



# Accounts Payable Best Practices for Financial Professionals

*Mary Schaeffer*

*Course # 1133375, Version 2008, 2 CPE Credits*

**your self-study.**  
**your way.**

## Course CPE Information

### Course Expiration Date

Per AICPA and NASBA Standards (S9-06), QAS Self-Study courses must include an expiration date that is *no longer than one year from the date of purchase or enrollment*.

### Field of Study

Accounting. Some state boards may count credits under different categories—check with your state board for more information.

### Course Level

Basic.

### Prerequisites

There are no prerequisites.

### Advance Preparation

None.

### Course Description

Amid constantly changing technology and regulatory requirements, it can be difficult to keep up with financial and accounting best practices. This course will help you integrate best practices into your accounts payable operation by walking you through specific areas such as purchase orders, invoice handling and processing, payment vehicles, and much more. This course also covers operational issues, including duplicate payments, discrepant invoices, missed discounts, and vendor credits. Finally, you'll learn about avoiding fraud, cash management, and using data productively.

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### Publication/Revision Date

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## **Instructional Design**

This Self-Study course is designed to lead you through a learning process using instructional methods that will help you achieve the stated learning objectives. You will be provided with course objectives and presented with comprehensive information and facts demonstrated in exhibits and/or case studies. Review questions will allow you to check your understanding of the material, and a qualified assessment will test your mastery of the course.

Please familiarize yourself with the following instructional features to ensure your success in achieving the learning objectives.

### **Course CPE Information**

The preceding section, “Course CPE Information,” details important information regarding CPE. If you skipped over that section, please go back and review the information now to ensure you are prepared to complete this course successfully.

### **Table of Contents**

The table of contents allows you to quickly navigate to specific sections of the course.

### **Learning Objectives and Content**

Learning objectives clearly define the knowledge, skills, or abilities you will gain by completing the course. Throughout the course content, you will find various instructional methods to help you achieve the learning objectives, such as examples, case studies, charts, diagrams, and explanations. Please pay special attention to these instructional methods, as they will help you achieve the stated learning objectives.

### **Review Questions**

The review questions accompanying this course are designed to assist you in achieving the course learning objectives. The review section is not graded; do not submit it in place of your qualified assessment. While completing the review questions, it may be helpful to study any unfamiliar terms in the glossary in addition to course content. After completing the review questions, proceed to the review question answers and rationales.

### **Review Question Answers and Rationales**

Review question answer choices are accompanied by unique, logical reasoning (rationales) as to why an answer is correct or incorrect. Evaluative feedback to incorrect responses and reinforcement feedback to correct responses are both provided.

### **Glossary**

The glossary defines key terms. Please review the definition of any words you are not familiar with.

### **Index**

The index allows you to quickly locate key terms or concepts as you progress through the instructional material.

## Qualified Assessment

Qualified assessments measure (1) the extent to which the learning objectives have been met and (2) that you have gained the knowledge, skills, or abilities clearly defined by the learning objectives for each section of the course. Unless otherwise noted, you are required to earn a minimum score of 70% to pass a course. If you do not pass on your first attempt, please review the learning objectives, instructional materials, and review questions and answers before attempting to retake the qualified assessment to ensure all learning objectives have been successfully completed.

## Answer Sheet

Feel free to fill the Answer Sheet out as you go over the course. To enter your answers online, follow these steps:

1. Go to [www.westerncpe.com](http://www.westerncpe.com).
2. Log in with your username and password.
3. At the top right side of your screen, hover over “My Account” and click “My CPE.”
4. Click on the big orange button that says “View All Courses.”
5. Click on the appropriate course title.
6. Click on the blue wording that says “Qualified Assessment.”
7. Click on “Attempt assessment now.”

## Evaluation

Upon successful completion of your online assessment, we ask that you complete an online course evaluation. Your feedback is a vital component in our future course development.



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## **Learning Objectives**

### **Learning Objectives**

Upon successful completion of this course, participants will be able to:

- Integrate best practices into your accounts payable function.
- Employ methods to correct and avoid operational issues, such as duplicate payments and invoices.
- Assess and avoid operational issues such as missed discounts, vendor credits, and regulatory compliance.
- Manage the master vendor file, avoid fraud, manage cash, and use data productively.

