

BEST PRACTICES, Controller's Office - A/P

Title: Vendor Inquiry of Payment and PO Information via the Web

30

Source: University of Arkansas

Co Area: Purchasing Department

Addl Info: http://www.sacubo.org/sacubo_resources/best_practices/2004.html

Abstract: The web-based vendor inquiry application developed by the University of Arkansas facilitates a vendor's inquiry as to payment, invoice, and Purchase Order information, without having to pick up the phone.

Information relating to invoice payments, remittance advise information, and Purchase Order information is readily available for a vendor to look up by simply providing their FIN (Federal Identification Number) when requesting the information. As long as the FIN entered 'matches' the FIN associated with the vendor on the PO, invoice, or check number requested, the requested information will be displayed. Not only that, but an image of the invoice is also available for viewing. This service is also available for those individuals who travel on behalf of the University of Arkansas. This is a great service for those individuals who do not have access to our internal system.

(Also see record #114 - <http://www.sacubo.org/2005BestPractices/>)

See http://www.sju.edu/financial_affairs/Vendor%20History%20Query%20Instructions.htm

BEST PRACTICES, Controller's Office - A/P

Title: Reduce Required Approvals

35

Source: Book by Steven M. Bragg

Co Area:

Addl Info: [Accounting Best Practices - 3-2, pg 23 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: The accounts payable process is typically a long one. Part of the problem is that many accounting systems require a manager's signature (or those of several managers!) on a supplier invoice before it can be paid. Though it is reasonable to have such a requirement if there is no purchase order for the invoice, many systems require the signature even if there is already a purchase order (which is, in effect is a form of prior approval). Also, most accounting systems require a approval signature on unapproved invoices, no matter how small the invoice may be. The result of these common approval procedures is that the accounts payable staff delivers invoices for signatures and then waits until the documents are returned before proceeding further with the payment process. If the manager is not available to sign an invoice, then it sits; if the manager loses the invoice (a common occurrence), the invoice is never paid, resulting in an angry supplier who must send a fresh copy of the invoice. This is a clearly inefficient process, both lengthy and likely to annoy suppliers. What can be done?

A superb best practice for any company to implement is to limit approvals to a single event or document and, wherever possible, to limit this approval to a period prior to the receipt of the supplier invoice. For example, an authorized signature on a purchase order should be sufficient overall approval to pay an invoice.' After all, if the signature was good enough to authorize the initial purchase of the item or service, shouldn't the same signature be sufficient approval for the payment of the supplier's bill? In addition, by shifting the approval to the purchase order, we avoid having the accounts payable staff track down someone after the supplier's invoice has been received, which effectively chops time from the overall accounts payable process. Another variation is to use a signature on the purchase requisition, which comes before the purchase order. As long as either document is signed by an authorized person and sent to the accounts payable staff in advance, it does not matter which document is used as authorization. The key is to use a single authorization, before the supplier sends an invoice.

BEST PRACTICES, Controller's Office - A/P

Title: Incorporate Copy Protection Features into Checks

36

Source: Book by Steven M. Bragg

Co Area:

Addl Info: [Accounting Best Practices - 3-29, pg 54 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: Copy Protection Features

- * "Void" image. When a check is copied, the word "Void" appears multiple times on the copied version of the check. This makes it impossible for a counterfeiter to create clean color copies of a check.
- * Micro printing border: Text can be added along the edges of a check using very small fonts, so they are only visible as text when magnified. When copied, they appear as a line, with no discernible wording visible. This is a less obvious, way to deter the efforts of someone attempting to color-copy a check.
- * Modified background in dollar space. A set of wavy lines can be designed into the check, in the area where the dollar amount is printed on the check. By doing so, counterfeiters will have a very difficult time erasing existing dollar amounts without visibly damaging the background.
- * Watermark. A watermark can be added to a check that is only visible when seen from an angle and that is impossible to duplicate when a check is run through a copier. This technique is most effective when the check contains a warning not to accept the check unless the watermark can be seen.

BEST PRACTICES, Controller's Office - A/P

Title: Use Negative Assurance for Invoice Approvals

63

Source: Book by Steven M. Bragg

Co Area:

Addl Info: [Accounting Best Practices - 3, pg 24 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: One of the most significant problems for the accounts payable staff is the continuing delay in receiving approvals of supplier invoices from authorized employees throughout the company. Invoices tend to sit on employee desks as low-priority items, resulting in constant reminders by the accounting staff to turn in documents, as well as late payments and missed early-payment discounts.

This universal problem can be avoided through the use of negative assurance. Under this approval system, invoice copies are sent to authorizing employees, and are automatically paid when due unless the employees tell the accounts payable staff not to issue payment. By focusing only on those invoices that may be incorrect, the accounting staff can process the vast majority of all submitted invoices without cajoling anyone to submit an approved document.

The process can be streamlined even further by digitizing an incoming invoice and e-mailing it to the authorizing employee. By doing so, employees can be reached even when they are off-site, as long as they check their e-mail on a regular basis. By linking these transmissions to workflow software, the accounting staff can designate how long an invoice can wait in a recipient's e-mail box before it is automatically routed to another authorized person, thereby ensuring that someone will see every invoice and raise a red flag if a potential problem exists.

