Setting Up Accounts Payable Workflows In Your Office

Paul D. Vanchiere, MBA

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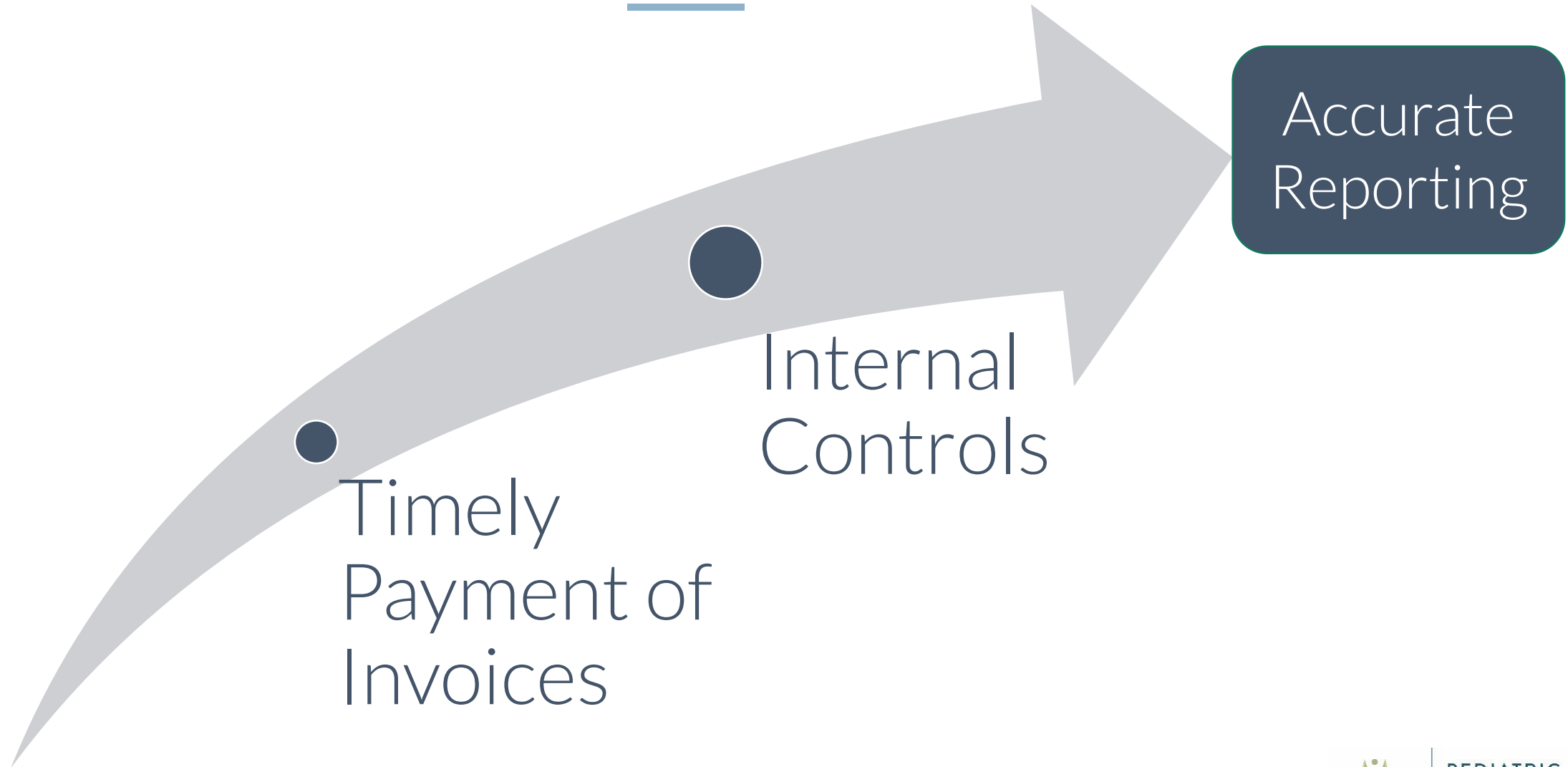
Agenda

