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## CHAPTER ONE

# About This Toolkit

*The New AP Toolkit* is an excellent reference book for anyone new to the AP or P2P space. It can be used to evaluate current processes and identify improvements. This book also serves as a reference for AP managers and directors, P2P managers and directors, shared services managers and directors, external and internal auditors, internal control professionals, CPOs, controllers, and CFOs. Here's how the book is organized.

### How This Toolkit Is Organized

| Section Number | Title                      | Chapter Number | Chapters                     |
|----------------|----------------------------|----------------|------------------------------|
| 1              | Introduction               | 1              | About This Toolkit           |
| 2              | The New AP Department      | 2              | The New AP Department        |
|                |                            | 3              | Automating the AP Process    |
| 3              | Dissecting the P2P Process | 4              | What is the P2P Process?     |
|                |                            | 5              | Transforming the P2P Process |
|                |                            | 6              | Structuring the AP Process   |

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**How This Toolkit Is Organized**

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| Section Number | Title  | Chapter Number   | Chapters  |
|----------------|--|--|---|
| 4              | <b>How Procurement and Receiving Impact AP</b> | 7  | Supplier Selection and Management   |
|                |  | 8  | Contract Management   |
|                |  | 9  | Purchasing and Ordering   |
|                |  | 10   | Receiving   |
| 5              | <b>A Laser Focus on AP</b>                     | 11   | The Supplier Master File  |
|                |  | 12   | Invoice Processing  |
|                |  | 13   | P-Cards   |
|                |  | 14   | Travel and Entertainment  |
|                |  | 15   | The Payment Process   |
|                |  | 16   | Accounting, Reconciliation Processes, Self-Audit Tools, and Internal Controls |
|                |  | 17   | Customer Service  |
|                |  | 18   | Reporting, Analytics, and Benchmarking  |
| 6              | <b>Other AP Business Processes</b>             | 19   | Supply Chain Financing (SCF)  |
|                |  | 20   | Escheatment   |
|                |  | 21   | Sales and Use Tax   |
|                |  | 22   | Independent Contracts and the 1099 Process                                    |
|                |  | 23   | Business Continuity Planning  |
| 7              | <b>Addendum</b>                                | Accounts Payable: Quarterly Controls Self-Assessment Questionnaire |   |
|                |  | Glossary   |   |

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## INDEX OF AP TOOLS

As an additional bonus, AP Tools are provided within each applicable section. Each AP Tool is numbered for your reference and cross-referenced to a chapter. Every AP Tool includes an introduction titled “About This Tool” which serves as an overview of the tool. Each type of tool is classified as a checklist, template, or best practice.

This index provides the listing of all the tools for controllers that are included in this book and provides a quick glance of an inventory of all the helpful tools provided. The index is organized by: (1) Section Number, (2) Section Title, (3) Chapter Number, (4) Chapter Title, and (5) AP Tool Title and Number.

| Index of AP Tools        |                       |                          |                           |   |
|--------------------------|-----------------------|--------------------------|---------------------------|---|
| (1)<br>Section<br>Number | (2) Section<br>Title  | (3)<br>Chapter<br>Number | (4) Chapter<br>Title      | (5) AP Tool Title and Number  |
| 1                        | Introduction          | 1                        | About This Toolkit        |   |
| 2                        | The New AP Department | 2                        | The New AP Department     | 1. AP Process Improvement and Automation Checklist<br>2. Procurement Spend Analysis<br>3. Types of Internal Controls<br>4. The Benefits of Segregation of Duties (SoD) Controls<br>5. Mitigating Risk with Internal Controls<br>6. Compensating Controls to Mitigate Risk<br>7. Your Roadmap for Implementing an Internal Controls Program<br>8. The Top Twenty Controls for the AP Process<br>9. Internal Controls Checklist<br>10. Sample Internal Controls Program for Accounts Payable for Companies Using the SAP ERP<br>11. Metrics to Drive Process Improvements |
|                          |                       | 3                        | Automating the AP Process |   |

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Index of AP Tools

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| (1)<br>Section<br>Number | (2) Section<br>Title                    | (3)<br>Chapter<br>Number | (4) Chapter<br>Title              | (5) AP Tool Title and Number  |
|--------------------------|---|--------------------------|-----------------------------------|---|
| 3                        | Dissecting the P2P Process              | 4                        | What Is the P2P Process?          | 12. Dependencies and Interdependencies within the P2P Process   |
|                          |   | 5                        | Transforming the P2P Process      | 13. Current State Analysis<br>14. P2P Transformation Roadmap<br>15. Other Recommendations for P2P Transformation<br>16. Managing Change<br>17. P2P Transformation Metrics<br>18. Streamlining Your P2P Process Without Automation<br>19. How to Begin Your P2P Automation Journey |
|                          |   | 6                        | Structuring the AP Process        |   |
|                          |   | 7                        | Supplier Selection and Management | 20. The Top Ten Best Practices in the Supplier Management Lifecycle<br>21. Five Steps to Use When “Fine Tuning” Your Supplier Master File<br>22. Supplier Diversity<br>23. Eight Critical Supplier Master Practices<br>24. Managing the Supplier Master File                      |
|                          |   | 8                        | Contract Management               | 25. Defining the Types of Contracts<br>26. Ten Recommendations for Establishing Contracts   |
|                          |   | 9                        | Purchasing and Ordering           | 27. Five Steps in an Electronic Procurement Process<br>28. Four Best Practices to Consider for the Purchase Requisition Process   |
| 4                        | How Procurement and Receiving Impact AP | 10                       | Receiving                         |   |