Also see-

http://media.wiley.com/product_data/excerpt/59/04716369/0471636959.pdf

<http://www.allbusiness.com/periodicals/article/757467-1.html> & <http://www.ats.iastate.edu/vpbf/accounting/isuvoucher.htm>

Search Iowa State & <http://www.ats.iastate.edu/vpbf/accounting/wwaptraining-2.doc> &

<http://www.ats.iastate.edu/vpbf/accounting/isuvoucher.htm>

Search Wayne State and Univ of Mich (Dianne Parkerson 7-3946 has a Power Point Presentation from them)

BEST PRACTICES, Controller's Office - A/P

Title: Automate Three-Way Matching

65

Source: Book by Steven M. Bragg

Co Area:

Addl Info: [Accounting Best Practices - 5, pg 29 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: The 3-way matching process is a manual one - invoice to PO to receiving report - which is slow and inefficient. One solution requires some software changes that may already be available in the existing software package, with minimal changes to employee procedures, while still resulting in efficiency improvements. This best practice involves keeping the matching process in its current form, but using the computer system to perform the matching work. In order to automate three-way matching, all three documents must be entered into the computer system. This is easy for purchase orders, since most companies already enter purchase orders directly into the computer in order to track purchase orders through the manufacturing system. The next-easiest document to enter is the receiving document, which can be either a bill of lading or a packing slip. To do so, there should be a computer terminal at the receiving dock that is linked to the main accounting database so that all information entered at the dock is centrally stored. Finally, the supplier invoice must be entered into the computer system-line by line. It is common enough to enter the supplier's invoice number and dollar amount into the computer system, but automated matching requires the complete entry of all line items, quantities, and costs into the system, which can be a considerable chore. Once this information is in the accounting database, the computer system automatically matches the three documents (usually using the purchase order number as the index), compares all line items, and presents a summary of the matched documents to the accounting staff, showing any variances between the matched documents. The accounting staff can then scan the information and decide if the variances require further analysis or if they can be paid as is.

This best practice automates an existing manual process without a large number of changes. When deciding to use this best practice, it is useful to compare the savings from eliminating manual matching to the added cost of keying all the documents into the central database. There may also be an expense associated with installing the matching software in the system, though it is usually an integral part of the more advanced accounting packages. Low-end accounting packages do not normally contain the automated matching feature.

BEST PRACTICES, Controller's Office - A/P

Title: Link Vendor Requests to the A/P Database

70

Source: Book by Steven M. Bragg

Co Area:

Addl Info: [Accounting Best Practices - 20, pg 46 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: A significant task for an accounts payable person, especially one working for a company that pays its bills late, is to answer payment queries from suppliers. They want to know when their invoices were paid, the amount of the payments, and the check numbers that were issued. For a company that is seriously delinquent in its payments, this can be a full-time job for the accounting staff, which is also a clear loss of productive time.

A recent innovation that largely eliminates verbal responses to suppliers is to have suppliers call a phone number that links them to a keypad-activated inquiry system that will answer their most common questions. For example, they can enter the company's purchase order number, their invoice number, or the supplier's name; the system will then respond with the specific payments made, the date on which the check was cut, and the check number. The system can even be extended to list the date on which payments are scheduled to be made.

An alternative is to have suppliers access accounts payable through an Internet site. This approach is somewhat more flexible than a voice-activated system that is generally limited to a few simple status messages. Instead, a Web page can itemize the exact status of each payable item, assign a code to it that explains the reasons for any delays, and note the name of the contact person in the accounts payable department who is responsible for processing the supplier invoice. It can also list any missing information that is delaying payment, such as a purchase order number or bank account number for the supplier, which can be entered by the supplier directly into the Web site, and which will be automatically loaded into the accounting database to assist in the completion of processing. The Web page may even list the name of the person who is responsible for approving the invoice, as well as this person's contact information.

BEST PRACTICES, Controller's Office - A/P

Title: Outsource the Accounts Payable Function

71

Source: Book by Steven M. Bragg

Co Area:

Addl Info: [Accounting Best Practices - 21, pg 48 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: Many controllers do not want to waste time managing such a mundane function as accounts payable. It does not directly contribute to the mission of any company, nor does it impact customer service. In short, it is a baseline clerical function that merely takes up management time with no particular payback. By off-loading this function to a supplier who specializes in accounts payable processing, a controller can reduce the management time devoted to this functional area and allocate more time to other more profitable company functions.

Besides reduced management time, it can also be less expensive to outsource to a qualified supplier. A well-run supplier has an excellent knowledge of accounts payable best practices and uses that knowledge to drastically cut the processing effort needed. This is an especially attractive option for those companies that are in difficult financial circumstances and that would prefer to pay just a per-transaction fee, rather than an entire staff. This essentially converts a large fixed cost to a variable cost that will not be incurred if there are no transactions to process.

One should also consider the degree and form of ongoing interaction with the supplier necessary to ensure that accounts payable are processed correctly. For example, if a company has a fully integrated accounting and manufacturing software package, it will be impossible for the supplier to process accounts payable on its own accounting software, because these transactions must be completed on the company's software package. The best way to resolve this problem is to give the supplier remote access to the company's computer system, so that it can process accounts payable as though it were an on-site service. Another option is to have the supplier perform only the most mundane accounts payable tasks, such as matching documents, and leave any data-entry or check-cutting work to the in-house staff. This option eliminates the worst drudge work from the function, while still allowing for greater control over it.

