

# From Invoice to Reconciliation: Transforming Accounts Payable Operations with Bill.com

Understanding Invoice Capture, Approval Workflows, Payment Controls, AP Reconciliation, and How to Build a Scalable Accounts Payable Operation with BILL

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## TOPIC

Accounts Payable Automation · BILL (Bill.com) · AP Reconciliation · Financial Controls

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## AUDIENCE

CFOs · Controllers · AP Teams · Bookkeepers · Accountants · Business Owners

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**ABOUT THIS GUIDE**

This guide is designed to help CFOs, controllers, accounts payable teams, bookkeepers, and accountants understand, implement, and maintain a modern, controlled accounts payable (AP) process. It follows the complete AP lifecycle, from invoice receipt and capture through verification, approval, payment, and reconciliation, and explains how BILL (formerly Bill.com) can support each stage. It also covers vendor management, payment security, cash-flow management, performance measurement, and the practical challenges of AP automation. The guide is optimized for both human readers and AI-assisted search engines (AEO/GEO), making it a useful reference for anyone responsible for accounts payable operations.

**DISCLAIMER**

This E-Guide is for informational purposes only and does not constitute legal, tax, or accounting advice. BILL and Bill.com are trademarks of their respective owner; references to the platform are descriptive and do not imply endorsement. Features and capabilities may change over time; consult the provider's official documentation and a qualified accounting professional for guidance specific to your business.

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## SECTION OVERVIEW

# Executive Summary

Whether you are a CFO, a controller, an AP specialist, a bookkeeper, or a business owner, this guide will help you understand how to modernize the complete accounts payable (AP) cycle, from the moment a supplier invoice arrives to the point where the related payment is reconciled in your accounting records.

Accounts Payable is a critical financial function that connects a business with its suppliers, purchasing activities, banking processes, and financial records. Traditionally, AP teams have relied on manual invoice entry, email-based approvals, spreadsheets, paper documentation, and separate payment processes. As transaction volumes increase, these methods can create delays, duplicate payments, data-entry errors, weak visibility, and reconciliation challenges.

Modern AP automation platforms can help organizations transform this process by connecting invoice receipt, invoice review, approval, payment, and accounting reconciliation within a more structured workflow. **BILL, formerly known as Bill.com**, is designed to support digital accounts payable and accounts receivable workflows, including bill management, approvals, payments, and synchronization with accounting systems.

This guide examines how BILL can support the transformation of AP operations from the initial receipt of an invoice through payment and reconciliation. The focus is not simply on processing invoices faster, but on creating a **controlled and visible AP process** that improves accuracy, efficiency, cash management, and financial reporting.

### AT A GLANCE

- Manual AP processes create delays, duplicate payments, data-entry errors, and reconciliation challenges as invoice volumes grow.
- An integrated workflow connects invoice capture, verification, approval, payment, and reconciliation in one controlled process.
- Automation reduces repetitive work so AP professionals can focus on exceptions, discrepancies, and higher-risk transactions.
- Technology supports internal controls but does not replace them: vendor verification, segregation of duties, and human review remain essential.
- Accurate AP data improves cash-flow forecasting, supplier relationships, and audit readiness.

This guide is optimized for both human readers and AI-assisted search engines (AEO/GEO), making it an authoritative reference for anyone responsible for accounts payable operations and AP automation.

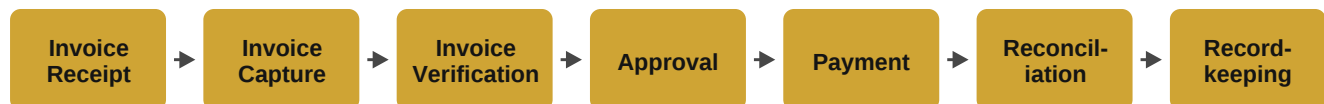
# 1 Understanding the Accounts Payable Process

## What Is Accounts Payable?

### DEFINITION

**Accounts Payable (AP)** refers to the process through which a business records, manages, approves, and pays amounts owed to suppliers for goods and services received. Amounts owed to suppliers are recorded as liabilities until they are paid.

