

Electronic Accounts Payable Presentation

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Electronic Accounts Payable Outline

- The Accounts Payable Environment
- Setting the Stage
- The County of Fairfax Solution
- Benefits of Electronic Accounts Payable



Electronic Accounts Payable- The A/P Environment

The Paper Conundrum

- Typical A/P processing is paper based
 - Invoices
 - Purchase Orders
 - Receiving Reports
 - Packing Slips
- Paper is good because:
 - Great for three way matching
 - Excellent Audit Trail
 - Multiple signatures
 - You can touch and feel it
 - It reproduces exponentially



Electronic Accounts Payable- The A/P Environment- continued

- Paper is bad because:
 - It cannot move on its own
 - It requires more than one person to move it
 - It gets lost in in-boxes
 - It needs space
 - It is never there when you need it



Electronic Accounts Payable- The A/P Environment

- AP Filing Room- Staff Kitchen



5/30/2008



Electronic Accounts Payable- The A/P Environment- continued

More Processing

- Focus on processing invoices
- Ensuring that quantities, unit costs and total costs are reconciled
- Ensuring that invoices are properly authorized and approved



Electronic Accounts Payable- The A/P Environment- continued

Less Analysis

- Limited focus on :
 - Discounts
 - Pursuing favorable discount terms with short payment turnaround
 - Cost Analysis
 - Contract compliance
 - PO compliance
 - Duplicate payments
 - Performance Metrics
 - Percentage of invoices on time
 - Cost per invoice
 - P-card usage



Electronic Accounts Payable- Setting the Stage

- Understand your A/P process
 - Vendor stratification
 - Non PO v PO
 - Large Volume Vendors (Invoice v \$Amounts)
 - Utility vendors
 - Document existing workflow
 - Who does what and why
 - Number of approvals
 - Manual versus automated process



Electronic Accounts Payable- Setting the Stage

- Document current IT environment
 - Does it support electronic imaging?
 - Does your topology support web based systems?
 - Are your all your users part of your network
- Identify key staff to implement project
- Ensure that IT, Purchasing and Finance all share vision for Electronic Accounts Payable
- Invest in pre-implementation training and knowledge management



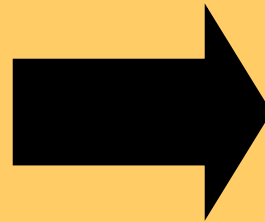
Electronic Accounts Payable

The County of Fairfax Solution

Pre-Implementation Process

Departments

- Received invoices directly from the vendor
- Coded the invoices
- Sent invoices for approval manually
- Keyed into the system manually
- Sent the hard copies to AP



Accounts Payable

- Reviewed approvals
- Ensured documents matched
- Released items for payment
- Sent invoices for scanning after the fact.



Electronic Accounts Payable The County of Fairfax Solution-cont

AP Issues

- Lost invoices
- No tracking of invoices
- AP “black hole”
- Late payments
- Irate vendors, departments
- Year end closing deluge

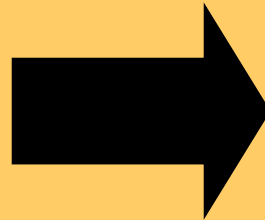


Electronic Accounts Payable The County of Fairfax Solution-cont

A Paradigm Shift

The **New** Accounts Payable

- Receive invoices centrally
- Scan all invoices upfront
- Track all invoices - age
- Front End for all electronic payments
- Provide dashboards to Department
- Train Departments



Departments

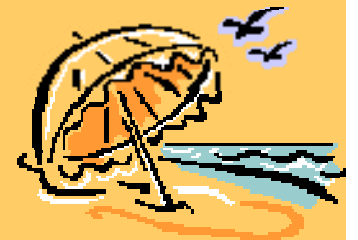
- Code invoices in system
- Approve invoices electronically



Electronic Accounts Payable The County of Fairfax Solution-Cont

Here's how we did it

- Through workforce planning divided AP into 3 sections:
 - Central AP Workflow and Imaging
 - Vendor & Policy Administration
 - Electronic Bill Payment