BEST PRACTICES, Controller's Office - A/P

Title: Automate Payments for Repetitive Invoicing

73

Source: Book by Steven M. Bragg

Co Area:

Addl Info: [Accounting Best Practices - 25, pg 51 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: The typical company has a small proportion of invoices that arrive at regular intervals and are for the same amount, month after month. These payments usually go through the typical accounts payable matching process, including searches for approval documents, before they are paid. However, it is possible to utilize their repetitive nature to create a more efficient sub process within the accounts payable area.

The simple best practice that streamlines repetitive supplier invoices is to create a payment schedule to bypass the approval process and automatically issue a check in a pre-specified amount and on a pre specified date. This can be done by creating a table of repetitive payments in the accounting computer system; but there is no reason why the programming expense cannot be avoided by just listing the payments on a piece of paper and posting it in the accounts payable area. In either case, there is no need to look for approvals, so there is less labor required of the accounts payable staff.

However, there are two problems. First, the repetitive payment schedule must note the termination date of each payment, so that checks are not inadvertently issued after the final payment date. Second, the repetitive payments may change from time to time, so the schedule must note both the dates when payment amounts change and the amounts of the changes. An especially fine use for repetitive invoicing is the remittance of garnishments to various courts on behalf of employees. In the case of child support payments, these garnishments may go on for years, and usually in the same amount through the entire period.

BEST PRACTICES, Controller's Office - A/P

Title: Create Direct Purchases Interfaces to Suppliers

74

Source: Book by Steven M. Bragg

Co Area: Purchasing Department

Addl Info: [Accounting Best Practices - 33, pg 58 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: A common practice when purchasing is to issue a separate purchase order to a supplier whenever a company wants to buy additional items. One solution to this problem is to consolidate all the purchase orders into a single large one that covers a long time period, which is called a blanket purchase order. This best practice is described later in this chapter in the "Use Blanket Purchase Orders" section. Though an excellent approach, it is sometimes possible to eliminate the purchase order entirely by using a direct purchase interface to a supplier.

This best practice involves creating a computer or fax linkage to a supplier, so that employees can order supplies directly from the supplier. By doing so, the purchasing staff does not have to become involved in any purchases and the accounts payable staff does not have to match any purchase orders to supplier invoices, thereby saving time in two departments. Though a clear efficiency improvement, this approach must be used with care because it eliminates some control over purchases. Accordingly, it is usually only used for the purchase of small-dollar items that are bought on a repetitive basis.

Good examples of suppliers that might be used for this approach are office or maintenance supply vendors. In these cases, a company can create a standard form that only includes certain products. Employees are allowed to fill out the form with any quantity they want (within reason) and fax or mail it to the supplier, which uses it as authorization to send goods to the company. A more advanced version of this format is to set up the form on e-mail or on an electronic form directly linked to a supplier's customer orders database. By using a preset form for ordering, a company can effectively curtail purchases to a few pre-selected items that do not require further control.

BEST PRACTICES, Controller's Office - A/P

Title: Create On-Line Purchasing Catalog # 75

Source: Book by Steven M. Bragg

Co Area:

Addl Info: [Accounting Best Practices - 34, pg 59 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: The typical purchasing process involves the creation of a purchase requisition by whomever needs to buy something; this is used by the purchasing staff to search for the lowest price offered by a supplier, at which point a purchase order is issued to the appropriate supplier. The accounting department then has to match the receiving documentation to the purchase order and supplier invoice before generating a payment. This cumbersome process is being dismantled in many instances through the use of an on-line purchasing catalog.

When a user buys through an on-line catalog, he or she scrolls through a list of standard products that have been compiled by the purchasing staff, and selects the appropriate item. This automatically places an order on an electronic purchase order, on which is noted the number of the blanket purchase order that has already been negotiated with the supplier from which the item is being bought. The computer system then sends either an electronic or paper-based order to the supplier, which fills the order. Upon receipt, the receiving department checks off the item in the on-line system, which flags the accounting system to make a payment to the supplier.

This on-line catalog approach has the exceptional benefit of significantly reducing the workload of the purchasing and accounting staffs, to the point where they are simply monitoring the flow of transactions, rather than directly creating them. It cannot be used for inventory purchases, since these are driven by production requirements rather than employee needs. Nonetheless, a large corporation can experience a dramatic decline in the amount of manual procurement transactions by implementing an on-line purchasing catalog.

Title: Digitize Accounts Payable Documents # 81

Source: Book by Steven M. Bragg

Co Area:

Addl Info: [Accounting Best Practices - 3-6, pg 31 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: For some companies with voluminous accounts payable files, it is a major expense to remove all the paperwork, box it up and identify it, and ship it off to a warehouse, from which it must be recalled occasionally for various tasks. Digitizing the documents is a means of avoiding the expense of archiving.