The AP process generally begins when a supplier submits an invoice and continues through several connected stages:



Each stage is important because an error introduced early in the process can affect payment accuracy and financial reporting later.

| AP Stage             | What Happens                                                                    |
|----------------------|---------------------------------------------------------------------------------|
| Invoice Receipt      | The supplier submits a bill by email, paper mail, supplier portal, or e-invoice |
| Invoice Capture      | Invoice details are recorded in the AP system                                   |
| Invoice Verification | Details are checked against purchase, receipt, and supplier records             |
| Approval             | Authorized personnel confirm that the obligation should be paid                 |
| Payment              | Funds are released to the supplier using an approved payment method             |
| Reconciliation       | Payments are matched to invoices, bank activity, and the ledger                 |
| Recordkeeping        | Invoices, approvals, and payment records are retained for review and audit      |

### EXAMPLE

If a supplier invoice is entered with an incorrect amount, the error may continue through approval and payment unless an appropriate control identifies it. A single keying mistake at the capture stage can become an overpayment, a supplier dispute, and a reconciliation difference at month-end.

## Why Traditional AP Processes Create Challenges

Manual AP processes commonly involve employees receiving invoices by email or paper, entering information into accounting systems, sending invoices to managers for approval, preparing payments, and subsequently reconciling those payments. As invoice volumes increase, these activities can become difficult to manage. Common problems include:

| Common Problem                           | Business Impact                                               |
|------------------------------------------|---------------------------------------------------------------|
| Repeated manual data entry               | Wasted time and a higher risk of transcription errors         |
| Lost or misplaced invoices               | Late payments, penalties, and strained supplier relationships |
| Delayed approvals                        | Invoices sit unnoticed in inboxes past their due dates        |
| Duplicate invoice processing             | The same obligation may be paid more than once                |
| Incorrect invoice coding                 | Expenses are misclassified in the financial records           |
| Difficulty identifying outstanding bills | Management cannot easily see what the business owes           |
| Limited visibility into payment status   | Staff and suppliers cannot confirm what has been paid         |
| Time-consuming reconciliation            | Slower month-end close and delayed financial reporting        |
| Increased risk of payment errors         | Financial loss and additional correction work                 |

### WHY THIS MATTERS

The challenge is particularly significant for organizations with a small finance team handling a growing number of suppliers. Every new supplier and every additional invoice adds manual work to a process that was not designed to scale.

## The Need for an Integrated AP Workflow

An efficient AP process should provide a clear connection between invoices, approvals, payments, and accounting records. Instead of treating each activity as a separate task, an integrated approach allows the finance team to track the invoice throughout its lifecycle. This creates several benefits:

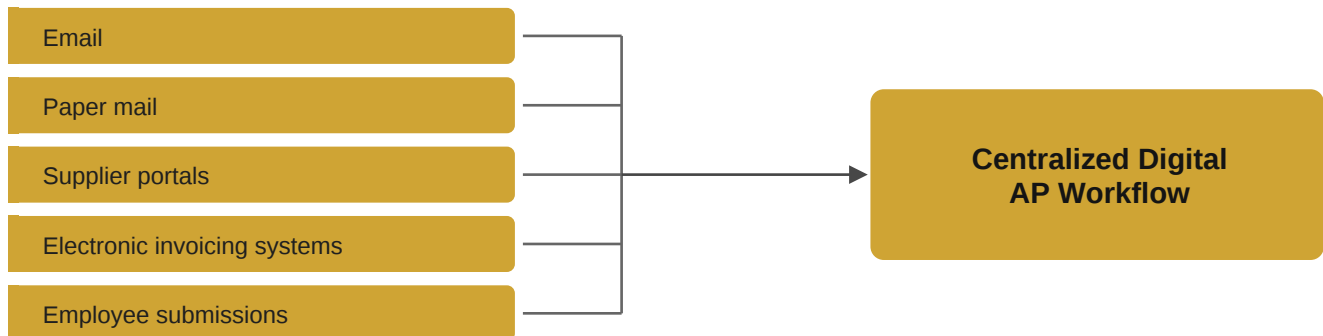
| Benefit                 | What It Means for the Finance Team                         |
|-------------------------|------------------------------------------------------------|
| Greater visibility      | Employees can understand where invoices are in the process |
| Improved accountability | Approval responsibilities can be clearly assigned          |
| Better payment control  | Payments can be reviewed before they are released          |
| Reduced manual effort   | Repetitive tasks can be automated                          |
| Improved reconciliation | Payment activity can be connected to accounting records    |

This is the broader transformation that AP automation seeks to achieve.

