with uploading invoices, you can also attach documents to any transaction using the mobile app.



*Use the QuickBooks Desktop Mobile App to attach documents to any transaction.*

Doing so eliminates the need to store multiple documents on your system. You can also upload and attach multiple documents simultaneously if desired.

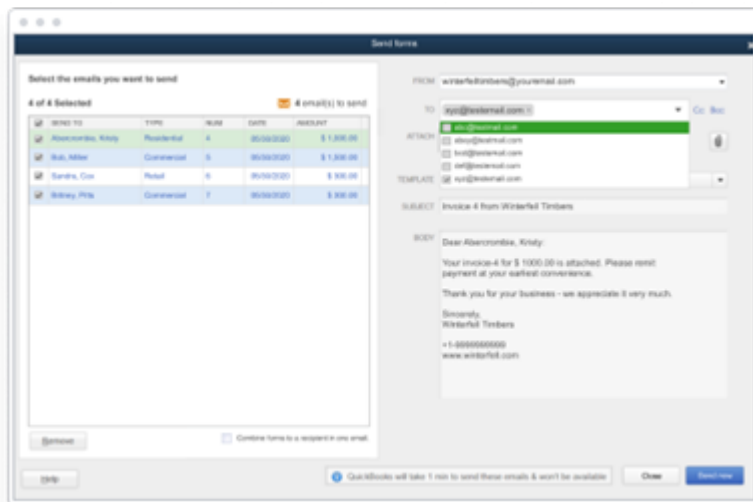
**\* Customize Bill Payment Stubs** - Your vendors no longer have to wait for a paper check to receive a bill payment voucher. Using this feature, you can add your business logo and format the payment stub to suit your business.



*You can now customize bill payment stubs for all of your vendors.*

You can choose the vendors you wish from the dropdown list and create a custom email to send along with the bill payment stub.

**\* Multiple Email Contacts** - Do you have a newsletter, targeted sale, or other information you wish to send to a select group of contacts? Using the multiple email contact feature, you can do just that.



*The Email Contact List allows you to choose the recipients for a group email.*

This is a great way to get custom messaging out to the appropriate recipients without having to manually enter each email address.

*The professional services industry offers several challenges that need to be appropriately addressed including solid time tracking capability, flexible billing rates, and the option to better track project data.*

## Other features

Along with these new features, QuickBooks Enterprise Professional Services also offers numerous features designed for professional services businesses. These include:

**Time Tracking with QuickBooks Time Elite (formerly TSheets Elite)** – Time tracking is important for any business, but particularly so for service businesses who have to manage timesheets and bill their time accordingly. Using QuickBooks Time Elite, professional services users can track time spent on any project. But even more important, the time can then be automatically rolled up into any subsequent project reports as well as into QuickBooks Payroll, eliminating the need to enter data twice.

This allows users to track their time from any location, whether it's from their home, the office, or the client's office.

**Project Costing** – It can be difficult to know if a client project is profitable if all

of the project management components are not tracked properly. Not only can you easily track project cost projections in real-time using the job costing dashboard, but you can also track the actual expenses to see if you're on track for profitability or if cost adjustments are needed.

Best of all, QuickBooks Enterprise will automatically create client invoices based on data entered in the system, eliminating the need to bill clients separately.

**Flexible Billing Rates** - As a professional services firm, your billing rates likely change frequently, depending on the job completed, who completed it, and the level of difficulty in completing the job. That's why being able to assign different billing rates to your employees based on a variety of criteria is so important.

By setting custom billing rate levels, you can assign a rate for a particular level rather than by an employee. For example, at a CPA firm, partner billing rates would be assigned at a different level than entry-level employees.

**Reporting** - Good reporting options are available in all QuickBooks Desktop applications with the Enterprise edition of QuickBooks Desktop offering more than 200 reports that can be customized to suit your needs. Any customized report can be saved in the application as a template, so you can use the same reporting criteria in the future without having to set it up again.