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| Index of AP Tools        |                        |                                      |                             |   |         |   |
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| (1)<br>Section<br>Number | (2) Section<br>Title   | (3)<br>Chapter<br>Number             | (4) Chapter<br>Title        | (5) AP Tool Title and Number  |         |   |
| 5                        | A Laser<br>Focus on AP | 11                                   | The Supplier<br>Master File | 29. Supplier Master File<br>Process Best Practices                  |         |   |
|                          |                        | 12                                   | Invoice<br>Processing       | 30. Supplier Master File<br>Coding Standards                        |         |   |
|                          |                        |                                      |                             | 31. Establishing Tolerances   |         |   |
|                          |                        |                                      |                             | 32. Five Factors Driving the<br>Automation of Invoice<br>Processing |         |   |
|                          |                        |                                      |                             | 33. The Most Common<br>Forms of Invoice<br>Automation               |         |   |
|                          |                        |                                      |                             | 34. Six Best Practices for<br>Invoice Processing                    |         |   |
|                          |                        |                                      |                             | 35. Three Components of<br>Imaging and Workflow                     |         |   |
|                          |                        |                                      |                             | 36. Nine Performance<br>Indicators for Invoice<br>Processing        |         |   |
|                          |                        |                                      |                             | 37. The Twenty-Five Top<br>Reasons for Problem<br>Invoices          |         |   |
|                          |                        |                                      |                             | 13  | P-Cards | 38. P-Card Program Best<br>Practices                  |
|                          |                        |                                      |                             |   |         | 39. P-Card Program Imple-<br>mentation Best Practices |
|                          |                        | 40. The P-Card Holder<br>Agreement   |                             |   |         |   |
|                          |                        | 41. The P-Card Scorecard             |                             |   |         |   |
|                          |                        | 42. Red Flags for the<br>T&E Process |                             |   |         |   |
|                          |                        | 14                                   | Travel and<br>Entertainment | 43. Effectively Managing<br>Your Payment Process                    |         |   |
| 15                       | The Payment<br>Process | 44. Five ACH Controls                |                             |   |         |   |
|                          |                        | 45. Preventing Duplicate<br>Payments |                             |   |         |   |
|                          |                        | 46. Eight Best Payment<br>Practices  |                             |   |         |   |
|                          |                        | 47. Tackling Payments Fraud          |                             |   |         |   |

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 Index of AP Tools
 

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| (1)<br>Section<br>Number | (2) Section<br>Title               | (3)<br>Chapter<br>Number   | (4) Chapter<br>Title   | (5) AP Tool Title and Number   |
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|                          |                                    | 16   | <b>Accounting, Reconciliation Processes, Self-Audit Tools, and Internal Controls</b> | 48. The Financial Close Checklist for Accounts Payable   |
|                          |                                    | 17   | <b>Customer Service</b>  |  |
|                          |                                    | 18   | <b>Reporting, Analytics, and Benchmarking</b>  | 49. How to Implement a Successful Metrics Process  |
| 6                        | <b>Other AP Business Processes</b> | 19   | <b>Supply Chain Financing (SCF)</b>  | 50. Defining Who Benefits from an SCF Solution   |
|                          |                                    | 20   | <b>Escheatment</b>   | 51. Action Plan for the Holder of Unclaimed Property<br>52. Basic Procedures for Managing your Company's Escheatment Obligations<br>53. Unclaimed Property Checklist |
|                          |                                    | 21   | <b>Sales and Use Tax</b>   |  |
|                          |                                    | 22   | <b>Independent Contractors and the 1099 Process</b>                                  | 54. Identifying Your Payee<br>55. Compliance Checklist and Year-End Review   |
|                          |                                    | 23   | <b>Business Continuity Planning</b>  | 56. Six BCP Best Practices<br>57. A Roadmap for Developing Your BCP<br>58. Five Recommended BCP Internal Controls  |
| 7                        | <b>Addendum</b>                    | <b>Accounts Payable: Quarterly Controls Self-Assessment Questionnaire Glossary</b> |  |  |

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