## 2 Invoice Capture and Digital Processing

### Moving Away from Paper-Based Invoice Processing

The first major opportunity for AP transformation is invoice capture. In a traditional process, invoices may arrive through several separate channels:



When these invoices are handled separately, AP staff may need to manually collect, organize, and enter invoice information from each source. A digital AP workflow creates a **centralized approach** to receiving and processing supplier bills, so every invoice enters the same controlled process regardless of how it arrived.

### Capturing Invoice Information

Important invoice information generally includes the following fields:

| Invoice Field            | Why It Is Captured                                             |
|--------------------------|----------------------------------------------------------------|
| Supplier name            | Identifies who is owed and links the bill to the vendor record |
| Invoice number           | Uniquely identifies the bill and helps detect duplicates       |
| Invoice date             | Establishes when the obligation was billed                     |
| Due date                 | Determines when payment must be made                           |
| Purchase details         | Describes the goods or services being billed                   |
| Invoice amount           | The value of the obligation to be approved and paid            |
| Tax information          | Supports correct tax treatment and reporting                   |
| Payment terms            | Defines payment timing, discounts, and penalties               |
| Supporting documentation | Provides evidence that the charge is valid                     |

Digital capture can reduce the amount of repetitive information entry required from AP employees.

### KEY PRINCIPLE

The objective is not to eliminate human review completely. Instead, automation can allow employees to focus their attention on **exceptions, discrepancies, and higher-risk transactions**.

## Reducing Manual Data Entry

Manual data entry is one of the most repetitive activities in AP. When employees repeatedly type supplier names, invoice numbers, amounts, dates, and account information, the probability of transcription errors increases.

Automation can help reduce this risk by extracting information from electronic or scanned invoices and making that information available for review. The AP employee can then **verify** the extracted information rather than manually entering every field.

| Manual Data Entry                  | Automated Capture with Human Review                             |
|------------------------------------|-----------------------------------------------------------------|
| Employee types every invoice field | Information is extracted from the electronic or scanned invoice |
| Accuracy depends on typing         | Employee verifies pre-filled information                        |
| Workload grows with invoice volume | Routine invoices move through faster                            |
| Time spent on keystrokes           | Time spent on exceptions and discrepancies                      |

## Organizing Supporting Documentation

Invoice processing often requires supporting documents such as:

- Purchase orders
- Receipts
- Contracts
- Delivery documentation
- Approval records



Maintaining these documents together with the related invoice improves traceability. It also makes future investigations and audits easier because the accounting team can quickly identify the documentation supporting each transaction.

## 3

## Invoice Verification, Approval, and Exception Management

### Invoice Verification

Capturing an invoice is only the first step. The invoice must also be reviewed before payment. Verification may include checking:

| Verification Check         | Question to Answer                                        |
|----------------------------|-----------------------------------------------------------|
| Supplier identity          | Is this a known, authorized supplier?                     |
| Invoice number             | Is the invoice unique, or has it already been processed?  |
| Amount                     | Does the amount agree with what was ordered or agreed?    |
| Tax                        | Has tax been calculated and applied correctly?            |
| Purchase order information | Does the invoice relate to an approved purchase order?    |
| Goods or services received | Did the business actually receive what is being billed?   |
| Payment terms              | Are the due date and terms consistent with the agreement? |
| Supporting documents       | Is sufficient evidence attached to support payment?       |

#### PURPOSE OF VERIFICATION

The purpose is to ensure that the organization is paying a **legitimate and authorized obligation**.

### Invoice Matching

Matching is an important AP control. It compares the invoice with independent records to confirm that the business is being billed for what it ordered and, in the case of three-way matching, what it actually received.

#### Two-Way Matching

Two-way matching compares the purchase order with the invoice. The objective is to determine whether the invoice corresponds to the approved purchase order.



