

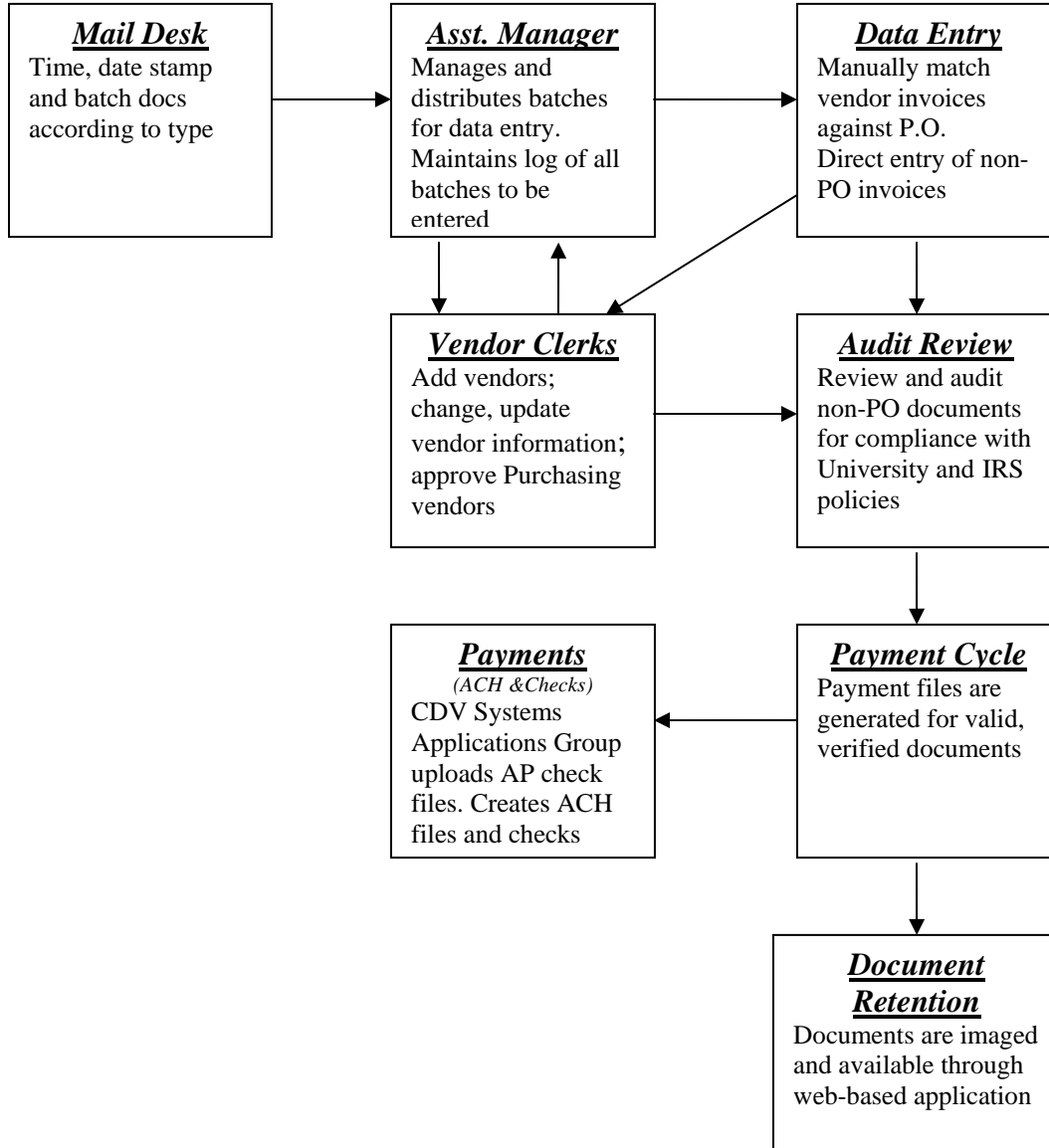
## **Accounts Payable Process Overview**

The attached document provides an overview of the following topics:

- Process for all payment requests submitted by Accounts Payable from receipt of documentation to issuance of payment;
- Responsibilities of Accounts Payable staff members;
- Accounts Payable Training curriculum;
- Current and future Accounts Payable related initiatives.