## PowerPoint Slides



Welcome to Western CPE's  
Presentation of:

# **Accounts Payable Best Practices for Financial Professionals**

Presented by:  
Mary S. Schaeffer

## **Agenda**

- When best practices are ignored
- Invoice delivery and processing best practices
- Payment best practices
- Common operational issues best practices
- Master vendor file
- Vendor relations
- Regulatory issues affecting the payment process
- Fraud
- Cash management in accounting practices
- Data and productivity

## Background and Impact of Ignoring Best Practices

## Why Are Best Practices Changing So Much?

- Technology changing the playing field
- Huge regulatory impact
  - state budget deficits
  - IRS (tax gap and more)
  - corporate reporting
- Increasing fraudulent approaches aimed at accounts payable

## Procure-to-Pay Cycle

- Procure-to-pay (P2P)
- From purchase order (PO) to payment
- Three-way match
  - PO
  - Receiver, receiving document, packing slip
  - Invoice

## What Goes Wrong When Accounts Payable Issues Are Ignored

- Duplicate and erroneous payments
- Fraud increases, especially in troubled economic times
- Penalized on a Sarbanes-Oxley (SOX) audit
- Loss of early payment discounts, which is probably the best investment alternative
- Late fees
- “Special” deals lost

## NOT Best Practices

- Voiding pantographs
- Thinking only paying from an original invoice will protect you from duplicate payments
- Never paying from a fax
- Never reviewing and updating processes
- Putting forms for vendors on your website
  - Password protected Intranet still okay

## Worst Practices

- Returning checks to requisitioners
- Rushing checks
- Rubber signature stamps
- Petty cash boxes
- Not having a detailed policy and procedures manual

## Best Practice Mission Statement

Pay the right “person,” the right amount, on the right date.

—Lowe’s Companies, Inc.

## Before the Invoice

## Purchase Order

- PO
- Filled out completely
- Shared with vendor and in line with AP
- Be careful about special deals

## After-the-Fact PO

- Recommended
- Helps identify erroneous payments
- Helps uncover duplicate payments
- Not useful for the vendor's invoice

## Receiving Best Practices

- Documents checked against delivery
- Differences noted
- Really outside AP's domain, but affects the payment process nonetheless

## Periodic Review: Old POs and Receivers

- Without review
  - Facilitates fraud
  - Inaccurate accruals
  - Inaccurate financial statements
- Who should handle the review?
- The document itself
- Dual signature required

# Invoice Handling

## Invoice Handling: Problems

- The invoice “hot potato”
- The AP “black hole”
- Invoices addressed to no one
- Tardy approvals
- Discrepant invoices
- Fraudulent invoices
- Second copies
- Not establishing delivery points for invoices

## Invoice Handling: Best Practice

- Standards
  - Vendor name
  - Invoice number
  - Invoice number creation for invoices w/o invoice numbers
- **No excuse for not doing this!**
- Best protection against duplicate payments

## Invoice Handling: Low-Tech Solutions

- All sent to one location
  - Mail address
  - Email address
  - Fax number (dedicated for invoices only)
- Develop standard letters for common problems
- If no PO/requisitioner, return the invoice



## Invoice Processing: Staff

- Everyone processes the same invoice—check and recheck
- Detailed written instructions
- All invoices entered—no waiting for more information
- Train, cross-train, educate, rotate

## Invoice Handling: Technology Solutions

- E-invoicing
- Escalating approvals
- Wave of the future

# Payments

# Payment Vehicles

- Paper checks
- Electronic payments via ACH
- P-cards
- Wire transfers (expensive and domestically being supplanted by ACH)
- Petty cash box (a poor practice)

## Check Processing: Problems

- Check fraud is still the biggest type of fraud
- Check costs
- Check printing/signing/mailing
- Rush checks
- Returning checks to requisitioner
- Uncashed checks