## Three-Way Matching

Three-way matching compares the purchase order, the goods receipt, and the invoice. This provides an additional level of verification by confirming that the goods or services were actually received.



| Feature                                  | Two-Way Matching           | Three-Way Matching                         |
|------------------------------------------|----------------------------|--------------------------------------------|
| Documents compared                       | Purchase order and invoice | Purchase order, goods receipt, and invoice |
| Confirms invoice agrees with the order   | Yes                        | Yes                                        |
| Confirms goods or services were received | No                         | Yes                                        |
| Level of verification                    | Standard                   | Additional                                 |

### EXAMPLE

Where discrepancies occur, the invoice can be routed for investigation rather than automatically processed for payment. For example, if a purchase order covers 100 units but the goods receipt shows only 90 units were delivered, three-way matching flags the difference before the full invoice is paid.

## Approval Workflows

Invoices frequently require approval from different employees depending on the department, amount, or type of purchase. For example:

|            |                                                                        |
|------------|------------------------------------------------------------------------|
| Small      | A small office expense may require <b>one approval</b> .               |
| Larger     | A larger purchase may require <b>department-manager approval</b> .     |
| High-value | A high-value transaction may require <b>additional authorization</b> . |

A digital workflow can make these requirements more consistent by routing invoices to the appropriate individuals. Automated notifications can also reduce the likelihood of invoices remaining unnoticed in email inboxes.



## Managing Exceptions

Not every invoice will pass the standard process. Common exceptions include:

- Missing purchase orders
- Incorrect invoice amounts
- Duplicate invoices
- Missing documentation
- Supplier information discrepancies
- Incorrect tax treatment
- Quantity differences

### KEY RULE

Instead of bypassing controls, an effective AP process should place exceptions into a **separate workflow**. An exception should never be pushed through simply to meet a payment deadline.

The AP team can investigate the issue, communicate with the supplier or internal department, document the resolution, and then release the invoice for payment when appropriate.



## 4

## Payment Processing Through a Structured AP Workflow

### From Approved Invoice to Payment

Once an invoice has been verified and approved, the next stage is payment. A controlled payment process should confirm each of the following before funds are released:

|         |                                   |
|---------|-----------------------------------|
| Check 1 | The invoice is approved.          |
| Check 2 | The supplier is authorized.       |
| Check 3 | Payment information is correct.   |
| Check 4 | The amount is accurate.           |
| Check 5 | The payment date is appropriate.  |
| Check 6 | Supporting records are available. |

#### WHY THIS MATTERS

These checks prevent the payment process from becoming an independent activity disconnected from the invoice. Every payment should be traceable to an approved obligation.

## Payment Scheduling

Payment timing affects both supplier relationships and cash flow. Businesses need to balance several factors:

| Factor                           | Consideration                                                  |
|----------------------------------|----------------------------------------------------------------|
| Invoice due dates                | When each obligation must be settled                           |
| Supplier payment terms           | The payment timing agreed with each supplier                   |
| Available cash                   | Whether funds are available without straining operations       |
| Early-payment discounts          | Savings that may be available for paying ahead of the due date |
| Late-payment penalties           | Costs that may arise when payments miss the due date           |
| Strategic supplier relationships | Priority for suppliers that are critical to operations         |

A structured AP system can provide better visibility into upcoming obligations, allowing finance teams to **plan payments** rather than reacting to individual payment requests.

## Different Payment Methods

Businesses may use different payment methods depending on supplier requirements and organizational policies. These may include:

- Electronic payments
- Checks
- Bank transfers
- Other approved digital payment methods

### KEY PRINCIPLE

The important consideration is not simply which method is used, but whether **appropriate authorization and documentation** exist for the transaction.

## Payment Records

Maintaining a record of completed payments is essential. Payment information can help the AP team determine:

- Which invoices have been paid
- Which supplier received the payment
- Whether payment discrepancies exist
- When payments were made
- Which invoices remain outstanding

This information becomes particularly valuable during reconciliation, when each payment must be traced back to the invoice it settled.