**Advanced Reporting** - Advanced reporting allows Enterprise users to access raw data to create reports and graphs from scratch. In addition, the Professional Services edition of QuickBooks (and all niche editions) also offers bundled reports designed specifically for professional services businesses. These reports include:

- **Billed and Unbilled Hours** - This report can be run by person or by project, and provides management with a good view of all billable hours as well as how long an employee has spent on a particular project.
- **Costs by Project** - Costs need to be looked at throughout the life of a project. Running the Costs by Project report allows you to see exactly how much you've spent to date, allowing you to make adjustments to your forecast mid-project when needed.
- **Project Costs Detail** - Still wondering exactly why your project has gone over budget? Run the Project Costs Detail report to see exactly how funds were spent.

- **Cost to Complete** - Not sure if you have enough in the budget to complete a project? Just run the Cost to Complete report, which displays both percentage complete and cost to complete, allowing you to make any adjustments before the job runs over budget.
- **Project Status** - One of the most important reports for management, the Project Status report provides a summary view of all projects in progress along with a guide that shows you whether the project is on track for on-time completion.

**Payroll Processing** - All QuickBooks Enterprise editions come with QuickBooks Enhanced Payroll, which allows you to pay both employees and contractors. Enhanced Payroll also includes both printed check capability as well as free direct deposit. For those that want additional help with payroll, a subscription to Assisted Payroll will take care of all payroll taxes including filing and payment.

QuickBooks Enterprise Professional Services also includes a custom chart of accounts, can monitor project progress, track unbilled time, and electronically invoice clients. Multi-level data permissions are available, so management can establish permission levels for multiple groups of employees, ensuring confidentiality throughout the life of the project.

In addition, you can prepare custom proposals for potential business, accept mobile and credit card payments from your clients, and even integrate with Salesforce CRM for better client and sales management. For those that require integration with outside e-commerce channels, an optional e-commerce integration add-on is available that offers seamless integration with online stores and marketplaces.

Like all QuickBooks products, QuickBooks Enterprise Professional Services is designed to work on a Windows platform and is not currently available for Mac systems. Available as an annual subscription, Intuit offers three versions of Enterprise:

1. **Gold** - The Gold version of QuickBooks Enterprise includes Advanced Reporting, access to QuickBooks Priority Circle, and QuickBooks Enhanced Payroll. The Gold version supports up to 30 system users and starts at \$1,489.50 for the first year.

2. **Platinum** - The Platinum version includes all Gold level features as well as Advanced Inventory for tracking inventory items, Advanced Pricing, and Bill Workflow Approvals. The Platinum version supports up to 30 system users with a subscription starting at \$1,831.50 for the first year.
3. **Diamond** - The most advanced version of QuickBooks Enterprise, the Diamond version can support up to 40 users and includes advanced features such as QuickBooks Time Elite, and the Salesforce CRM Connector. Diamond subscribers also have access to QuickBooks Desktop Assisted Payroll. The Diamond version of QuickBooks Enterprise starts at \$3,618 the first year.

All subscription levels include customer support, online data backup storage for all QuickBooks data, product upgrades, and training tools.

## Is QuickBooks Enterprise Right for Your Business?

A great option for mid-sized and growing professional services businesses that are looking for a better way to manage project costs and billing, QuickBooks Enterprise Professional Services is an all-in-one application that you will not soon outgrow.

## Invoice Processing

Invoice processing is simple in QuickBooks Online, but there is no real automation involved in the process.

For example, once you receive an invoice for a purchase, if the invoice matches the purchase order, you can change the status of the purchase order by converting it to a bill.

However, there is currently no option for an invoice to automatically connect with a purchase order.

The screenshot shows the 'Bill' creation page in QuickBooks Online. At the top right, the 'BALANCE DUE' is \$0.00. The form includes fields for Vendor, Billing address, Terms, Bill date, Due date, and Bill no. Below these are sections for 'Category details' and 'Item details'. The 'Category details' section contains a table with columns for #, CATEGORY, DESCRIPTION, AMOUNT, BILLABLE, TAX, and CUSTOMER. The 'Item details' section includes a Name field and an Attachments section. At the bottom, there are buttons for 'Cancel', 'Make recurring', 'Save', and 'Save and schedule payment'.