BEST PRACTICES, Controller's Office - A/P

Title: Directly Enter Receipts into Computer # 82
Source: Book by Steven M. Bragg **Co Area:** Purchasing Department
Addl Info: [Accounting Best Practices - 3-7, pg 32 - Contact Dianne Parkerson, 561 297-3946](#)
Abstract: Enter receipts directly into the computer system, rather than forwarding receiving documents to the accounting department for manual matching to the supplier invoice. This approach has the advantage of instant communication of receipts to the accounting staff, since an entry into the accounting database at the receiving dock will be instantly transmitted to the accounting staff. The accounting software can then compare received amounts to the purchase order (which is usually entered into the computer already). All that is left for the accounting staff to do at this point is to enter the purchase order number listed on the supplier's invoice into the computer to see what quantity has been received and how much has not yet been paid. By taking this approach, the bulk of the accounts payable matching process is eliminated.

Title: Fax Transmission of Accounts Payable Documents # 83
Source: Book by Steven M. Bragg **Co Area:**
Addl Info: [Accounting Best Practices - 3-8, pg 33 - Contact Dianne Parkerson, 561 297-3946](#)
Abstract: A centralized accounts payable department may have some difficulty receiving documents from outlying locations or suppliers in time to take early payment discounts. The best way to avoid this problem is to find an alternative method for transmitting documents. Though one approach is to enter all information directly into the accounting database from any location (see the "Directly Enter Receipts into Computer" section earlier in this chapter), many companies cannot afford an enterprise wide computer system that makes such an approach feasible. A simpler approach is to fax all documents to the accounts payable facility. To do so, there should be a separate fax machine that only handles incoming accounts payable documents; by setting aside a machine for this purpose, it guarantees that the fax machine will not be tied up by outgoing fax transmissions. Also, since it is only used for one purpose, it is unlikely that incoming faxes will be mistakenly taken to other departments. To make this system work even better, the accounting manager should look into getting a fax rerouting capability that sends incoming faxes to an electronic mailbox if the fax machine is busy, with transmission occurring as soon as the fax machine is available to receive new incoming transmissions. This service is inexpensive and ensures that all documents sent are received.

BEST PRACTICES, Controller's Office - A/P

Title: Have Suppliers include their Supplier Number on Invoices # 84

Source: Book by Steven M. Bragg **Co Area:**

Addl Info: [Accounting Best Practices - 3-9, pg 34 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: The typical vendor database includes listings for thousands of suppliers. Every time an invoice arrives from a supplier, the accounts payable staff must scroll through the list to determine the vendor code for each one. If there are similar names for different suppliers, or multiple locations for the same one, it is quite likely that the resulting check payments will go astray, leading to lots of extra time to sort through who should have been paid. This basic problem can be partially resolved by having suppliers include the supplier number, as created by the company's accounting system, on their invoices. The easiest way to do so is to mail out a change-of-address form to all suppliers, listing the same company address, but also noting as part of the address an "accounts payable code" that includes the supplier number. Suppliers will gladly add this line to the mailing address to which they send their invoices, since they think it is a routing code that will expedite payment to them (which, in a way, it will). Some follow-up may be necessary to ensure that all suppliers adopt this extra address line. Even if not all of the suppliers elect to make the change, there will still be an increase in efficiency caused by those that have done so.

Title: Receive Billings Through Electronic Data Interchange # 85

Source: Book by Steven M. Bragg **Co Area:**

Addl Info: [Accounting Best Practices - 3-10, pg 35 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: Many of the larger companies, especially those in the retailing industry, have been using electronic data interchange (EDI) for some time. EDI involves the transfer of electronic documents between companies. These documents are sent in strictly defined formats, of which there are over a hundred, one for each type of standard company transaction, including a supplier billing. Larger companies use EDI most frequently because it allows them to automatically process large quantities of transactions with no manual data-entry.

BEST PRACTICES, Controller's Office - A/P

Title: Request that Suppliers Enter Invoices through a Web Site

86

Source: Book by Steven M. Bragg

Co Area:

Addl Info: [Accounting Best Practices - 3-11, pg 36 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: A company may be experiencing some difficulty in persuading its suppliers to switch over to the transmission of invoices by EDI, which would allow it to automatically process all incoming invoices without any data rekeying. This problem can be partially avoided by having suppliers access a Web site where they can conduct the data entry.

By having suppliers enter data into a Web site instead of through an EDI transaction, they can avoid the need for any special software that is stored on an in-house computer. A Web site merely requires Internet access. Once the data has been entered at the Web site, a company can shift the data to an automated EDI transaction processing program that will convert the data into an EDI format and transmit it to the company's accounting system. Thus, suppliers can use either EDI or Web-based data entry to send invoices to a company, which will process them both in EDI format.

Accounting Best Practices - 3-12, pg 37 continues on about shifting incoming billings to and EDI data-entry supplier.

BEST PRACTICES, Controller's Office - A/P

Title: Automate Expense Reports

87

Source: Book by Steven M. Bragg

Co Area:

Addl Info: [Accounting Best Practices - 3-13, pg 38 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: A labor-intensive task for the accounts payable employees involves carefully reviewing every line item on employee expense reports, comparing everything to the company policy for allowable travel or entertainment expenses, and then contacting employees regarding inconsistencies prior to issuing a check. Furthermore, most employees create accurate expense reports, so the labor expended by the accounts payable staff is rarely equal to the cost savings all the review work generates. To make the situation more unbearable for employees, the expense reviews take so long to complete that there can be a serious delay before an employee receives payment for a check.