## Check Processing: Solutions

- Pay electronically whenever possible
- Never return checks to requisitioner if you can possibly help it
- Limit rush checks
- Make sure strong controls are in place throughout the check production and signing cycle
- Have good follow-up routines for uncashed checks
- Consider outsourcing check printing to your bank
- Use positive pay
  - Payee name for positive pay



## What about Voided Checks?

- Appropriate accounting needed to reverse, if needed (or adjust check number if a misprint)
- Remove signature line
- Mark as “void”
- Document reason
- **TAKE OFF POSITIVE PAY FILE**
- Keep for auditors

## Definitions

- ACH
- ACH credits
- ACH debits
  
- ✓ NACHA

## Converting Vendors to ACH

- Start small
  - Trusted vendors
  - Affiliates
  - Vendors who have requested ACH
- Ask vendors
  - Select a group
  - The 25% problem
  - The rush payment solution

## Newest Check Fraud Problem

- Fraudulent checks returned by positive pay are being represented as ACH debits—and making it through
- Daily reconciliation of bank accounts, where no ACH blocks are put in place



## Electronic Payment Best Practices

- Strong internal controls
- Consistent with check practices
- Make sure receivers and POs are extinguished
- ACH blocks of everyone
- ACH filters
- Separate account, if feasible

## New Problem: ACH Payments Made Outside AP

- 20% of companies
- Rigid best practices not always followed
- Open PO, open receivers
- The invoice number

## ACH Fraud Protection

- Separate PC used for online banking only
  - ✓ No email
  - ✓ No surfing Internet
  - ✓ Nothing else
  - ✓ Turned off when not in use



## P-Cards

## Brief Definition

- P-card, corporate procurement card, purchasing card
- Not a travel & entertainment (T&E) card
- Individual's name
- Corporate liability

## P-Card Best Practices

- Only for those who need it
- Set reasonable limits
  - Merchant category code (MCC)
  - Daily
  - Seasonal

## When an Employee Leaves

- HR should notify AP or card administrator
- Get the card back
- Notify the bank

## When HR Doesn't Notify AP of Departing Employee

- List of inactive cardholders from bank
- List of current employees from HR

# Operational Issues

## Operational Issue #1: Duplicate Payments

### The Numbers

- Accounts Payable Now & Tomorrow survey
  - 95% had a check returned by a vendor, indicating the check was a duplicate (where there's smoke, there's fire)
  - 30% use duplicate payment audit firms
- Check yourself: Find as many as you can
  - Coding standards
  - Invoice number vs. dollar amount using Excel
  - Search the files for big-dollar items
  - Manual search for late-dated items
  - Eliminate rush checks

## Operational Issue #1 (con't)

- Visit Accounts Payable Now & Tomorrow's Duplicate Payment Resource Center  
<http://ap-now.com/duplicatepaymentresources.html>
- After-the-fact checking
- Hire a duplicate payment audit firm (on a contingency basis)
- Consider a second audit

## Operational Issue #2: Discrepant Invoices

- Track disputes/resolutions
- Excel
- Analyze
- Resolve common issues

## Operational Issue #3: Missed Discounts

- For example, 2/10 net 30 translates into a 36% annual rate of return.
- Only mortal sin: missing a discount.
- This is money that goes right to the bottom line, dollar for dollar.
- Improve invoice processes so all discounts can be earned. Whenever one is lost, figure out why and fix the problem!
- Consider electronic invoicing or email receipt.
- Fast-track discount invoices.

## Operational Issue #4: Calls into AP

- Pay on time!
- Details on remittance advice
- Vendor portals (for payment status checking)
- One person handles all or each person handles his own
- Answer all at one time

## Operational Issue #5: Vendor Credits

- Get statements showing all activity
- Get statements on a regular basis
- If you don't collect late fees, unearned early pay discounts, discrepant invoices
- Hire an outside firm

## Master Vendor File

## Sudden Master Vendor File (MVF) Attention

- Health care reform
- W-9s from everyone
- Where to start: the master vendor file

## Master Vendor File: Problems

- Unlimited access
- No naming standards
- Vendors in several times
- Vendors never deactivated
- Segregation of duties issue
- Coding standards don't match invoice processing standards