Create a bill from scratch or upload an electronic invoice directly in QuickBooks Online.

If you have already created a purchase order for an expense, you can create a bill for that purchase order by choosing the Copy to Bill function, which will automatically close the purchase order.

A dedicated AP automation software that integrates with QuickBooks Online, like PLANERGY, can greatly improve invoice processing in QuickBooks.

This is achieved by automatically importing invoices, digitally archive them, scanning them using OCR and AI, automatically two- or three-way match the invoice against PO and GRN, flagging duplicate invoices, highlighting any differences between PO and invoice, and automatically routing invoices for approval.

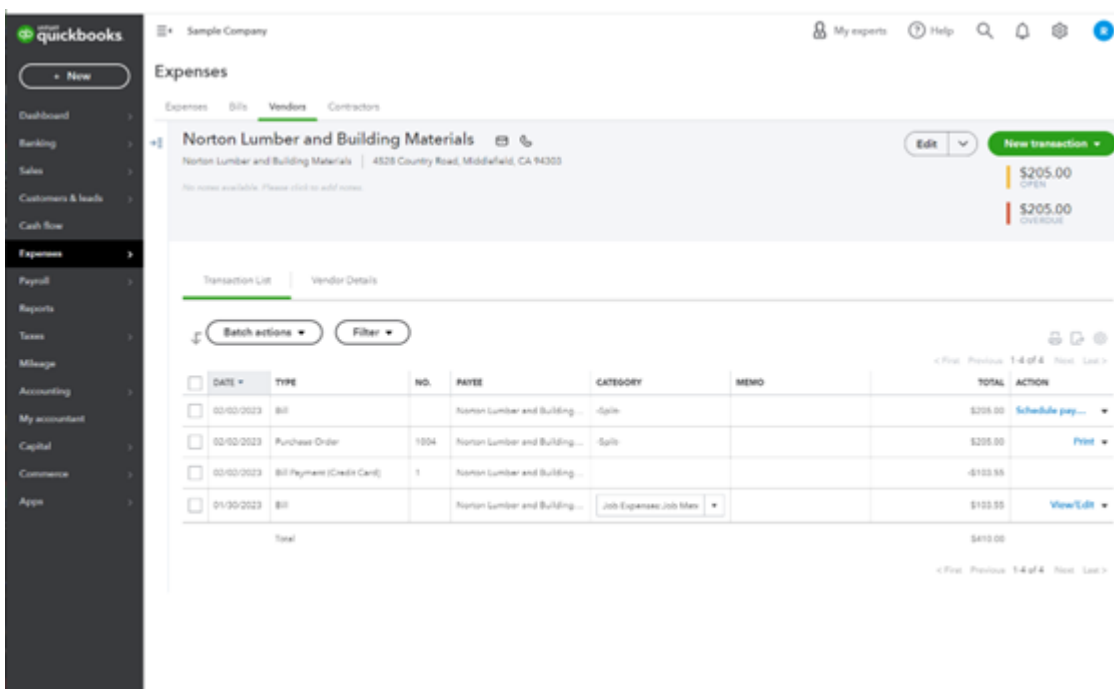
Reducing manual steps and managing by exception greatly improves invoice processing time and reduces the cost of processing invoices.

# Supplier and Vendor Management

Vendor management capability is decent in QuickBooks Online.

You can add the usual contact information, including a billing address, by clicking on the Vendor Details tab.

To view all current supplier and vendor activity, click on the Transaction List option, which lists all current transactions related to a particular vendor including bills, purchase orders, and payments.



The screenshot displays the QuickBooks Online interface for the 'Expenses' section, specifically the 'Vendors' tab. The vendor selected is 'Norton Lumber and Building Materials'. The screen shows a summary of the vendor's activity, including a balance of \$205.00 OPEN and a balance of \$205.00 OVERDUE. Below this, there is a 'Transaction List' table with columns for DATE, TYPE, NO., PAYEE, CATEGORY, MEMO, TOTAL, and ACTION. The table contains four rows of transactions, including a bill, a purchase order, a bill payment, and another bill. A 'Total' row at the bottom shows a total of \$410.00. The interface also includes a sidebar with navigation options and a top navigation bar with user and help information.