- Purpose of Accounts Payable Process
- Internal Controls
- Workflows
- Top 3 Concerns
- Best Practices

- Along the way:
  - Complimentary resources on the PMI website
  - Upcoming events
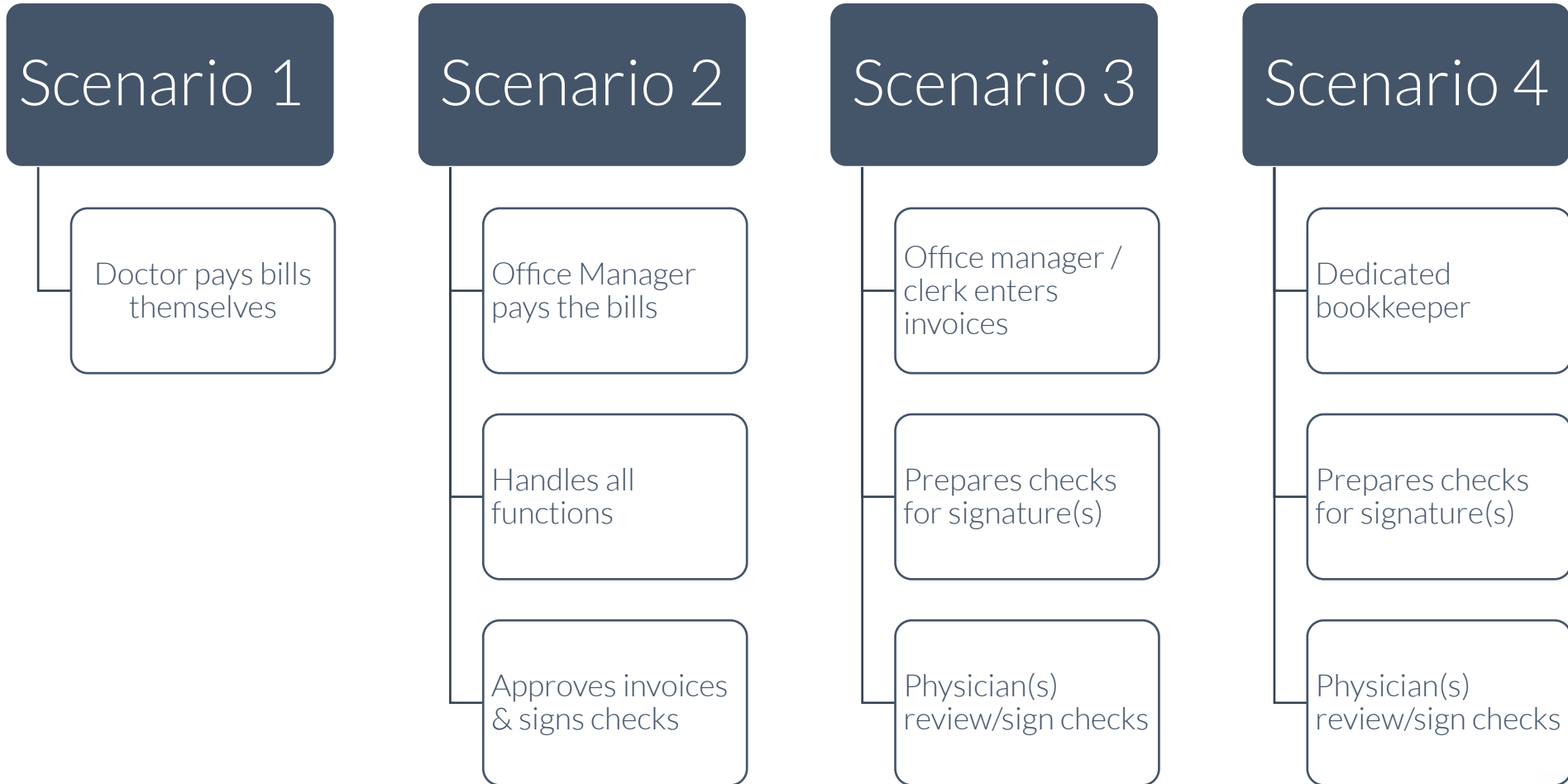 - Tips, Tools, and Resources available from PMI to help you

Purpose of Today...