The solution to this problem is to replace a total review of all expense reports with an occasional audit. This approach involves taking a sample of many employees' expense reports every few months and comparing the reported amounts to the company travel and entertainment policy to see if there are any exceptions. If the exceptions are significant, it may be necessary to follow up with additional reviews of the expense reports of the same employees to investigate possible abuse. The audit usually results in a list of common expense reporting problems, as well as the names of employees who are abusing the expense reporting system. There are several solutions to ongoing expense reporting problems:

The audit work is usually carried out by the internal audit department, rather than the accounts payable personnel, since the internal auditors are appropriately experienced in this sort of review work. When using this best practice, there can be a concern that employee reporting abuses will go unnoticed until an auditor finds a problem after the fact. This is a !legitimate concern. However, when the audit staff selects expense reports for review, they should stratify the sample of reports so that there is a preponderance of very expensive expense reports in the sample, which means that any potentially exorbitant abuses will have a greater chance of being discovered. Though these discoveries will be after the fact, when employees have already been paid, the company can still seek reimbursement, especially if the employees are still on the payroll, so that adjustments can be taken from their paychecks.

BEST PRACTICES, Controller's Office - A/P

Title: Automate Expense Reporting # 88

Source: Book by Steven M. Bragg

Co Area:

Addl Info: [Accounting Best Practices - 3-14 pg 39 - Contact Dianne Parkerson, 561 297-3946](#)

Abstract: One of the tasks of the accounts payable staff is to check carefully all of the expenses reported in an employee's expense report to ensure that all expenses are valid and have the correct supporting documentation.

A best practice that nearly eliminates the expense report review work of the accounts payable staff is to create a "smart" computer program that walks an employee through the expense reporting process, flagging problem expenses as soon as they are entered and requiring back-up receipts for only selected items. The system is highly customized, since the review rules will vary by company. Such variations in expense reporting policies will inevitably result in an automated expense reporting system that is closely tailored to each company's needs; such a system should probably be programmed in-house, which is a very expensive undertaking. Due to the high level of expense, this best practice will only pay for itself if it offsets a great deal of accounts payable work, so there should be a very large number of age is especially useful, since employees in outlying locations or who are traveling, can use the system at any location where they can access the Internet; moreover, it requires no software installation on anyone's computers. Also, Web-based software can be updated easily, whereas client-server systems require updates on individual user computers. Further, if someone steals an employee's computer, there is no time or expense information stored on it, since this information is submitted directly through the Internet to a different storage location.

Title: Vendor Inquiry of Payment and PO Information via the Web # 114

Source: University of Arkansas

Co Area: Purchasing Department

Addl Info: http://www.sacubo.org/sacubo_resources/best_practices/2005.html

Abstract: The web-based vendor inquiry application developed by the University of Arkansas facilitates a vendor's inquiry as to payment, invoice, and Purchase Order information, without having to pick up the phone.

Information relating to invoice payments, remittance advise information, and Purchase Order information is readily available for a vendor to look up by simply providing their FIN (Federal Identification Number) when requesting the information. As long as the FIN entered 'matches' the FIN associated with the vendor on the PO, invoice, or check number requested, the requested information will be displayed. Not only that, but an image of the invoice is also available for viewing. This service is also available for those individuals who travel on behalf of the University of Arkansas. This is a great service for those individuals who do not have access to our internal system.

(Also see record #30 - <http://www.sacubo.org/2004BestPractices/>)

BEST PRACTICES, Controller's Office - A/P

Title: Document Imaging

152

Source: Georgia Institute of Technology

Co Area:

Addl Info: http://www.sacubo.org/sacubo_resources/best_practices/2003.html

Abstract: The Georgia Tech accounts payable payment process was dramatically streamlined by integrating document imaging and workflow management with PeopleSoft's Purchasing and Payables modules. The 1,300 invoices received weekly from any of the 30,000 trade vendors are processed in a timely manner to comply with prompt pay regulations, to ensure eligibility for payment discounts, to maintain positive vendor relationships and to record payments for internal financial reporting.

Accounts Payable supervisors can manage outstanding payment requests and redirect workload between team members by reviewing electronic work queues from their workstation. The performance of the pay desk personnel can be evaluated since documents can now be tracked from time of receipt to when the expense is recorded on the general ledger. Invoices can be viewed by several members of the team for collaborative problem solving which expedites payment.

The filing process of paper invoices, check requests and travel reimbursement documents was replaced with electronic document storage which has decreased administrative clerical time, eliminated conventional file cabinets and freed up needed space, provided immediate access to supporting documentation and discontinued the need for physically managing and archiving paper documents. With over 8,000 employees in the database, back up documentation for the approximately 450 travel reimbursement requests processed weekly are readily available for internal auditing, responding to customer questions and to comply with state government procedures.

By implementing document imaging, workflow and electronic storage, Georgia Tech's Accounts Payable department has increased efficiency, improved the quality of customer service and enhanced document management procedures.

BEST PRACTICES, Controller's Office - A/P

Title: Financial Encumbrance # 219
Source: University of Miami **Co Area:** Purchasing Department
Add Info: <http://www.miami.edu/ci/encumbrance.pdf>
Abstract: The goal of this team is to have accurate and consistent encumbrances displayed in all central financial applications. Complete success would be to:
a) Have 100% congruence between Purchasing, Accounts Payable and FRS at all times except for out-of-balance encumbrances that are "in process", i.e. a pending batch or check run will bring the encumbrances back into balance, % congruent by month
b) Have these encumbrance balances be accurate - % encumbrances with errors by month.
c) Have gone back and corrected all historical encumbrance balances in the active database - % encumbrances fixed by month.
d) Develop and maintain application and procedural documentation on each of these systems and their interrelationships - % of documentation reviewed by year.
e) Train staff and verify established procedures are being followed - audit for conformance.
f) Measure complaints by month from customers.