## Master Vendor File: Solutions

- Coding conventions to match invoice processing standards
- Cleanse and deactivate regularly
- Require W-9 before setting up vendor
  - Avoid year-end 1099 problems and “B” Notices

## Master Vendor File: Controls and Fraud Prevention

- Limits exist as to who can add new vendors and update the MVF
  - Appropriate segregation of duties
- Regularly print a report of all changes to the MVF for review by a high-level executive

# Vendor Relations

## AP: Has What Impacts?

- How quickly vendor calls are returned
- How quickly vendor inquiries are responded to
- How quickly discrepant invoices are resolved and paid
- If the vendor is paid on time

## Notice Anything?

AP can do more harm than good!

## The Vendor Welcome Letter

- Start the relationship off on the right foot.
- Spell out what the vendor needs to do so you can pay them in a timely manner.
- Tell them where to send the invoice for payment.

## Take a Customer Service Approach

- AP's "customers"
  - Vendors looking for info or money
  - Employees looking for T&E
  - Employees looking for info or data
- Walk a mile in their shoes
- Respond within 48 hours (or less)

## Regulatory Issues

- 1099/1042-S
- Unclaimed Property
- Sales and Use Tax

## Regulatory Issues (con't)

- Don't ignore
  - Feds and states all need more money and are targeting those not paying their fair share
- Corporate reporting section of health care reform act has been repealed
  - Likely returning at some future point
- Government mandate that agencies start withholding 3% of payments made to independent contractors in 2012 has been repealed

## IRS Audits

- For data collection
- Focus:
  - Worker classification
  - Expense reimbursement
  - Exec compensation

## When You're Not Complying

- If you are not currently handling things correctly and an auditor shows up, get professional help.
- Watch out for the no-fee auditors as you'll end up paying a lot more!

## Regulatory Best Practices

- Get a W-9 from everyone before the first payment is made—without exception.
- Use Taxpayer Identification Number (TIN) Matching Program as soon as you receive the W-9.
- Try and prevent someone outside AP telling you how to classify a worker. Do it per the form. (Proper worker classification was an Obama initiative when he was a senator; this issue is likely to become a front-burner issue in the near future.)
- Get regular updates on the rules; some change every year.

## Operational Issue: 1099 Blues

- Fill out the forms correctly from the start
- Require a W-9 before setting up a vendor
- Use the TIN Matching Program
- Work your “B” Notices
- Appeal any penalty notices

## Unclaimed Property Best Practices for AP

- Uncashed checks are the main focus
- Due diligence
  - Follow up with letters at 90 days
  - Use certified mail
  - Keep all your documentation
- Report and remit
  - Right amount to the right state at the right time

## Operational Issue: Unclaimed Property

- States are looking for money
- Uncashed checks are considered unclaimed property
- Third-party auditors are changing the complexion of the game
- Be wary of anyone offering to get you in compliance for free for the first year

## Sales and Use Tax

- Your responsibility
- Invoices must show taxes paid
- If not, call and find out why
- If vendor doesn't have nexus, accrue the use tax
- Pay the right amount to the right state at the right time

## Operational Issue: Sales and Use Tax

- Be aware of multi-topic audits.
- If there is no tax on the invoice, do NOT add it to the invoice and hope vendor will pay. (They won't.)
- Find out why.
- Don't pay sales tax on a separate invoice.

## Fraud

## Myths

- It would never happen here; we're too big (or small).
- My employees would never steal from us.
- The bank will eat the losses.
- We use positive pay and are covered.
- We don't make electronic payments, so we don't have to worry about that.

## Fraud: Statistics

- It happens everywhere!
  - AP Now: fraud up 86% in ten years!
  - Association for Financial Professionals (AFP): up 72% in attempted/actual fraud in one year
  - PricewaterhouseCoopers (PwC): up 43% in serious fraud in two years

## What Most People Don't Know

When it comes to occupational fraud, the most likely perpetrator is a long-term, trusted employee.