- Today explore what options are out there to help you think about your current processes
  - Every practice is unique
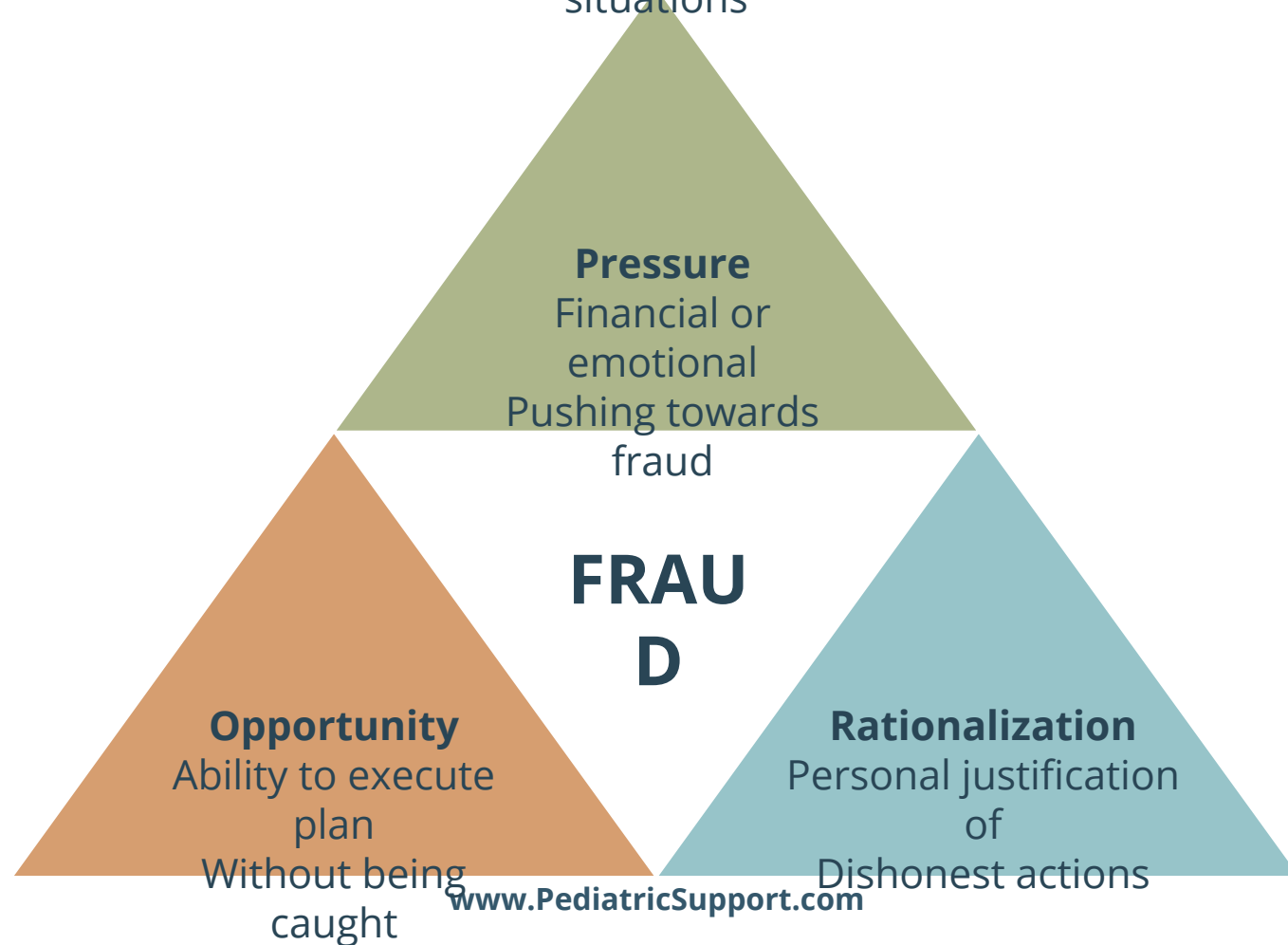 - Logistical concerns for everyone

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Purpose of Accounts Payable

Accurate Reporting

Internal Controls

Timely Payment of Invoices

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Who Are You?