# Accounts Payable Process Flow

## SIMPLIFIED MAP OF AP DOCUMENTS PROCESS FLOW



## Accounts Payable Process

### Mail Desk

- Documents are time and date stamped and sorted in various color folders according to type:
  - Purchase Order Invoices
    - Vendor Approved invoices – contains departmental approval signature
    - Vendor Unapproved invoices
  - Non-Purchase Order Invoices
    - Small dollar order invoices
    - Business Payment Requests
    - Employee Reimbursements and Advances
    - Payment to Individuals
- The following documents are segregated and given priority processing:
  - 1<sup>st</sup> Priority
    - Employee Reimbursements and Advances (includes payments to American Express)
    - Special Rush requests
  - 2<sup>nd</sup> Priority
    - School of Medicine Faculty Group Practice Payment Requests
    - Requests for bank checks, wire transfers and foreign drafts
    - Requests for Payments to Non- resident Aliens(forwarded to the Tax Department Specialist)
- Batched documents are forwarded to AP Assistant Manager.
- All vendor invoices (received directly from the vendor) with invalid or no PO information are returned to the vendor. Purchasing Services may be alerted depending on the frequency of rejected invoices from a particular vendor.

### AP Assistant Manager

- Maintains log of batches received from the mail desk.
- Manages the flow of documents for entry based on priority processing and date received in Accounts Payable.
  - Assigns batches to Data Entry Staff for input.
  - Forwards requests for patient refunds and Payment to Individual (1099) to vendor clerks.

### Vendor Clerks

- Add new vendors and update information for existing vendors for documents forwarded by the data entry staff.
- Approve new vendors for purchasing services.
- Forward vendored patient refunds and Payment to Individual (1099) documents to AP Asst Manager.

- Forward payment documents tagged by data entry to have vendor information updated to voucher auditors for review.

## **Data Entry Staff**

### Unapproved Purchase Order Invoices

*(Vendors are instructed to forward all PO related invoices directly to Accounts Payable).*

- Blanket order invoices are entered for payment and scheduled for payment with “15 days” terms for negative confirmation.\*
- Itemized Purchase Order invoices are manually matched against the purchase order. If the invoice matches the PO, it is entered with “15 days” terms for negative confirmation.\*
- If the invoice does not match the purchase order, it is logged in the AP rejected invoice table and the department/vendor contacted. In some instances, the invoices are forwarded to Purchasing Services Department.

### Approved Purchase Order Invoices

*(These invoices are sent directly to departments by the vendors. These vendors are advised to send future invoices directly to AP)*

- Blanket order invoices are entered for immediate payment.
- Itemized Purchase Order invoices are manually matched against the purchase order.
- If the invoice does not match the PO contract, it is logged in the AP rejected invoice table and the department/vendor contacted. In some instances, the invoices are forwarded to Purchasing Services Department.

- *The Negative Confirmation Report is a listing of all PO invoices received directly from the vendor, entered, and scheduled for payment by Accounts Payable. On a daily basis, departments review this report and contact AP with any discrepancies or changes (i.e. item returned or partial receipt of items).*

### Non-PO documents (Business Payment Forms, Expense Reimbursement Requests, Payment to Individuals, Employee Advances)

- All documents are entered in the AP system to allow for departmental tracking through the *AP Unpaid Document Report*.
- Documents with an existing vendor number are entered into the AP system.
- If the vendor number does not exist, the document is removed from the batch and forwarded to the AP vendor clerk.
- If the vendor already exists and requires updating, the document is entered into the AP system and color coded (tagged) by the data entry staff to alert the vendor clerks.
- If an error exists, (i.e., missing chartfield, missing approval, no supporting documentation etc.), documents are color coded (tagged) by data entry staff to alert the voucher auditors.
- As a process control, the data entry clerks tally the total dollar amount for all documents in a batch and verify this amount against the system total.
- Completed batches are forwarded to voucher auditors for review.

## **Audit Review**

- A statistical sampling of documents is reviewed for accuracy and compliance with NYU policies and/or other regulatory requirements for reimbursements or payments to individuals.
- All documents tagged by data entry must be fully reviewed.
- Documents with discrepancies that cannot be immediately resolved by voucher audit are flagged (hold code) in the system so that payment cannot be released.
- Documents with hold codes appear on the *AP Unpaid Document Report* with information regarding the payment issue.
- As documents are placed on hold, the department representatives are contacted by the AP auditor reviewing the document.
- Any communication between voucher audit and departments are noted in the voucher.
- On a weekly basis, the AP auditors review the documents that are still on hold and follow up with departments regarding the resolution.
- On a monthly basis, the Audit Supervisor reviews an aging of documents on hold and a decision is made regarding the status of the pending payment.
- Departments are instructed to review this report on a daily basis and contact AP and provide the required information.
- Approved documents are scheduled for payment.