One of the most basic issues this team has had to address is how to define the true balance of a purchase order.

Title: Procurement & Accounts Payable # 223
Source: University of Miami **Co Area:** Purchasing Department
Add Info: http://www.miami.edu/UMH/CDA/UMH_Main/0,1770,3281-1;7056-2;14403-3,00.html (Original URL No longer valid)
Abstract: Mission: To improve/streamline procurement and payment processes in order to:
* Maximize discounts earned
* Strengthen control
* Improve efficiency
* Reduce costs

<http://www.miami.edu/ci/ci%20ap%20procure%207-22-02.pdf> is a lengthy documenting the problems and results. There were 9 recommendations - above document lists more detail than below..

1. Automatic rollover of standing POs and cross referencing of old/new year PO numbers
2. Enforce policy to require that the AP Department receive invoices directly from vendors
3. Revise vendor application and PO
4. Negotiate more advantageous discount terms
5. Negotiate discount terms on all purchases
6. Clarify policies and guidelines for the use of different purchasing tools
7. Expand policies/procedures and training for user departments
8. Expand the distribution of the Discounts Lost/Earned Report to the departments through RDS
9. Include identifier for discount vendors in the PO number

BEST PRACTICES, Controller's Office - A/P

Title: Strategies to Manage Improper Payments: Learning From Public and Private Sector Organizations # 326

Source: GOA - Government Accounting Office **Co Area:**

Addl Info: <http://www.gao.gov/new.items/d0269g.pdf>

Abstract: Improper payments are a significant problem in both government and the private sector. In the private sector, improper payments are generally an internal problem that threatens profitability. In the public sector, improper payments can result in wasteful spending, a higher tax burden, and fewer people receiving services. Despite increased scrutiny, most improper payments associated with federal programs still go undetected. Improper payments are more likely in programs with complex criteria for computing payments, a high volume of transactions, or an emphasis on speedy payments. This report highlights strategic actions taken by study participants to reduce improper payments.

Title: Accounts Payable Best Practices - Invoices # 358

Source: Book by Mary S. Schaeffer **Co Area:**

Addl Info: [Book Available from Edwin Bommel or at FAU Library HF 5681.A27 S3 2004](#)

Abstract: This appears to be a very good book. Each section gives background information, best practices, almost best practices, reality checks, worst practices and a case study.

Chapter 1 Invoices

Invoice Handling: Approvals

Forwarding Invoices

Verifying Invoice Data

Invoice-Coding Standards

Short-Paying Invoices

Paying Small-Dollar Invoices

Handling Unidentified Invoices

Handling Invoices without Invoice Numbers

Case Study: How One Pro Took Accounts Payable Out of the Picture when Resolving Customer Discrepancies

BEST PRACTICES, Controller's Office - A/P

Title: Accounts Payable Best Practices - Checks # 359

Source: Book by Mary S. Schaeffer **Co Area:**

Addl Info: [Book Available from Edwin Bommel or at FAU Library HF 5681.A27 S3 2004](#)

Abstract: This appears to be a very good book. Each section gives background information, best practices, almost best practices, reality checks, worst practices and a case study.

- Chapter 2 Checks
- Check Printing
- Check Signing
- Check Stock Storage
- Distribution of Checks
- Check Fraud
- Rush or Emergency Checks
- Case Study: Information Sheet: Segregation of Duties

Title: Accounts Payable Best Practices - Operational # 360

Source: Book by Mary S. Schaeffer **Co Area:**

Addl Info: [Book Available from Edwin Bommel or at FAU Library HF 5681.A27 S3 2004](#)

Abstract: This appears to be a very good book. Each section gives background information, best practices, almost best practices, reality checks, worst practices and a case study.

- Chapter 3 Operational
- Duplicate Payment Avoidance
- Paying When the Original Invoice Is Missing
- Limiting Calls to Accounts Payable - See #661
- Petty Cash
- Supplier Statements
- Case Study: Expert Demonstrates How to Put the Web to Work for Accounts Payable

BEST PRACTICES, Controller's Office - A/P

Title: Accounts Payable Best Practices - Master Vendor File # 361

Source: Book by Mary S. Schaeffer **Co Area:**

Addl Info: [Book Available from Edwin Bommel or at FAU Library HF 5681.A27 S3 2004](#)

Abstract: This appears to be a very good book. Each section gives background information, best practices, almost best practices, reality checks, worst practices and a case study.

Chapter 4 Master Vendor File
Master Vendor File Setup
Using Naming Conventions
Making Changes to the Master Vendor File
Master Vendor File Cleanup
Case Study: Experienced Accounts Payable Pro Shares Master Vendor File Control Secrets

Title: Accounts Payable Best Practices - P-Cards # 362

Source: Book by Mary S. Schaeffer **Co Area:** Purchasing Department

Addl Info: [Book Available from Edwin Bommel or at FAU Library HF 5681.A27 S3 2004](#)

Abstract: This appears to be a very good book. Each section gives background information, best practices, almost best practices, reality checks, worst practices and a case study.