Scenario 1
- Doctor pays bills themselves

Scenario 2
- Office Manager pays the bills
- Handles all functions
- Approves invoices & signs checks

Scenario 3
- Office manager / clerk enters invoices
- Prepares checks for signature(s)
- Physician(s) review/sign checks

Scenario 4
- Dedicated bookkeeper
- Prepares checks for signature(s)
- Physician(s) review/sign checks

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Internal Controls

The Fraud Triangle: A framework for spotting high-risk fraud situations

Pressure
Financial or emotional
Pushing towards fraud

FRAUD

Opportunity
Ability to execute plan
Without being caught

Rationalization
Personal justification of
Dishonest actions

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Internal Controls Are Necessary…

1.Risk Assessment

Identify Weaknesses
- Mail
- Checks

2.Control Environment

Limit Access

Cash Drawers

3.Control Activities

Credit Card Terminals

Charge & Adjustment Posting

4.Information & Communication

Education

Daily & Weekly Reports

5. Monitoring

Cash Handling Audit

Deposit Reconciliation

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Usual Workflow

Convenience / Simplicity

- Minimal Time Devoted
- Done between other duties
- Seen as a burden

Internal Controls

- Transparency
- Accuracy

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Usual Workflow

1. Ordering
1. Vaccine Count Taken
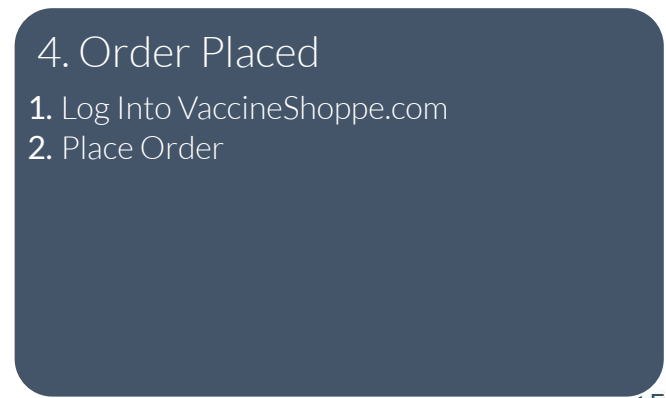2. Log Into VaccineShoppe.com
3. Place Order

2. Validation
1. Verify Count
2. Send Slip to A/P Person

3. Payment Processing
1. Sits In Folder Until Time to Be Paid
2. Resolve discrepancy
3. Entered Into QuickBooks
4. Check Drafted
5. Forward to Physician for Signature
6. Checks Mailed Out

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What's Missing?!?

- Appropriate Internal Controls Require
    - Requisitions
    - Purchase Orders
    - Levels of Authority

- Expense Authorization
    - Appetite for Risk
    - Weigh past issues with likelihood of problems in the future

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Requisition vs. Purchase Order (PO)