DATE	TYPE	NO.	PAYEE	CATEGORY	MEMO	TOTAL	ACTION
02/02/2023	Bill		Norton Lumber and Building...	Suppl		\$205.00	Schedule pay...
02/02/2023	Purchase Order	1004	Norton Lumber and Building...	Suppl		\$205.00	Print
02/02/2023	Bill Payment (Credit Card)	1	Norton Lumber and Building...			-\$102.50	
01/30/2023	Bill		Norton Lumber and Building...	Job Expenses: Job Man		\$102.50	View/Edit
Total						\$410.00	

The Expenses option lets you manage all vendor activity from one screen.

One of the most useful features in QuickBooks Online is the ability to complete all related vendor activity from within the Vendors screen.

For example, if a vendor has an open bill, you can schedule it for payment directly from the Vendors screen.

You can also update the status of a purchase order from the Vendors screen, copying information over to a bill.

While this is extremely useful, unfortunately, it doesn't lend itself to automating the AP/procurement process, since all of these updates will need to be entered manually.

A dedicated spend management platform, like PLANERGY, will add additional vendor management features. These include supplier approval, vendor performance management, vendor management KPI tracking, PunchOut catalog integrations, and reporting easily on vendor spend.

## **User Access Controls**

QuickBooks Online allows you to add a new user to the system at any time. Unfortunately, there are only two levels of users available:

### **1. Standard Users**

Standard users can be given full or limited system access.

Standard users with full access can view, add, and change information in both Customers and Sales and Vendors and Purchases.

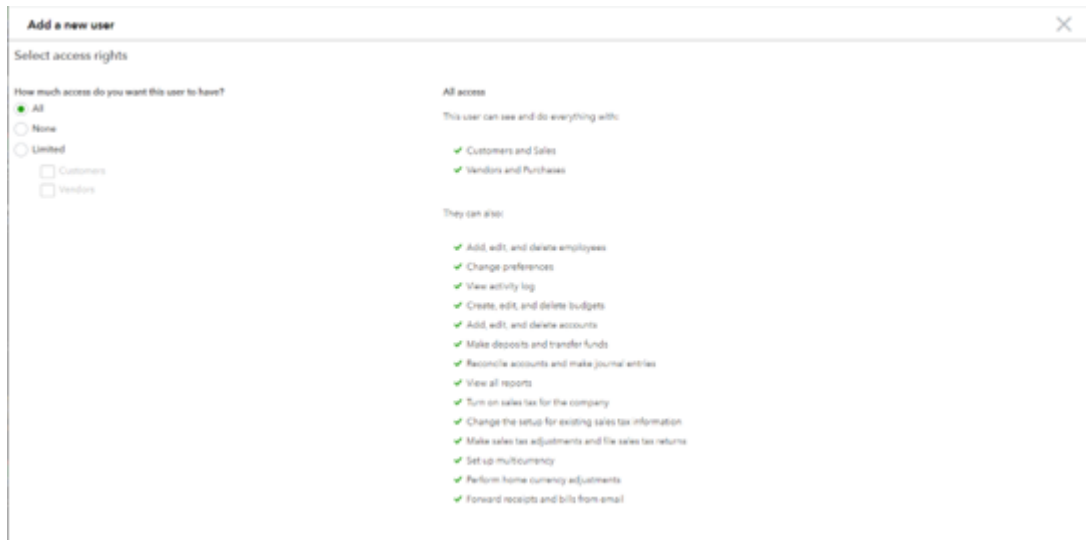
This includes writing checks, making bank transfers, making deposits, and changing system preferences.

Those with limited access can perform most job functions, but cannot print checks, view bank registers, adjust inventory totals, view income and expense totals, or set up multicurrency options.

There is no option to customize which features and functions the system users can have access to.

### **2. Company Admin**

Company Admins have complete access to all system features including sending money, changing passwords, and adding users.



New users can be given All, Limited, or No access in QuickBooks Online.