—Association of Certified Fraud Examiners



## More Facts

- Controls to prevent duplicate payments also prevent fraud
- Have a complete segregation of duties—no exceptions
- Surprise audits
- Mandatory vacations and job rotation are starting to get a lot of press



## Check Fraud: Positive Pay

- Best protection against check fraud
  - Positive pay
  - Reverse positive pay
  - Payee name positive pay
- Check fraud still the most prevalent type of payment fraud

## ACH Fraud Prevention Basic Best Practices

- ACH blocks
- ACH filters
- Daily bank records

## **ACH Fraud: Have a Separate Computer**

- Separate from the FBI and FDIC
- For online banking only
- No email
- No Internet surfing
- Turn off when not in use

## **Cash Management**

## Not about Payment Stretching

- Adds little to the bottom line in current interest rate environment
- Second invoices
- Occasional duplicate payments
  - Rarely returned
- Fraud starts with an honest mistake

## Early Payment Discounts

- Best return
- Fast-track qualifying invoices
- Consider emailed invoices
- Look for opportunities

## Avoid Late Fees

- Much higher than what you'd earn on investments
- “We don't pay late fees”
  - Credits often used to cover
- Frayed vendor relations

## ACH Payments

- Impact on cash flow
- Be careful of large introductions of new payees
- Much cheaper than paper checks
- No uncashed payments

# Productivity and Data

## Harnessing the Data in AP

- Wealth of information
- Purchasing
  - To negotiate preferred contract potential
- Identify rogue purchasers

## Identify Problem Spots

- Discrepant invoices
- Identify problems
  - Processes
  - Processors
  - Purchasers
  - Vendors

## Benchmark Processors

- Productivity
- Measure apples vs. apples
- Line items instead of invoices

## Best Practice Philosophy

- Old best practice: Use preestablished best practices.
- New best practice: Think, analyze, and reevaluate.
  - Periodically identify new best practices for your group.
  - Remember the timeline: Yesterday's best practices could be tomorrow's worst practices.

## Thank You

Questions are always welcome.  
To share your thoughts and insights, contact:

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(302) 836-0540

## Review Questions

The review questions accompanying this course are designed to assist you in achieving the course learning objectives. The review section is not graded; do not submit it in place of your qualified assessment. While completing the review questions, it may be helpful to study any unfamiliar terms in the glossary in addition to course content. After completing the review questions, proceed to the review question answers and rationales.

### Section 1

1. Which practice can be remedied by using Automated Clearing House (ACH)?
  - a. Making vendor forms available on your website.
  - b. Returning checks to requisitioners.
  - c. Rushing checks.
  - d. Maintaining petty cash boxes.
  
2. Only \_\_\_\_\_ should be used to complete after-the-fact purchase orders.
  - a. Information on hand by the purchasing department.
  - b. The invoice.
  - c. Packing slips.
  - d. Receiving documents.
  
3. Which of the following is true regarding receiving best practices?
  - a. Differences should be investigated on a quarterly basis.
  - b. Receiving discrepancies should be noted on the purchase order.
  - c. Purchase orders should be shared with the receiving department.
  - d. Compliance for receiving practices falls outside the accounts payable domain.
  
4. What is the best practice for check processing?
  - a. Avoiding the outsourcing of check printing.
  - b. Avoiding the use of P-Cards.
  - c. Encouraging the use of wire transfers.
  - d. Encouraging the use of electronic payments.

## Section 2

5. Which master vendor file process could be moved out of the accounts payable function when there is limited staff?
  - a. Development of coding standards.
  - b. Annual cleansing of records.
  - c. Updating of the master vendor file.
  - d. Vendor W-9 requests.
  
6. Conversion to ACH improves efficiency and control, but the process may:
  - a. Provide the best protection against check fraud.
  - b. Provide the best financial return of all best practices.
  - c. Fray vendor relations.
  - d. Impact cash flow.

## Review Question Answers and Rationales

Review question answer choices are accompanied by unique, logical reasoning (rationales) as to why an answer is correct or incorrect. Evaluative feedback to incorrect responses and reinforcement feedback to correct responses are both provided.