- Request for someone to purchase something

Requisition

Purchase Order
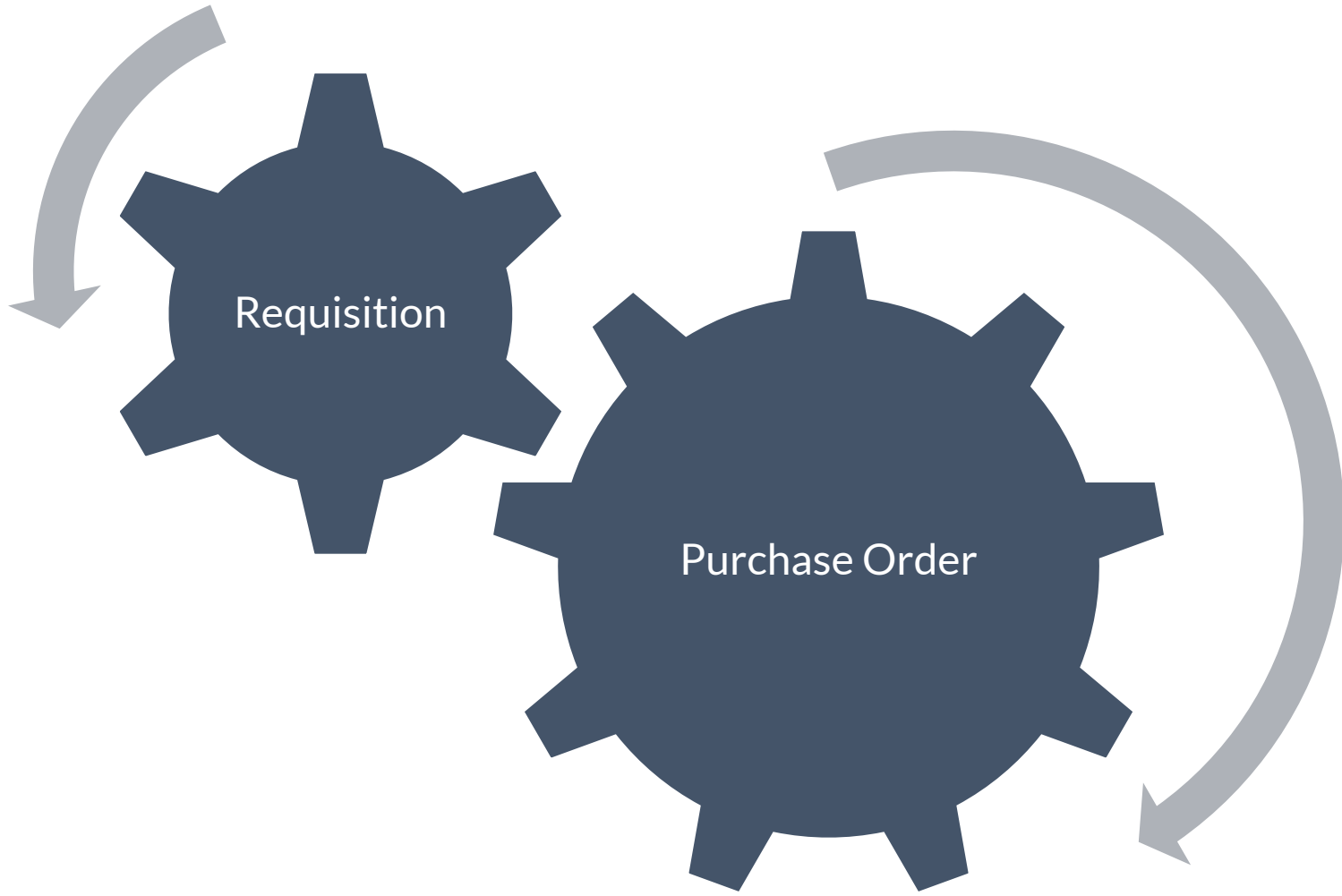
- Formal agreement with vendor
- Avoids duplicate orders
- Avoids surprises
  - Quantity
  - Price
- Track Incoming Orders
- Reduces reactive work

