SAP Concur

Tipsheet | Higher Education

The Top Five Accounts Payable Pitfalls

and How to Avoid Them

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Are These Challenges Holding Your AP Department Back?

Imagine an accounts payable (AP) department with clean desks, no paper invoices or checks to cut, and regular eight-hour workdays – even during close. We live in a world where nearly everything is digital, yet AP still hasn't caught up. According to the Association of Financial Professionals, e-invoicing has only been adopted by 25% of suppliers – meaning **75% of suppliers are still sending out paper invoices**.

The bottom line is, processing paper at your university can cost you more than the **ten dollars per invoice,** the American Productivity and Quality Center estimates. Manual AP processes can harbor hidden costs such as time, productivity, and wages – ultimately adding to the amount of manual work your institution's department is doing to get payments out the door on time.

An automated spend management platform that eliminates paper from capture to payment can help protect your bottom line from these hidden costs of AP.

Read on to learn the top five AP pitfalls holding you back from maximizing your savings and optimizing your institution's cash flow.

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1

Pushing Paper

To get the most out of an AP automation solution, it is imperative to convert all the data from problematic paper invoices to ones and zeros. Getting all the right data into the system is the key to setting realistic expectations and having an accurate, timely AP workflow.

An automated spend management platform should digitize the AP process from start to finish, freeing up your team's time for more strategic work. Invoices are received, scanned with Optical Character Recognition (OCR) technology, and verified prior to entering your system – so you can be rest assured that you get the right data into the workflow from the very beginning.

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2

Storing Invoices Elsewhere

How do you currently pull backup data for auditors in higher education? What about when a vendor calls questioning a payment? Paper filing cabinets and disparate financial systems make it difficult to see the full picture of your spending and are a hassle to maintain. Archaic storage systems also dramatically increase audit risk and reduce your negotiation position with vendors because payment trails are more difficult to track.

Keep the payment package together in one system from the invoice to the approvals to the audit trail, and the next time there's an audit, you'll be ready.

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3

Emailing for Approvals

Emailing to follow-up on missing approvals takes extra time and increases the odds of late payments due to invoices sitting in someone's inbox, or going missing altogether. Not to mention the challenges of keeping that audit trail together.

An automated spend management solution should include built-in reminders and help escalate missing approvals, which is especially important when time is short during month-end close.

Automatic reminders and escalations help take the burden off of your overworked AP staff during peak times and help prevent invoices from piling up at the end of the month. A best practice is to allow three business days before the automatic reminder, then escalate to the next-level-approver three days after that.

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4

No Mobile Access For Approvers

Getting the attention of an approving manager is hard enough as it is. Why make it harder for them to respond quickly to an approval request?

Native phone applications (Apple Store or Google Play) make it easy for users to interact with web-based systems. An automated spend management platform which offers an intuitive phone app makes it easy for your managers to approve those pesky invoices on-the-go, and they will be more likely to approve on time. Everyone wins.

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5

Paper Checks and Payment Fraud

Even if you have the entire AP workflow streamlined and automated – the question remains, how do you pay your vendors? If the answer is with paper stamps and printed checks, not only is this process inefficient, but your institution could be exposing itself to potential fraud. According to the 2020 AFP Payments Fraud and Control Survey, **checks have remained a top target for attempted and actual fraud with 74%** of organizations reporting an instance.

Imagine if you could select payments from your accounting system and direct them to "pay" instead of "print". When payments are integrated into your e-payment software application, they can be reviewed and routed to treasury approvers before being transmitted to vendors, reducing fraud. And since it's much faster than paper checks, your organization can take advantage of those early payment discounts.

Payments are the last piece of the AP automation puzzle, and it's important not to forget about them as a part of your end-to-end solution.

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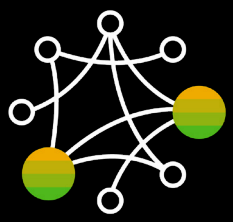
Reduce Costs and Gain Control with Concur Invoice

Concur® Invoice eliminates piles of paperwork; drastically reduces processing time; and because it integrates invoices with travel and expense payments in a single system, provides a complete view to monitor and manage all university spend. This gives institutions actionable insight into spend before, during, and after it's spent with no better way to take care of the bottom line.



Connected

Consolidate spend from invoices, travel, and other expenses and get thoughtful, near real-time insights.

Transparent

Efficiently automate invoice processes, from authorization to supplier payment, empowering leaders to better predict and manage cash flow.

Effortless

Put power in the hands of spenders and approvers with a simple, automated workflow which dramatically increases efficiency so institutions can easily scale and grow.

For more information on how your institution can overcome the top AP challenges, contact us today or visit us online.

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