Two other types of access can be used that don't count toward the number of current system users:

## 1. **Reports Only**

This designation allows employees to access standard financial reports while restricting payroll reports and those that contact personal information.

## 2. **Time Tracking Only**

If you use time-tracking, this designation allows employees to add their time sheets to the system.

While these options may be suitable for smaller businesses, larger businesses will likely need a more sophisticated way to assign access controls for their employees.

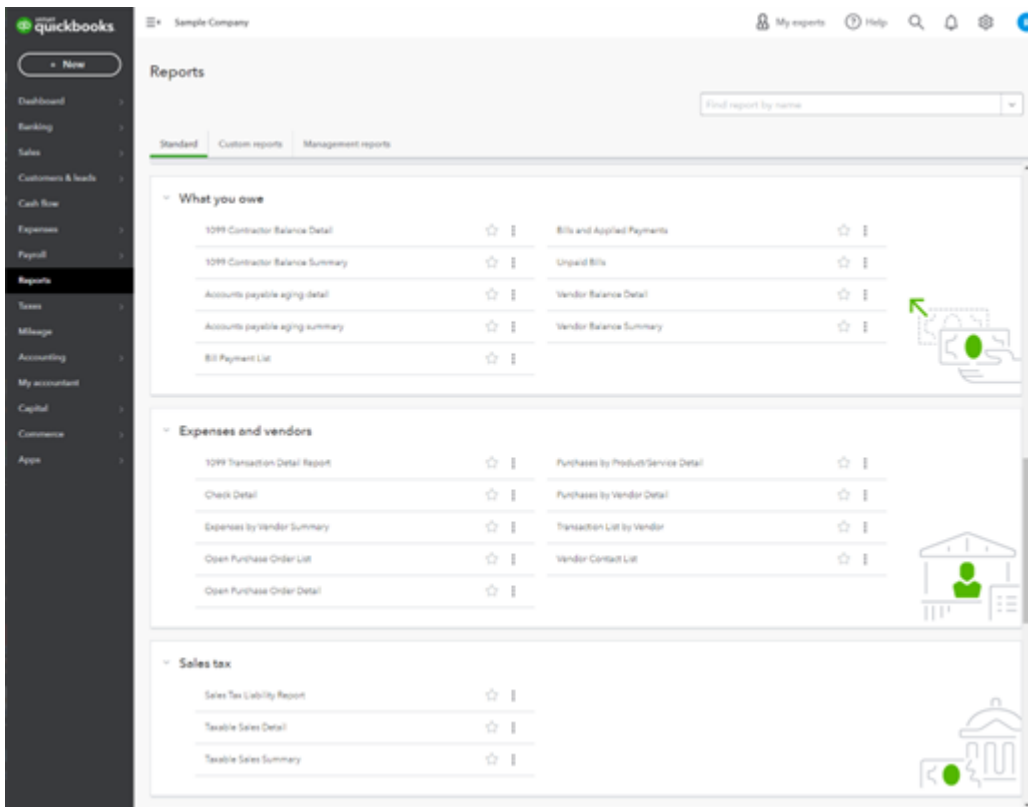
A separate spend management platform allows you to leave access to QuickBooks to the finance team while giving more granular controls around purchasing. For example, restricting access to view POs from just one department.

# Reporting

For general financial reporting, QuickBooks Online offers solid reporting options.

For expense management purposes, those reports are limited to the following:

- Open purchase order list
- Open purchase order detail
- Purchases by product or service detail
- Purchases by vendor detail



Expense management reporting in QuickBooks Online is limited.

While there are several accounts payable and vendor reports available, the reports provide minimal information that can be useful for proper spend management.

A dedicated spend management software, like PLANERGY, can include deep reporting functionality for accounts payable and procurement with automated spend analysis.