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Comprehensive Workflow

1. Need Determined
1. Vaccine Count Taken

2. Requisition
1. Created
2. Approved

3. P.O. Generated
1. Contact Vendor
2. Track PO Number & Details
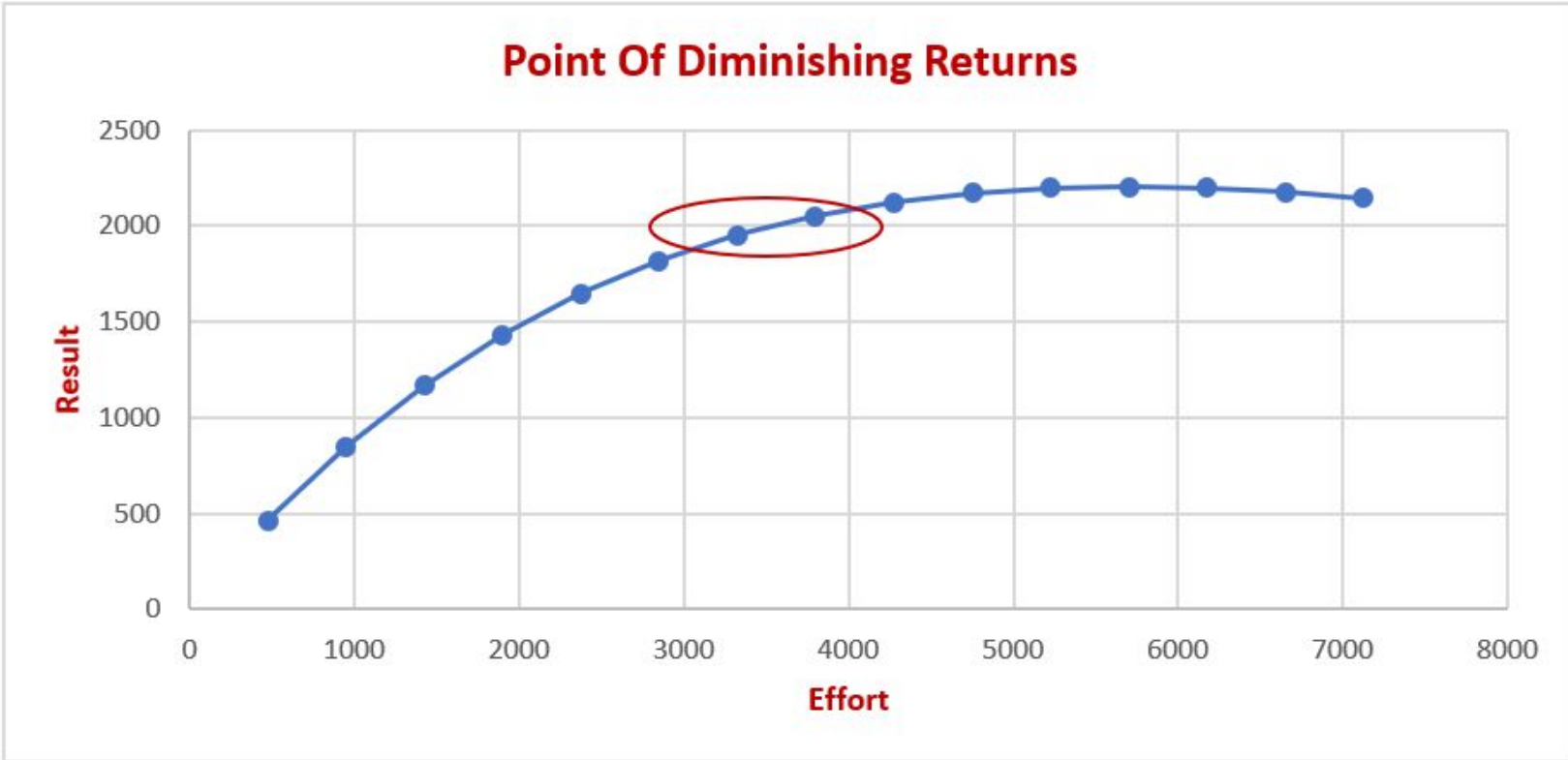
6. Payment Processing
1. Enter Invoice Into A/P System With Due Date
2. Resolve discrepancy
3. Check Drafted
4. Forward to Physician for Signature
5. Checks Mailed Out

5. Validation
1. Verify Count
2. Send Slip to A/P Person

4. Order Placed
1. Log Into VaccineShoppe.com
2. Place Order

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Comprehensive Workflow

1. Need Determined
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Purchase Authorization
Driven by Experience / Trust
Appetite for Risk
Varies by Practice

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Balance Effort With Results...

Point Of Diminishing Returns

Progressively smaller increase in results as one increases the time/energy addressing an issue.