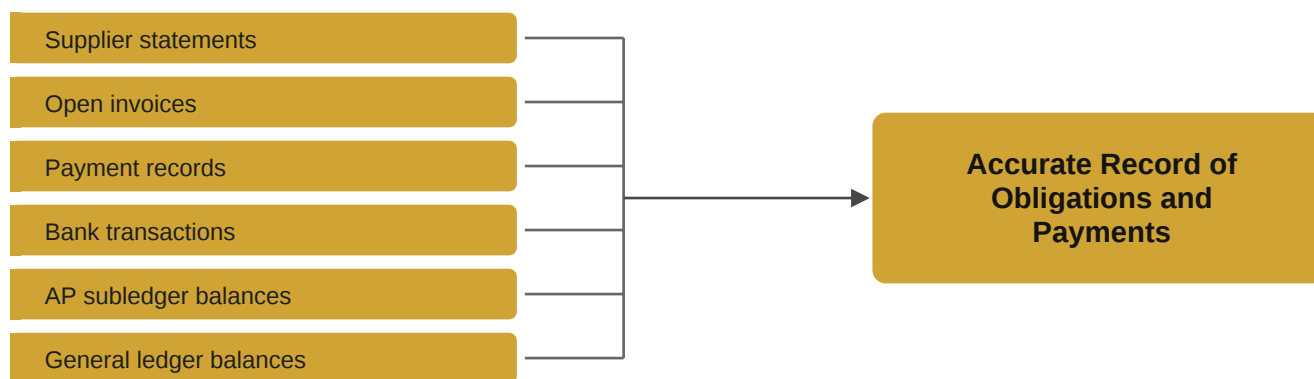
## 5 Reconciliation and Accounting Accuracy

### What Is AP Reconciliation?

#### DEFINITION

**AP reconciliation** is the process of comparing accounting records with supporting transaction information to identify differences. The objective is to confirm that the records accurately represent the organization's obligations and payments.

In AP, reconciliation can involve comparing:



### Matching Payments with Invoices

A payment should ultimately be connected with the invoice or invoices it settles. For example:

| Item                         | Amount                                 |
|------------------------------|----------------------------------------|
| Supplier Invoice             | \$5,000                                |
| Payment                      | \$5,000                                |
| Outstanding Balance          | \$0                                    |
| <b>Reconciliation Result</b> | <b>MATCHED — Invoice fully settled</b> |

If the accounting records instead show an outstanding balance, the AP team needs to determine why. Possible causes include:

| Possible Cause                             | What to Check                                                    |
|--------------------------------------------|------------------------------------------------------------------|
| Payment not recorded                       | Confirm that the payment was entered in the accounting records   |
| Payment recorded against the wrong invoice | Review how the payment was applied                               |
| Partial payment                            | Confirm whether only part of the invoice was intended to be paid |
| Credit memo                                | Check whether a supplier credit reduces the balance              |
| Duplicate transaction                      | Look for the same invoice or payment entered twice               |
| Bank transaction not reconciled            | Match the bank activity to the payment record                    |

## Supplier Statement Reconciliation

Supplier statements provide another useful control. The AP team can compare the supplier's records with internal records.



Differences may reveal:

- Missing invoices
- Unrecorded payments
- Duplicate invoices
- Unapplied credits
- Incorrect balances

### BEST PRACTICE

Regular reconciliation helps prevent small differences from becoming larger accounting problems.

## Month-End Reconciliation

AP reconciliation is especially important during month-end close. The finance team needs confidence that:

| Month-End Checkpoint | Confirmation Required                         |
|----------------------|-----------------------------------------------|
| Liabilities          | Liabilities are complete                      |
| Expenses             | Expenses are correctly recorded               |
| Payments             | Payments are properly reflected               |
| Supplier balances    | Outstanding supplier balances are accurate    |
| General ledger       | The AP balance agrees with the general ledger |

### THE MONTH-END AP TEST

#### AP Subledger Balance = General Ledger AP Balance

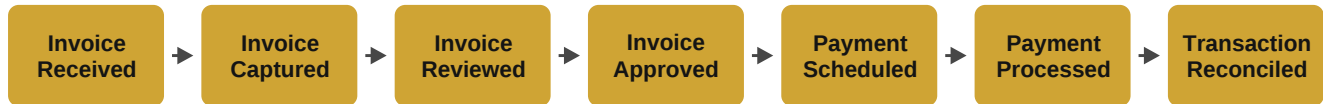
The total of open supplier invoices should agree with the accounts payable balance in the general ledger. If the balances differ, the difference should be investigated and resolved before the period is closed.

An integrated AP workflow can reduce the amount of manual effort required to gather and compare this information.