## **EDI's (Electronic Data Interchange)**

- EDI's are used by some external vendors and internal schools/departments (i.e., UPS, Staples, JP Morgan Chase, Forum and Headway Temporary Staffing agencies, Con Edison, Fisher Scientific, WSQ and SOM Payroll garnishments, SOM Medical Library, NYU Bookstore and NYUCard Services) to electronically transmit invoice data.
- Vendors transmit encrypted files to the University's Information Technology Services where they are re-formatted and uploaded into the Accounts Payable module of PeopleSoft.

## **Payment of Approved documents**

- Check cycles are generated on a daily basis.
- ACH cycles for electronic payment are generated twice weekly on Tuesdays and Thursdays.
- The Accounts Payable Assistant Manager and the Accounts Payable Specialist are responsible for the generation of the payment files.
- The payment files are uploaded by the Disbursements Department (of the Controller's Systems Applications Group) into the Bottomline (Paybase 32) check printing system. ACH files and checks are generated.
- As a means to prevent fraud, the Disbursements Department generates a positive pay file which is transmitted to Citibank.

## **Document Retention**

- All documents are outsourced for imaging and images are retrievable via a web-based application.
- On a weekly basis, the AP Assistant Manager oversees the batching and preparation of documents forwarded for scanning and retention.
- All departmental requests for copies of paid documents are directed to the AP Customer Service Representatives.

## ACCOUNTS PAYABLE TRAINING

Below is a listing of the AP workshops that are currently conducted University-wide.

### **AP Courses (Description)**

#### **AP 101: Introduction to AP – Pre-Requisite**

An online course designed to provide general background on the processes managed by Accounts Payable. It can be downloaded to one's desktop.

#### **AP 201: All About Business Travel**

An in-class, two-session course designed to 1) enhance understanding of those policies, rules and regulations that apply to business expenses related to travel, 2) develop an understanding of the processes involved in paying expenses or in obtaining reimbursement and 3) develop an understanding of the tools used for managing/tracking payment requests.

#### **AP 202: Purchasing Goods and How to Pay for Them**

An in-class course designed to provide information on the various tools available for procurement. This class also provides information on the purchase of goods or services requiring purchase orders. This class is conducted in conjunction with Purchasing Services.

#### **AP 301: Paying for Services (Independent Contractors)**

An in-class course designed to assist individuals in determining the difference between employees vs. Independent Contractors to ensure that payments for services are processed in accordance with IRS policies. This class is conducted in conjunction with Tax Services.

### Additional Accounts Payable Services

- **AP Tours:** Individuals are invited to visit Accounts Payable, discuss payment issues and take a tour of the department.
- **Departmental Administrative Meeting:** The AP Director attends departmental administrators meetings and participates in a question and answer session.
- **AP Weekly Update:** A weekly update is posted on the Controller's Division website detailing the processing timeframe for the various documents in Accounts Payable. In addition to the posting, this information is e-mailed to specific customers at their request on Mondays.

## Accounts Payable Initiatives

1. **AP Workflow Project** – A web-based tool for entering non-PO invoices.

**Phase I** – Employee payment requests (i.e. reimbursement requests and advances).

- Employee self-service (i.e. submit address changes and make changes to personal banking data).
- Query tool to review the status of the requests for payment.
- Ability to electronically attach supporting documentation

**Phase II** – Business Payment Forms and payments to Independent Contractors.

2. **Vendor Electronic Invoicing (EDI)** – Currently all EDI's are related to non-PO invoices. This project will include PO- related invoices. A project request has already been submitted and a selection of vendors has been identified.
3. **Electronic Payment (ACH)** – Expand the current program of ACH payments to employees and to targeted vendors.
4. **Training Curriculum** – Additional classes are being developed to provide comprehensive training on University policies and procedures for purchasing and payment.
5. **Document Retrieval** – Linking Accounts Payable document images to departmental reports.