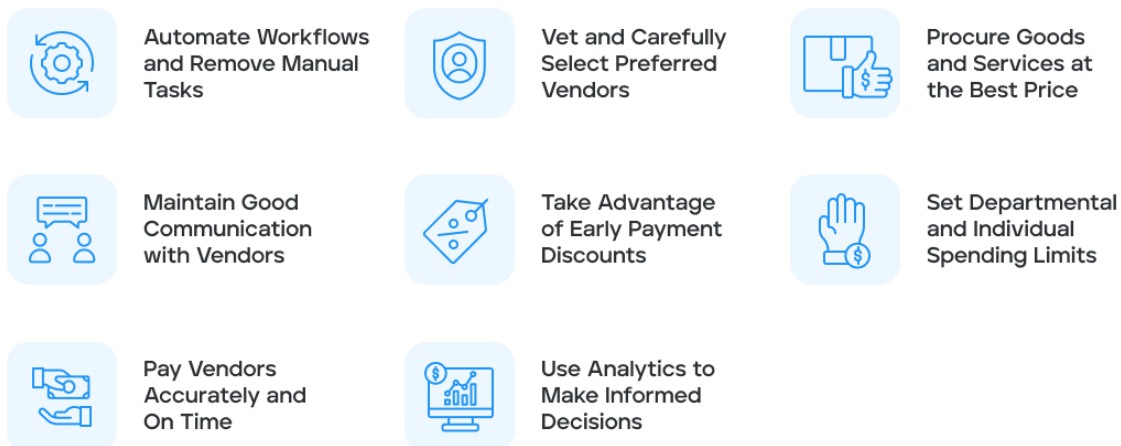
# Spend Management Best Practices

Spend management best practices are important for small and mid-size businesses.

These best practices include:

- Automating workflows and removing manual tasks
- Vetting and selecting vendors carefully
- Procurement of goods and supplies at the best price for the best terms
- Maintaining a good business relationship with vendors which should include regular communication
- Taking advantage of early payment discounts when offered
- Setting departmental and individual spending limits to stay within budget
- Making sure that vendors and suppliers are always paid on time and accurately
- Using analytics to make the best possible business decisions

## ■ Spend Management Best Practices



PLANERGY™

Automation plays a key role in spend management best practices. For example, it's difficult to pay vendors on time when invoices aren't approved regularly.

It's also difficult to have a complete picture of your finances when invoices are sitting on someone's desk waiting to be approved.

When using manual AP systems, it can also be difficult to take advantage of early payment discounts.

That's why it can be beneficial to your business to use a procure-to-pay application that integrates with accounting software applications like QuickBooks Online.

## Use a Dedicated Spend Application with QuickBooks Online for Improved Spend Management

Using a dedicated spend application like PLANERGY can increase the effectiveness of your accounting software application while also automating much of the purchase order and accounts payable process.

For example, PLANERGY offers the following features that can significantly reduce or even eliminate data entry, provide real-time budget vs. actual reports, and true AP automation.

### ■ Features Spend Management Software Adds to QuickBooks Online



Two-and Three-Way Matching



Automated PO Processes



Purchase and Invoice Approval Workflows



Budgeting Controls



Supplier Relationship Management and Approvals



Spend Analytics



Accounts Payable Automation



Accurate AP Reporting



Granular User Access Controls

## • **Two- and Three-Way Matching**

While you can match a purchase order to an invoice in QuickBooks Online, the process has to be completed manually.

Using an application like PLANERGY, incoming invoices are automatically matched to shipping receipts and purchase orders using artificial intelligence and OCR technology.

## • **Automated PO Processes**

Instead of using a manual purchase order system, mapping PLANERGY to QuickBooks Online allows you to automate the entire purchase order process from the initial purchase request to automating the entire purchase order workflow process.

Using a procure-to-pay software application also allows you to better monitor spending while reducing time-consuming manual processes.

In addition, you can manage your purchases from initial request to approval, to payment, from any device or mobile app.

## • **Purchase and Invoice Approval Workflows**

One of the biggest issues that impact accounts payable is delayed approvals. Using a manual approval process, paper invoices are routed to approvers, where they can remain on a desk for days or weeks at a time.

Even if you receive invoices electronically through QuickBooks, those invoices will still need to be routed to approvers before they can be paid.

Using procure-to-pay software streamlines the approval process by using an automated approval workflow that eliminates the manual approval process.

## • **Budgeting Controls**

PLANERGY gives you real-time visibility of spend versus budget.