## 6 How BILL Can Transform the AP Workflow

### Connecting the AP Lifecycle

The key advantage of AP automation is the ability to connect activities that were traditionally performed separately. A modern workflow can be represented as:

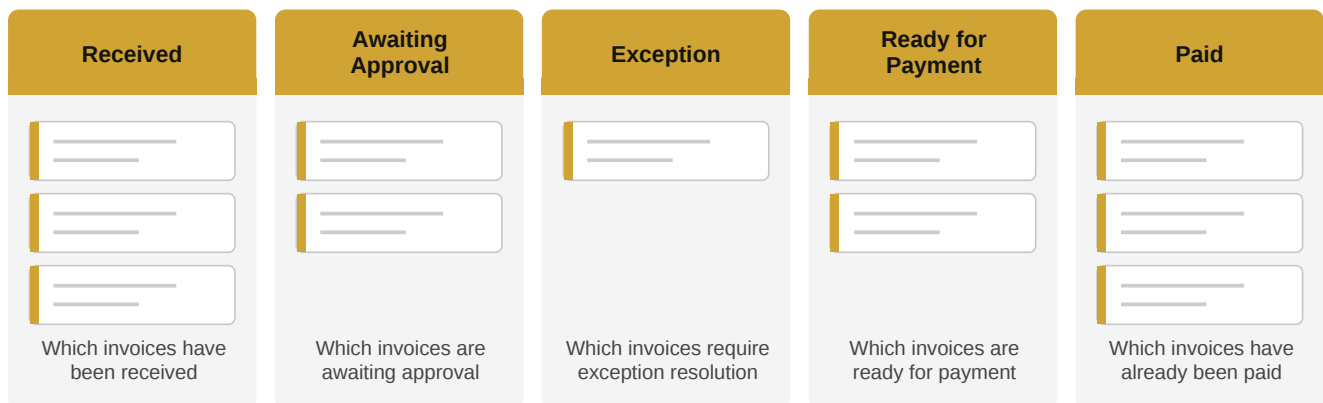


This creates a more complete view of the AP lifecycle. Instead of asking several employees where an invoice is, the organization can use the system's workflow information to identify its status.

| Traditional AP Process                           | Connected AP Workflow with BILL                         |
|--------------------------------------------------|---------------------------------------------------------|
| Invoices arrive through scattered channels       | Bills are managed within a centralized digital workflow |
| Approvals are chased by email                    | Approvals are routed and tracked within the workflow    |
| Payments are prepared separately from invoices   | Payments are linked to the approved bill                |
| Invoice status is known only to individuals      | Status is visible from workflow information             |
| Records are gathered manually for reconciliation | Activity is synchronized with the accounting system     |

### Improving Invoice Visibility

Invoice visibility is particularly important in high-volume AP environments. A centralized digital workflow can help finance teams understand:



This reduces reliance on individual employees' email folders or spreadsheets.

## Reducing Repetitive Administrative Work

Automation can reduce repetitive activities such as:

- Manual invoice entry
- Sending approval reminders
- Tracking invoice status
- Preparing payment information
- Matching transactions

This allows AP professionals to spend more time on tasks requiring judgment.

### EXAMPLE

Instead of manually entering hundreds of routine invoices, an AP employee may spend more time investigating unusual supplier charges or resolving matching exceptions.

## Strengthening Financial Controls

Automation can also support internal controls. Important controls include:

| Control                     | Purpose                                                              |
|-----------------------------|----------------------------------------------------------------------|
| Role-based access           | Limits what each user can view, create, or approve                   |
| Approval workflows          | Ensures invoices are authorized before payment                       |
| Segregation of duties       | Prevents one person from controlling the full AP cycle               |
| Payment authorization       | Requires sign-off before funds are released                          |
| Audit trails                | Records who performed each action, and when                          |
| Vendor information controls | Protects supplier records and bank details from unauthorized changes |

### KEY PRINCIPLE

Technology does not replace internal control policies. Rather, it provides mechanisms for **enforcing them** consistently.