Chapter 5 P-Cards
Design of the P-Card Program
Establishing Procedures
Setting Controls
Increasing Usage
1099s and P-Cards
Terms
Rebates
Case Study: P-Cards Improve Accounts Payable Process at PETSMART, Rock- Tenn., and Rouse

BEST PRACTICES, Controller's Office - A/P

Title: Accounts Payable Best Practices - Regulatory # 364
Source: Book by Mary S. Schaeffer **Co Area:**
Addl Info: [Book Available from Edwin Bommel or at FAU Library HF 5681.A27 S3 2004](#)
Abstract: This appears to be a very good book. Each section gives background information, best practices, almost best practices, reality checks, worst practices and a case study.

Chapter 7 Regulatory
Issues 1099s
Sales and Use Tax
Unclaimed Property
Case Study: How to Avoid Sales and Use Tax Audit Disasters
Case Study: A Typical Company's Unclaimed Property Experience

Book Available from Edwin Bommel or at FAU Library HF 5681.A27 S3 2004

Title: Accounts Payable Best Practices - Cash Management # 365
Source: Book by Mary S. Schaeffer **Co Area:**
Addl Info: [Book Available from Edwin Bommel or at FAU Library HF 5681.A27 S3 2004](#)
Abstract: This appears to be a very good book. Each section gives background information, best practices, almost best practices, reality checks, worst practices and a case study.

Chapter 8 Cash Management
Taking Early Payment Discounts
Payment Status Information for Vendors
Bank Accounts and Fraud
Other Cash Management-Related Initiatives
Case Study: General Electric's Approach to Electronic Invoicing and Payment Processing

BEST PRACTICES, Controller's Office - A/P

Title: Accounts Payable Best Practices - Technology # 366
Source: Book by Mary S. Schaeffer **Co Area:**
Addl Info: [Book Available from Edwin Bommel or at FAU Library HF 5681.A27 S3 2004](#)
Abstract: This appears to be a very good book. Each section gives background information, best practices, almost best practices, reality checks, worst practices and a case study.

Chapter 9 Technology
Imaging and Workflow
The Internet
E-Invoicing
Case Study: PPL Electric Offers Lessons on Setting Up an Accounts Payable Imaging Solution
Case Study: An Accounts Payable Web Site
Case Study: How the Accounts Payable Manager at Merck Overhauled Department Procedures and Technology

Title: Accounts Payable Best Practices - Communications/Customer Relations # 367
Source: Book by Mary S. Schaeffer **Co Area:**
Addl Info: [Book Available from Edwin Bommel or at FAU Library HF 5681.A27 S3 2004](#)
Abstract: This appears to be a very good book. Each section gives background information, best practices, almost best practices, reality checks, worst practices and a case study.

Chapter 10 Communications/Customer Relations
Payment Status Information for Vendors
Communicating Relevant Information to Vendors
Communicating with Internal Customers
Improving the Procure-to-Pay Cycle
Case Study: Interactive Voice Response Frees Accounts Payable from Annoying "Where's My Money" Calls
Case Study: How Automated Accounts

BEST PRACTICES, Controller's Office - A/P

Title: Accounts Payable Wins 'Best Practices' Award # 407

Source: University of Georgia **Co Area:**

Addl Info: <http://www.uga.edu/columns/031020/news3.html>

Abstract: Last year the department re-engineered its payment process by installing a Web-based digital imaging system that allows bills to be processed, approved and paid, electronically.

Purchase orders, invoices and receiving reports can be matched online using electronic images and mainframe data. Invoice images can be transmitted to UGA purchasers to obtain electronic payment approvals. The system creates an electronic communications trail, and enables multiple users to find and access images simultaneously.

The results: Almost everything that used to be processed on paper is now handled electronically, virtually eliminating the mountains of paper. Staff members can index and instantly retrieve documents at their desks and don't waste time searching for filed or misplaced documents, writing thousands of memos or making endless phone calls.

With e-mail, invoices that once took 30 days to pay are now cleared in three days--sometimes on the same day. The system is so much more efficient that three vacant staff positions were eliminated, saving \$105,000 annually in salaries and benefits.

Title: State Sales Tax Exemptions and Information at your Fingertips # 520

Source: University of Virginia **Co Area:**

Addl Info: http://www.sacubo.org/sacubo_resources/best_practices/2006.html

Abstract: Questions or concerns regarding the payment of sales tax to states other than Virginia were being researched and addressed on an ad hoc basis. Our goal was to replace this ad hoc, reactive method with a proactive, informative approach to providing sales tax information. To achieve our goal, we established an accessible, informative database which schools, departments, and procurement services can access to obtain information about the University's sales tax status for each state.

The Results:

A well-designed, easy-to-access web page describing the University of Virginia's sales tax exemption status in all states.
<https://netbadge.virginia.edu/>

Determination of sales tax requirements prior to or at the time of the purchase resulting in improved budgeting and cash savings for University departments. Our projection is that this will result in savings of at least \$50,000 in the first year of implementation.

10/07 This was considered, but FAU does not pay sales tax - if it ever does, it is a very rare situation. Sales tax related to travel is another issue.