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Concern #1...Autopayments

- Credit Cards

- Very convenient but an Internal Control nightmare

- Button it Up....
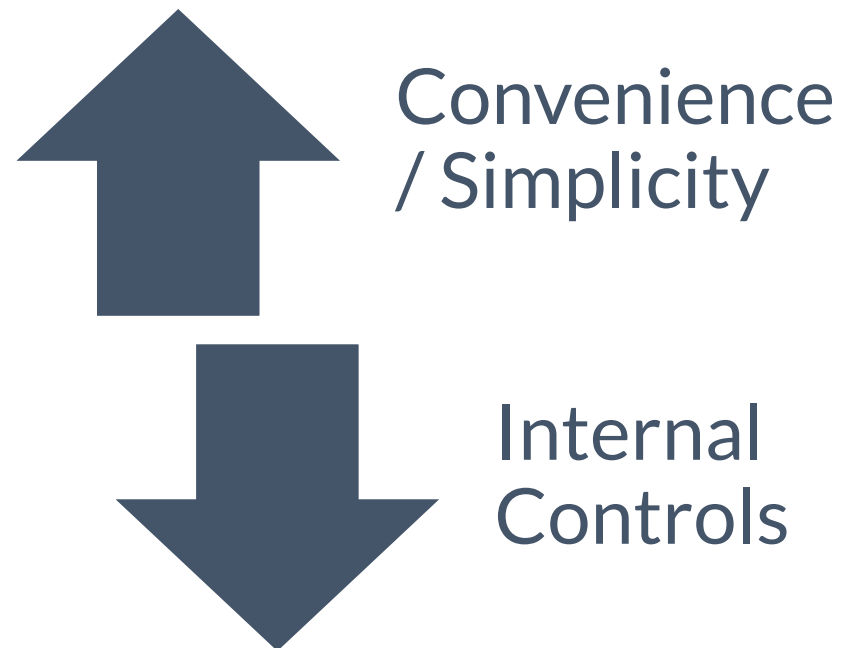
Convenience / Simplicity

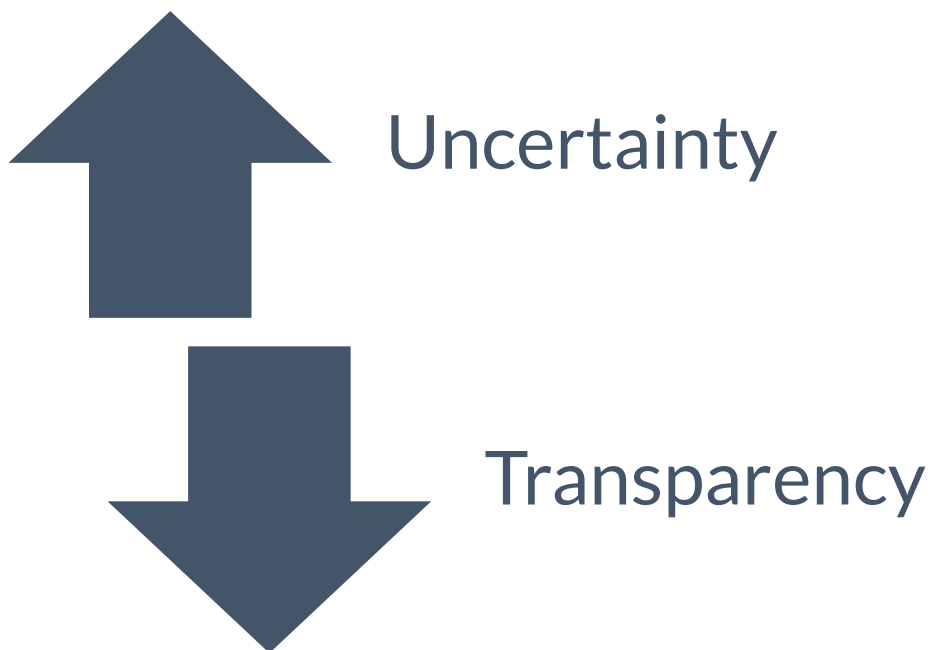Internal Controls

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Concern #2…Stacking Invoices

