

AP Statement Reconciliation – Importance & Automation

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AP Statement Reconciliation Importance and Automation

In this session, we will explore the opportunities that supplier statement reconciliation can deliver. Additionally, we will discuss the automation of the statement reconciliation. We will discuss the business case for implementation of automation as well.

- Financial Statement Accuracy
- Payments errors
- Missing Credits
- How automation pays for itself
- What KPI's can I track and what process improvements are delivered
- Cost reductions in AP

Financial Statement Accuracy

Financial Statement Disclosures

- Under GAAP, companies are required to disclose the balances of their [accounts payable](#) in the financial statements. **This includes the total amount owed to vendors, suppliers, and creditors for goods and services received.** Additionally, GAAP requires that trade payables be disclosed separately from non-trade payables. Trade payables typically refer to amounts owed for purchases of inventory or other goods and services directly related to the company's core operations. Non-trade payables encompass other obligations, such as taxes payable, employee-related payables, or amounts owed to landlords.

Source: <https://precoro.com/blog/gAAP-for-accounts-payable/#how-is-gAAP-used-for-ap>

Payments errors

AP assumes we correctly capture and pay the invoice amount. However, trusting our data entry or automation tool can cause service disruption.

- Ensuring payments arrived
- Ensuring correct cash application occurs
- Identify Duplicate Payments

Missing Credits

How many suppliers fail to send AP credits due?

How many suppliers fail to send AP invoice adjustments?

How many suppliers send an updated invoice, but NOT the credit for the original invoice?

How automation pays for itself ?

- Fire Drill elimination
- Late Charge elimination
- Discount taken increase
- Dynamic Discount increase
- Ontime payment
 - Procurement Price negotiations
 - Procurement Terms negotiations
- Service interruptions
- Accounts Payable Perception
- Cash Management
- Drive Vendor relationship ownership for all financial transactions to AP!

What KPI's can I track and what process improvements are delivered ?

- Number of Statements reconciled per FTE
- Number of Statements reconciled per Month
- Number of Invoices reconciled
- Total missing credits identified
- Total missing invoices identified
- Reduction of Duplicate invoices

Cost reductions in AP ?

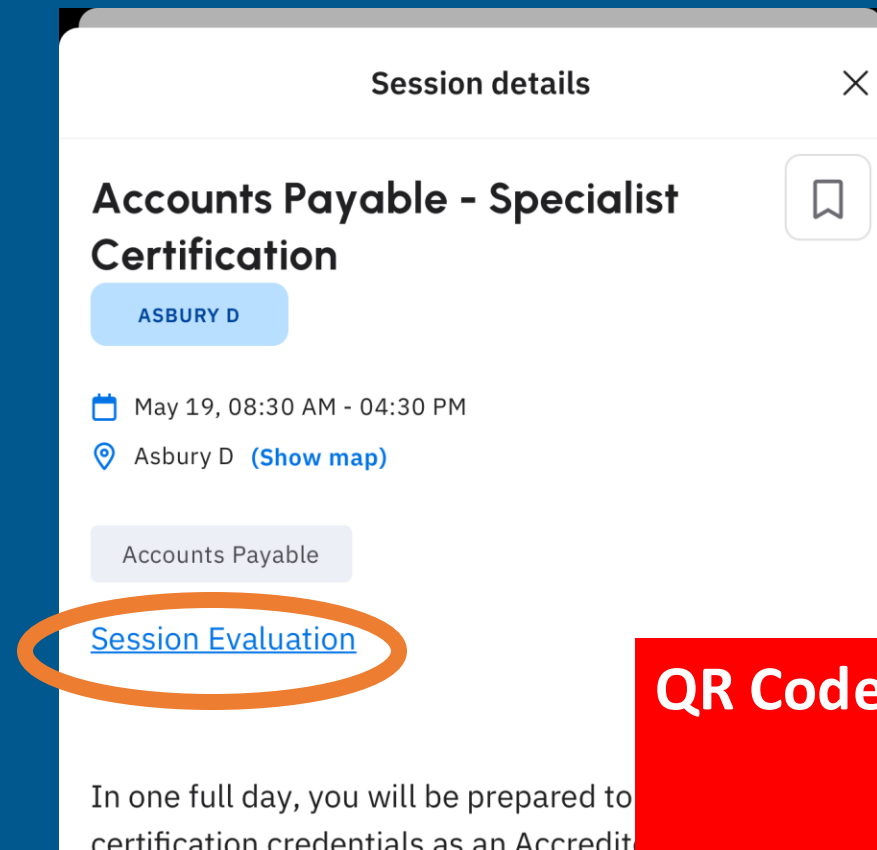
- Eliminate duplicate invoice handling
 - AP Automation providers charge in some cases for duplicate invoices
- Eliminate Recovery Audit costs by automating statement reconciliation
 - Duplicate invoice detection
 - Duplicate payment detection
 - Missing Credits
- Reduce AP Helpdesk ticket handling
 - Repurpose AP Helpdesk resources for statement reconciliation proactive activities

Actionable Takeaways

1. GAAP Compliance
2. Cash Management enhancement
3. Improve AP perception

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QUESTIONS?

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