### Section 1

1. Which practice can be remedied by using Automated Clearing House (ACH)?
  - a. Making vendor forms available on your website. Incorrect. Website forms for vendors should only be used when they are on a password protected intranet. ACH would not remedy this poor practice.
  - b. Returning checks to requisitioners. Incorrect. This practice is inefficient and is evidence of poor internal controls, but is not generally improved by use of ACH.
  - c. **Rushing checks. Correct. If a rush payment is necessary, using ACH speeds the process and helps eliminate errors, duplicate payments, and internal control problems.**
  - d. Maintaining petty cash boxes. Incorrect. Petty cash boxes now are considered a worst practice, but implementing ACH transactions would not generally affect petty cash.
  
2. Only \_\_\_\_\_ should be used to complete after-the-fact purchase orders.
  - a. **Information on hand by the purchasing department. Correct. In order to preserve internal control and to ensure correct terms and special deals, purchasing should use the information they have on hand, instead of an invoice to create after-the-fact purchase orders.**
  - b. The invoice. Incorrect. Use of the invoice to prepare after-the-fact purchase orders defeats the purpose of purchase order creation.
  - c. Packing slips. Incorrect. Although a better practice than using invoices for after-the-fact purchase orders, the purchasing department should use their own information for purchase order creation.
  - d. Receiving documents. Incorrect. The purpose of the after-the-fact purchase order is to identify erroneous payments and uncover duplicate payments, so the purchasing department should use information on hand, not receiving documents.

3. Which of the following is true regarding receiving best practices?
- a. Differences should be investigated on a quarterly basis. Incorrect. Differences should be investigated immediately. Failure to follow-up on a timely basis results in discrepancies that will never be remedied.
  - b. Receiving discrepancies should be noted on the purchase order. Incorrect. Receiving discrepancies should be noted on the receiving document and reconciled in the accounts payable department.
  - c. Purchase orders should be shared with the receiving department. Incorrect. The receiving department should not have access to purchase orders. This reconciliation should occur in the accounts payable department.
  - d. **Compliance for receiving practices falls outside the accounts payable domain. Correct. Although receiving practices really fall outside the domain of accounts payable, these practices affect the payment process and should be monitored by the accounts payable department.**
4. What is the best practice for check processing?
- a. Avoiding the outsourcing of check printing. Incorrect. A best practice is outsourcing check printing to your bank to prevent check fraud.
  - b. Avoiding the use of P-Cards. Incorrect. Proper use of P-Cards with implementation of appropriate limits improves efficiency within the accounts payable function.
  - c. Encouraging the use of wire transfers. Incorrect. Wire transfers are expensive and are domestically being replaced by ACH transactions.
  - d. **Encouraging the use of electronic payments. Correct. Paying electronically whenever possible helps eliminate duplicate payments, reduces fraud, and increases efficiency.**

## Section 2

5. Which master vendor file process could be moved out of the accounts payable function when there is limited staff?
- a. Development of coding standards. Incorrect. This development should occur within the AP function since these standards should be identical for all processes within accounts payable.
  - b. Annual cleansing of records. Incorrect. A regular cleanse and deactivation of vendors should occur within the accounts payable function.
  - c. **Updating of the master vendor file. Correct. Segregation of duties requires that limits be placed on who can add new vendors and update the master vendor file. Consider moving this process out of the accounts payable function when there is not enough AP staff to accomplish segregation of duties within the function.**
  - d. Vendor W-9 requests. Incorrect. Requesting Forms W-9 begins the relationship between AP and the vendor, so this should be done within the AP function.

6. Conversion to ACH improves efficiency and control, but the process may:
- a. Provide the best protection against check fraud. Incorrect. Positive pay and reverse positive pay provide the best protection against check fraud.
  - b. Provide the best financial return of all best practices. Incorrect. Early payment discounts provide the best financial return.
  - c. Fray vendor relations. Incorrect. Failure to pay late fees can often result in frayed vendor relations. ACH transactions should improve vendor relations.
  - d. **Impact cash flow. Correct. The initial conversion to ACH results in the loss of the “float” provided by paper checks and will impact short-term cash flow.**

## Glossary

This is a glossary of key terms with definitions. Please review any terms with which you are not familiar.

