

# ACCOUNTS PAYABLE AUTOMATION

## What's in AP Automation for the Controller?

Accounts Payable departments have a huge potential to drive change in financial operations by introducing automation, they can remove repetitive tasks from the AP process. AP Automation will substantially contribute to better overall financial performance. In a recent study Paystream Advisors concludes that "the quest to go digital [in accounts payable] has never been more appealing".

AP automation brings increased internal visibility and control which corporate controllers can take advantage of. They are able to uncover opportunities to generate savings and optimize cash management. With the visibility that automation brings into invoice and payment data, controllers can analyze and understand expenditure, perform budget variance analysis, and spot possible fraudulent behavior.

As Controller's wonder, "What's in it for me? Here are five ways controllers benefit from accounts payable automation which aligns with the five main needs that Controllers have for accounts payable efficiencies:

**1. Internal controls & transparency:** it is critical that the accounts payable system support internal control. The needed controls should be built in to the workflow of the AP system. This way, the system acts as an "automated" internal control.

**2. Flexible & multi-dimensional coding:** Ideally, the accounts payable automation software should perform automatic coding based on purchase order or contract matching. However, the coding needs to be flexible and multidimensional. In situations where coding is not automated, details need to be available with historical information about past coding for a given supplier.

**3. Access to different levels of invoice data:** As accounts payable becomes automated, people who deal with a particular cost center, category or supplier need to have many views available to them. They should be able to drill down all the way to the individual invoice level.

Within different views of the invoice data, controllers need to be able to easily categorize, group, and perform aggregate calculations. Also, they need to access conversations and attachments related to individual invoices in order to improve supplier relationships.

**4. Tools for in-depth analytics and reporting:** Access is key. Controllers need to be able to sort invoices by vendor, by account or by cost center, and search all invoice fields. They should be able to perform budget variance analysis and detailed expense analysis at row-level by vendor on an ongoing basis. If necessary, this analysis should drill down to the invoice image. Analysis is done to study e.g. average purchase per vendor, or number of overdue invoices.

**5. Accruals:** When you do not have visibility into individual invoices, accruals can be "a black hole". The accounts payable automation system should monitor and extract information about the invoices that are still in circulation, and allow controllers to work with accountants to include reported invoices into the accruals. Once the accruals are done, controllers should get the lists for reviewing and checking.

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