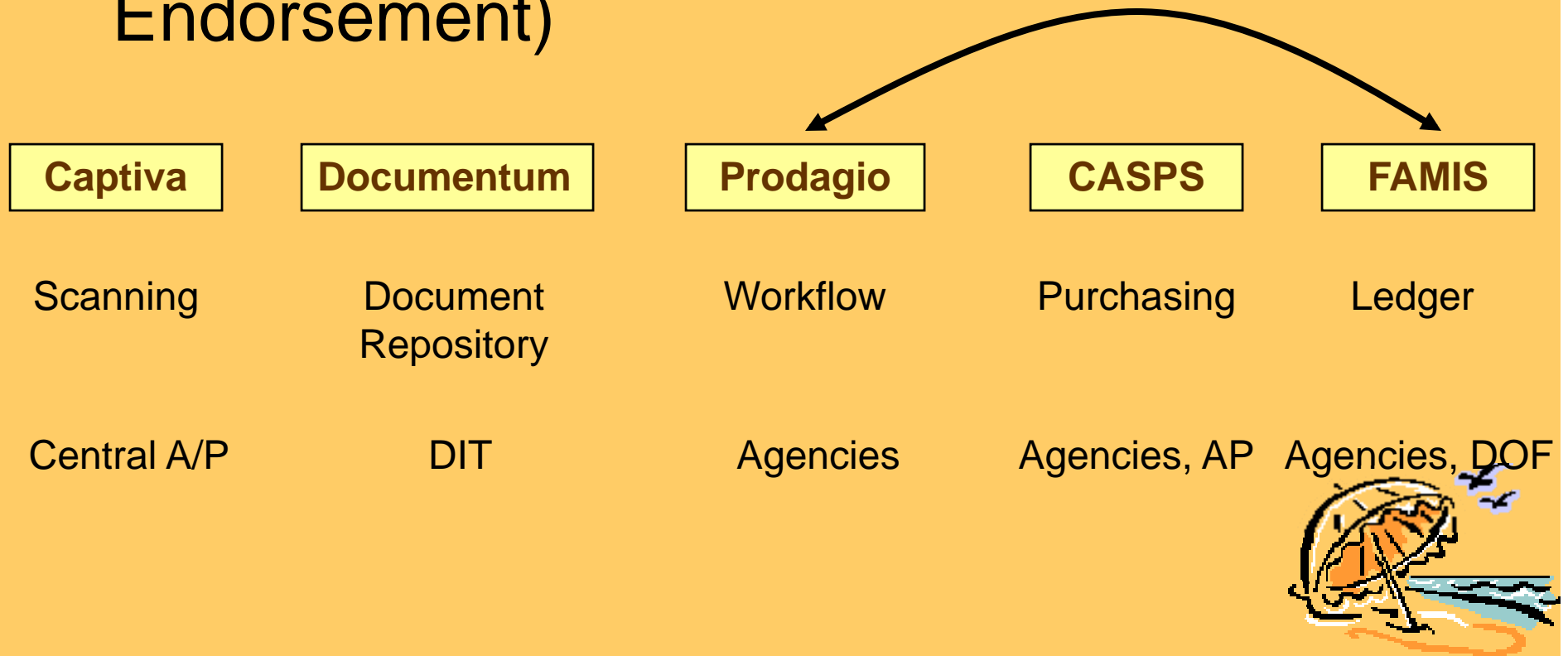
Electronic Accounts Payable The County of Fairfax Solution-Cont

- Vendor file analysis results
 - Large volume vendors were utility bills which we outsourced
 - Middle tier vendors used paper invoices
 - Increased our SO and Financial Contract threshold to \$10,000
 - Implemented Electronic Accounts Payable System
 - Small vendors (“Mom and Pop”) – vendor self service and P Card