It can also restrict purchasing when you reach your budget requiring approval on a budget increase before further spend can be committed against the budget.

This gives you better information when approving POs while also having the ability to ensure you are staying within budget.

## • **Supplier Relationship Management and Approvals**

QuickBooks Online allows you to enter basic vendor details, but it's impossible to adequately manage large numbers of purchases using QuickBooks applications alone.

But adding a procure-to-pay application like PLANERGY offers easy vendor onboarding with centralized data management capability that can support vendor systems and supply catalogs.

In turn, a better supplier relationship can also lead to better pricing and more flexible payment terms.

## • **Spend Analytics**

If you've ever wondered exactly what your business is spending its money on, having access to true spending analytics is vital.

While QuickBooks Online offers good standard reporting options, there's little available that can help with true spend management.

On the other hand, procure-to-pay applications like PLANERGY offer real-time business intelligence reports and user dashboards that can be fully customized to suit the needs of your business and help turn data into actionable insights.

Unlike QuickBooks reports, procure-to-pay applications offer insight into spending levels and where you're spending. You'll also be able to track every purchase you make.

## ▪ **Accounts Payable Automation**

While you can manage invoices in QuickBooks online everything is quite manual.

PLANERGY introduces AP automation to automatically scan and match invoices, automatically forward invoices for approval to the correct person, all while ensuring invoices are backed up digitally.

## ▪ **Accurate AP Reporting**

Instead of waiting until a bill has been received or paid, using a procure-to-pay application allows you to view budget vs. actuals in real-time.

You'll also have access to business intelligence reports while ensuring a quicker, more accurate month-end closing process which includes committed spend totals.

## ▪ **Granular User Access Controls**

User access is an important part of any application. QuickBooks Online offers multi-level user access but fails to provide granular access control that keeps access to accounting data strictly to accountants.

A better solution is to use an application that offers granular user access controls, allowing authorized users to access procure-to-pay features without having complete access to accounting software applications.

As a result, AP and purchasing staff have easy access to the functions they need without access to confidential data such as payroll and bank account information.

For added security, things like two-factor authentication and the ability to set multi-level permissions based on roles help keep confidential information secure.

# Have the Best of Both Worlds

QuickBooks Online is a great application for general accounting, but it offers little in the way of spend management capability.

But when coupled with an easily integrated, procure-to-pay application, like PLANERGY, you can continue to use the accounting software you're comfortable with while bringing AP automation to your business.

With a procure-to-pay application, you can manage all of your purchase orders, from initial request to approval directly in the application, without the need to access QuickBooks Online.

In addition, procure-to-pay applications like PLANERGY offer AP automation such as three-way matching automation, with the ability to automatically import and generate bills in QuickBooks Online for all approved expenses.

Using an automated procure-to-pay application will allow you to reduce or even eliminate paper invoices, create an automated workflow approval system that ensures that invoices are promptly approved for timely payment, and eliminate the need for duplicate or repetitive data entry.

Using QuickBooks Online combined with a procure-to-pay application like PLANERGY can eliminate Excel spreadsheets, save time, and still provide the accounting capability your small business needs.

## What's your goal today?

### **1. Use PLANERGY to manage purchasing and accounts payable**

We've helped save billions of dollars for our clients through better spend management, process automation in purchasing and finance, and reducing financial risks. To discover how we can help grow your business:

- Read our case studies, client success stories, and testimonials.
- Visit our Accounts Payable Automation Software page to see how PLANERGY can automate your AP process reducing you the hours of

manual processing, stopping erroneous payments, and driving value across your organization.

- Learn about us, and our long history of helping companies just like yours.

Book a Live Demo

## **2. Download our guide “Preparing Your AP Department For The Future”**

Download a free copy of our guide to future proofing your accounts payable department. You’ll also be subscribed to our email newsletter and notified about new articles or if have something interesting to share.

download a free copy of our guide

## **3. Learn best practices for purchasing, finance, and more**

Browse hundreds of articles, containing an amazing number of useful tools, techniques, and best practices. Many readers tell us they would have paid consultants for the advice in these articles.

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