**Automatic Clearing House (ACH) credit:** Payment used to pay someone else, usually payroll and large vendors.

**ACH debit:** *Automatic clearing house* transaction to receive payment from others.

**Best practices:** Methods that are used to create the best possible outcomes.

**Black hole:** Occurs when the accounts payable staff cannot determine who is responsible for delays.

**Hot potato:** An invoice that keeps getting passed around.

**Payment vehicles:** Varying forms that deliver payment: paper checks, electronic payments, and wire transfers.

**Positive pay:** Creation of a file with check numbers and amounts that is given to the bank for verification prior to payment.

**Three-way match:** Ensures that a purchasing order matches the receiver, receiving document, or packing slip and that these documents match the invoice.

**Worst practices:** Methods that are frequently used out of habit and create undesirable outcomes.

**Vendor portals:** Websites that allow access in order to check payment status.

**Vendor welcome letter:** Spells out vendor requirements for timely payment and explains where to send invoices for payment.

**Voiding pantographs:** New printer technology that places a fraud protection device on printed checks.

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## Qualified Assessment

Accounts Payable Best Practices for Financial Professionals

Course # 1133375, Version 2008

Publication/Revision Date:

August 2020

### Course Expiration Date

Per AICPA and NASBA Standards (S9-06), QAS Self-Study courses must include an expiration date that is *no longer than one year from the date of purchase or enrollment*.

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1. The best practice of three-way match involves the reconciliation of \_\_\_\_\_ for each transaction.
  - a. Receiver, receiving document, and packing slip.
  - b. Purchase order, receiving document, and invoice.
  - c. Receiving document, packing slip, and invoice.
  - d. Purchase order, receiver, and receiving document.
  
2. Failure to remedy accounts payable issues often results in penalties during Sarbanes-Oxley audits due to:
  - a. Weakened internal controls.
  - b. Duplicate payments.
  - c. Increased fraud.
  - d. Loss of special deals and early payment discounts.
  
3. Who should review old purchase orders and receivers?
  - a. The finance department outside of accounts payable.
  - b. Temp workers hired specifically for that task.
  - c. The purchasing department for purchase orders and the receiving department for receivers.
  - d. No one. There is no reason to review old purchase orders and receivers as long as there are no corresponding invoices.
  
4. What is the biggest type of fraud?
  - a. Check fraud.
  - b. Electronic payment fraud.
  - c. Identity theft.
  - d. Wire transfer fraud.

5. What is recommended when no ACH blocks are implemented?
  - a. Daily reconciliation of bank accounts.
  - b. Separate bank accounts.
  - c. Extinguishment of purchase orders.
  - d. Removal of signature lines.
  
6. What percentage of respondents reported duplicate payments returned by vendors in an Accounts Payable Now and Tomorrow survey?
  - a. 30%.
  - b. 50%.
  - c. 65%.
  - d. 95%.
  
7. Accounts payable should take advantage of any available early payment discounts because 2/10 net 30 offers a \_\_\_\_\_ rate of return.
  - a. 10%.
  - b. 22%.
  - c. 36%.
  - d. 41%.
  
8. How often should the master vendor file be cleansed?
  - a. Bi-weekly.
  - b. Semi-annually.
  - c. Annually.
  - d. Biennially.
  
9. Classification of workers as employees or independent contractors should be determined by:
  - a. The worker or employee.
  - b. Accounts payable.
  - c. Cost-effectiveness.
  - d. The chief financial officer.
  
10. Which of the following is true of fraud?
  - a. Large companies generally enjoy a significantly reduced fraud risk.
  - b. 90% of perpetrators are eventually prosecuted.
  - c. Younger employees are responsible for most of it.
  - d. Implemented duplicate payment controls help prevent fraud.



**Answer Sheet**  
Accounts Payable Best Practices  
for Financial Professionals  
Course # 1133375, Version 2008  
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Financial Professionals  
Course # 1133375, Version 2008

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