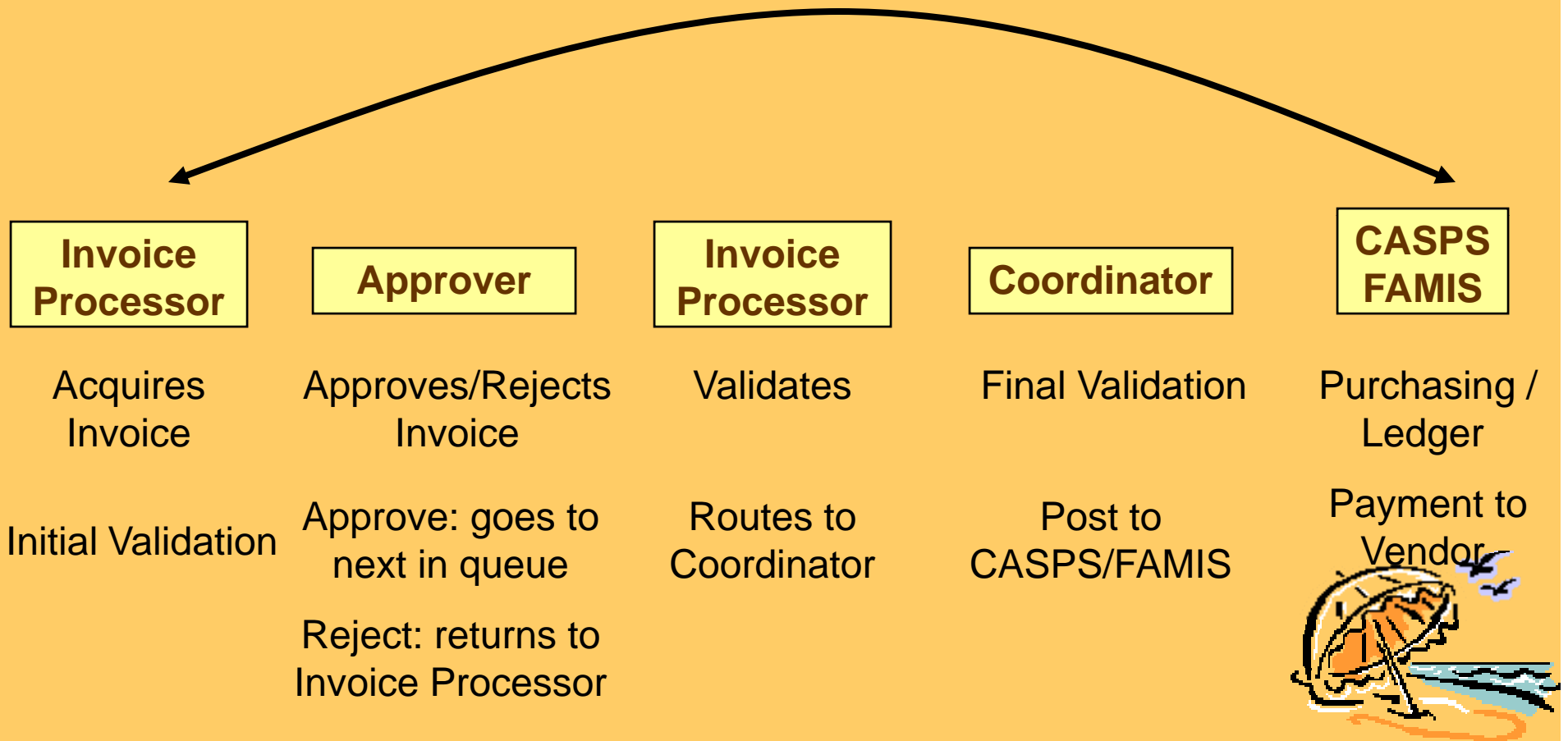
Electronic Accounts Payable The County of Fairfax Solution-Cont

EAPS Technology- (No Product Endorsement)



Electronic Accounts Payable The County of Fairfax Solution-Cont

EAPS WORKFLOW



Benefits of Electronic Accounts Payable

- Invoice Processing based on Due Dates
 - System due date calculations designed to prioritize discounts
- Immediate access to Invoice
 - Workflow keeps track of invoices
 - Supporting documentation can be “attached” to the invoice
- Supports Telecommuting
- Automated Notifications & Escalation
 - Users notified via email they have invoices to approve



Benefits of Electronic Accounts Payable

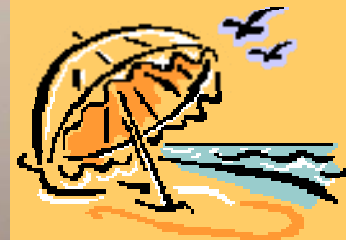
- Track discounts
- Track outstanding invoices
 - Better accrual management
- Eliminate duplicate invoices
- Paperless
 - No copying
 - No filing
 - Easy retrieval



The AP Kitchen Today



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Electronic Accounts Payable Resources

- <http://www.iappnet.org/>
- <http://www.theaccountspayablenetwork.com/html/index.php>
- <http://www.ioma.com/>

