

HOUSEHOLD EXPENSE TRACKING

SERVICES OVERVIEW

February 2018

The Family Office team at Ocorian regularly assist their client families with household expense tracking. This factsheet summarises the main features of this service.

SCOPE

Our high net worth Family Office clients experience some or all of the following issues:

- Busy and demanding schedules involving regular international travel.
- Requirement to employ and remunerate direct household staff.
- Complex financial affairs.
- Delegation of some aspects of household spending to staff.
- Multiple homes.

As a result, many client families find it difficult to keep on top of what their household spending patterns are, and to budget effectively for household costs. Ocorian operates a service assisting families with the following:

- Setting budgets for household expenditure.
- Tracking actual expenses against budget.
- Establishing delegated spending limits to specific staff members.
- Electronic capture and storage of receipts.
- Automated book-keeping to allow for efficient and cost-effective collation of data.
- Bespoke household reporting to client family on key areas of spending in each family home.

REPORTING

We operate a system which is designed to be efficient and cost-effective and to utilise staff members as far as possible, as they are an existing fixed cost to the family. The process operates as follows:

- The individual staff members are equipped with an App (developed by a third party) that is installed onto their individual Smartphones. Training is

given by Ocorian to staff members as to how to install and use this App.

- When incurring an expense in relation to their work (whether this be incurred personally, and therefore reimbursable, or paid from the household account/credit card) the staff person photographs the receipt and assigns it to a specific category (e.g. "London Home - Flowers").
- After recording a batch of such receipts, the desktop version of the App requires a second user to authorise this batch. We discuss the context with clients to establish who that second person will be.
- Once authorised, the report is automatically book-kept via a direct link between the desktop version of the App and the selected book-keeping package. This allows for efficient and timely capture of data.
- Automated reconciliation of expense reports with household bank account/credit card to ensure all data has been completely captured.
- This is then collated into a report (which is generated and maintained by Ocorian), which shows the client family what they are spending, in each home and per category.
- As a result the client family is easily able to get visibility concerning their spending in each home, and as a result, to enquire and analyse why certain areas of spending are higher or lower than would be expected.
- We find that after this system has been operating for a number of months, that a natural outcome is the setting of budgets for individual houses and expense categories, and a system of advance notification when costs are expected to be higher than normal for specific events.

FEES

There are two areas of cost to the client family:

Set-up

We charge a one-off fee for establishing the expense tracking and reporting system which covers the following:

- Training for staff on the operation of the App and the desktop site of the expense tracking system.
- Setting up household expenditure categories on the expense tracking system.
- Developing bespoke client reporting schedules.
- Setting up household banking platform (optional).

This one-off fee will differ depending on the number of staff and homes that the client family has.

Ongoing

Typically the ongoing fee is limited to the following:

- Approval of expense reports (although this can be done by the staff member's supervisor if appropriate).
- Creating monthly/quarterly reports for client family on expenses incurred.
- Participation in the periodic (normally annual) budget setting process.
- Amending tracking system to allow for new or deleted expense categories.
- Assistance with ad hoc queries from individual staff members.
- Amendments to banking platform (addition or deletion of staff members).

KEY CONTACTS

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