BEST PRACTICES, Controller's Office - A/P

Title: Worst Practices - Accounts Payable Best Practices # 646
Source: Book by Mary S. Schaeffer **Co Area:**
Addl Info: [Book Available from Edwin Bommel or at FAU Library](#)
Abstract: This appears to be a very good book. Each section gives background information, best practices, almost best practices, reality checks, worst practices and a case study.

For topics covered, see Records #358 - 367.

Title: Limiting Calls to Accounts Payable # 661
Source: Book by Mary S. Schaeffer **Co Area:**
Addl Info: [Book Available from Edwin Bommel or at FAU Library HF 5681.A27 S3 2004](#)
Abstract: Chapter 3 Operational - This appears to be a very good book. Each section gives background information, best practices, almost best practices, reality checks, worst practices and a case study. In August 2006 FAU implemented the Vendor Query process (see #30), but there are additional items that could be done.

1. Setting up a help line and staffing it with one or more customer service-oriented employees
2. Setting up an e-mail address to answer inquiries - reply within 48 hours
3. The AP Web site could have an FAQ page, a contact list, deadlines, manuals, policies, W@-9 policy, etc.

I have looked at the new (CMS) site and # 3 should be a part of it. I suggest the Contact link not be an e-mail link but rather a list of A/P employees, with phone, e-mail and responsibilities. PUBLICISED the URL.

BEST PRACTICES, Controller's Office - A/P

Title: Accounts Payable and Sarbanes-Oxley # 689

Source: Book by Mary S. Schaeffer **Co Area:** Office of the General Counsel

Add Info: [Contact Dianne Parkerson, parkerso@fau.edu, 561 297-3946, parkerso@fau.edu](mailto:parkerso@fau.edu)

Abstract: Chapters

1. Sarbanes-Oxley: How It Applies to Accounts Payable
2. Compliance Alternatives: Outsourcing and the COSO Framework
3. Invoice Processing
4. Checks
5. Purchasing Cards
6. Electronic Payments: Alternatives to the Paper Check
7. Travel and Entertainment Expense Processing
8. Unclaimed Property (Escheat)
9. 1099s and Other IRS-Related Information Reporting
10. Sales and Use Tax
11. Fraud Prevention Controls
12. Documentation Needed to Conform to the Act
13. Overall Guidelines for Conforming to the Act

Appendices

- A. Sarbanes-Oxley Act of 2002
- B. Segregation of Duties
- C. Blank Cejcl Stock Security Features
- D. Demographic of Purchase Card and Sarbanes-Oxley Survey
- E. Independent Contractor or Employee - 20 Questions

Title: Automate Repetitive Payments # 712

Source: Accounting Control Best Practices by Steven M. Bragg **Co Area:**

Add Info: [Book available from FAU Library HF 5636.B83 2006](#)

Abstract: P 57. Automate repetitive payments - payments in the same amount each month, such as rent, leases, etc. Must safeguard against continuing payments when obligation is gone. Book suggests termination dates be added and review escalation schedules.

BEST PRACTICES, Controller's Office - A/P

Title: Re-energizing The University of Georgia's Check Request Process # 898

Source: University of Georgia

Co Area:

Addl Info: http://www.sacubo.org/sacubo_resources/best_practices_files/2008_files/Re-energizing-Check-Request-Process.pdf

Abstract: The University of Georgia Accounts Payable Department has revitalized the check request process by creating a Web-based system for submitting small dollar, non-Purchase Order payments.

The Web-based system:

- Improves Sarbanes-Oxley compliance by greatly increasing internal controls. Passwords are required, and electronic approvals are recorded. Two independent employees are required to create and approve a payment.
- Allows campus clients to monitor a specific request as it is processed and ultimately see the payment date and check number.
- Eliminates lost paperwork. Paper check requests were sometimes lost while they were routed between departments for approval.
- Increases edit checks to indicate error conditions during request creation. This monitoring allows for contemporaneous correction and expedited payments because incorrect documents are not submitted and processed. Several campus users have suggested additional edit checks that have been incorporated into the system.
- Eliminates data entry errors since the Accounts Payable Department uses the data keyed by the requesting departments and verified by the Information Management System (IMS) mainframe system.
- Greatly reduces the amount of paper circulating through campus and coming into Accounts Payable. Departments have several options to scan the invoice into the system. This process also reduces data entry indexing errors.

Title: Fax Imaging System: Efficient, Effective, and Eco-Friendly # 907

Source: University of Florida

Co Area:

Addl Info: http://www.sacubo.org/sacubo_resources/best_practices_files/2008_files/Fax-Imaging-System.pdf

Abstract: The Disbursement Services department, located within the University of Florida's Finance and Accounting Division, is responsible for reviewing and approving payment vouchers submitted by approximately 600 departments. The University's payables process is decentralized; meaning 1,500 staff across 600 departments submits invoices and payment vouchers to Disbursement Services. The voucher review process requires staff to submit support documentation for the payment voucher via inter-department campus mail.

The University recognized the need for a more efficient and eco-friendly process for staff to provide this support documentation. The new Fax Imaging System (FIS) allows departments to fax the documents to Disbursement Services. The faxed image is systematically retrieved, indexed and imported into the University's existing imaging system, and a hyperlink to the image is created on the voucher pages of the University's ERP system.