Uncertainty

Transparency

- Pile up invoices in folder
- Enter invoices and pay at the same time

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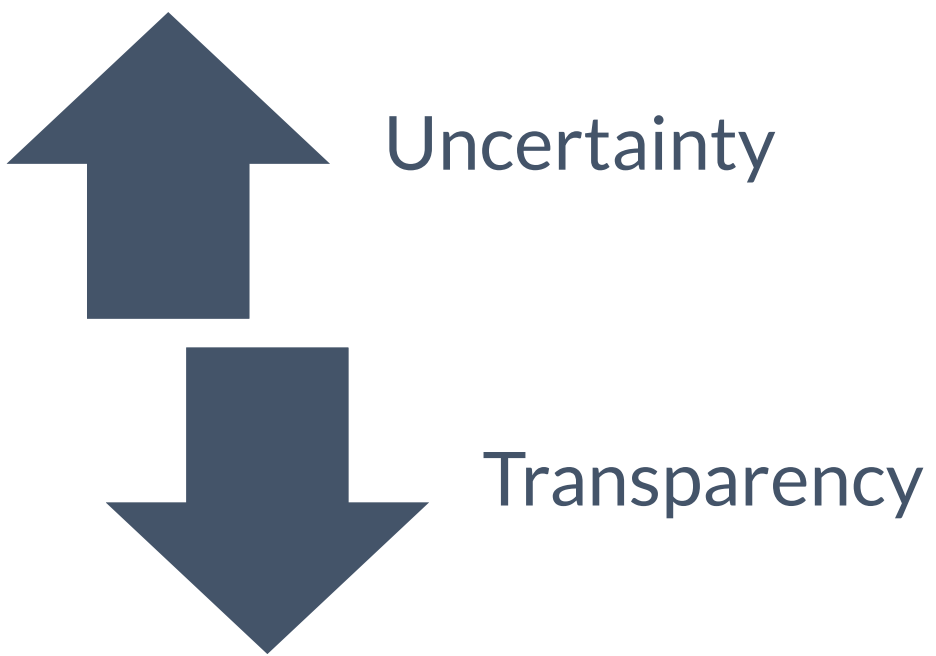
- Pile up invoices in folder
- Enter invoices and pay at the same time

- Need to enter invoices are they arrive and set due dates
- Provides better understanding of cashflow needs over time

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Concern #3…The Approval Process

- Person signing the check needs to see all supporting documentation

- Have time to review

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Concern #4...Rates & Timeliness

- You need a good accountant and a better bookkeeper!

- Don't pay accountant rates for bookkeeping services.

- You should have expense report by 5th day of the month...otherwise you are flying blind...for every day that goes by, you may have 100 encounters....

- What is the best use of a dollar?!?

Accountants are qualified to handle the entire accounting process, while bookkeepers are qualified to handle recording financial transactions. To ensure accuracy, accountants often serve as advisers for bookkeepers and review their work.

Bookkeepers record and classify financial transactions, laying the groundwork for others to analyze the financial data.

PMI Tip: Find a "stay at home" parent who wants to work a few hours per week...

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PMI Videos

Automation Is Key...

Receive Bills

- Emailed Bills
- Paper Invoices
- Auto Payments

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Automation Is Key...

Receive Bills

Electronic copy to designated person

- Emailed Bills
- Paper Invoices
- Auto Payments

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Automation Is Key...

Receive Bills

Electronic copy to designated person

Process Invoice

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Enter into QuickBooks

Route for Approval

• Supporting Documentation

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Process Invoice

Enter into QuickBooks

Route for Approval

- Supporting Documentation

Authorization

Based on level of authority

Review supporting documentation

Approve/Reject Expense Payment

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Receive Bills

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Disburse Funds

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Best Practices

Generate and Send PO	Receive Order	Enter Invoice	Approve Payment	Pay via ACH or check	Store Payment Audit Trail and Documents

intuit quickbooks®
Online

Bill.com®
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CLARITY
Bookkeeping Solutions

Debbie Young

debbie@claritybookkeepingsolutions.com

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Options to Consider

1. Status Quo
   - Depending on practice profile

2. Review
   - External review of process

3. Outsource Options
   - Clarity Bookkeeping Solutions

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