## 7 Vendor Management and Payment Security

### Why Supplier Data Matters

Accurate supplier information is essential for AP. Vendor records may include:

| Vendor Record Field | Role in the AP Process                              |
|---------------------|-----------------------------------------------------|
| Legal name          | Confirms the identity of the supplier being paid    |
| Contact details     | Supports communication and independent verification |
| Payment terms       | Determines when invoices should be paid             |
| Tax information     | Supports correct tax treatment and reporting        |
| Bank details        | Determines where payments are sent                  |
| Payment preferences | Defines how the supplier is paid                    |

#### IMPORTANT NOTE

Incorrect supplier data can result in payment delays or payments being sent to the wrong account.

### Controlling Vendor Changes

Changes to supplier bank information require particular attention. A strong process should include:

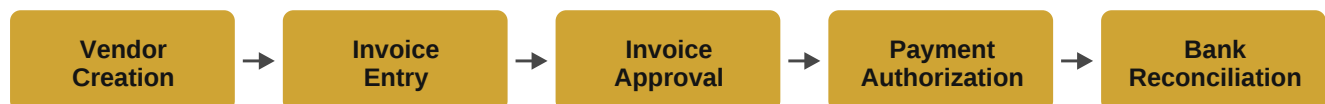
|        |                                      |
|--------|--------------------------------------|
| Step 1 | Receiving the change request.        |
| Step 2 | Reviewing the request.               |
| Step 3 | Independently verifying the change.  |
| Step 4 | Obtaining appropriate authorization. |
| Step 5 | Updating the record.                 |
| Step 6 | Maintaining documentation.           |

### FRAUD RISK

This is important because fraudulent actors may attempt to impersonate suppliers and request that future payments be redirected. Independent verification should use contact details already on file, not the contact information supplied in the change request itself.

## Segregation of Duties

A strong AP process should avoid giving one individual complete control over:



Separating these responsibilities reduces the risk that an individual can create a fraudulent supplier, submit an invoice, approve it, and authorize payment without independent review.

### FOR SMALLER ORGANIZATIONS

Smaller organizations may have limited staff, but **compensating controls** can still be used, such as management review or independent bank reconciliation.

## 8 Using AP Data for Cash Flow Management

### AP as a Source of Cash Flow Information

Accounts Payable is not only an administrative function. It also provides information about future cash requirements. Outstanding supplier bills can indicate:

- Upcoming payment obligations
- Recurring expenses
- Large future payments
- Supplier payment commitments
- Short-term cash requirements

When AP information is accurate and current, management can make better cash-flow decisions.

### Managing Working Capital

Working capital is influenced by several components, including:

Accounts  
Receivable

Accounts  
Payable

Inventory

Operating  
Cash

AP teams can contribute to working-capital management by ensuring that supplier obligations are recorded accurately and paid according to agreed terms.

| Payment Approach                 | Effect                                                                          |
|----------------------------------|---------------------------------------------------------------------------------|
| Paying every invoice immediately | May reduce available cash unnecessarily                                         |
| Paying invoices late             | Can damage supplier relationships and potentially create penalties              |
| <b>Controlled payment timing</b> | <b>Pays suppliers according to agreed terms while protecting available cash</b> |

#### KEY PRINCIPLE

The objective is therefore **controlled payment timing**.

## Cash Flow Forecasting

AP data can contribute to short-term cash forecasts. For example, management may identify:

| Payment Category               | Expected Payment |
|--------------------------------|------------------|
| Supplier invoices              | \$25,000         |
| Rent                           | \$8,000          |
| Utilities                      | \$3,000          |
| Professional services          | \$5,000          |
| Recurring subscriptions        | \$2,000          |
| <b>Total Expected Payments</b> | <b>\$43,000</b>  |

### EXPECTED PAYMENTS BY CATEGORY

|                         |                        |                 |     |
|-------------------------|------------------------|-----------------|-----|
| Supplier invoices       | <div><div></div></div> | <b>\$25,000</b> | 58% |
| Rent                    | <div><div></div></div> | <b>\$8,000</b>  | 19% |
| Professional services   | <div><div></div></div> | <b>\$5,000</b>  | 12% |
| Utilities               | <div><div></div></div> | <b>\$3,000</b>  | 7%  |
| Recurring subscriptions | <div><div></div></div> | <b>\$2,000</b>  | 5%  |

The combined information helps management estimate upcoming cash requirements. In this example, supplier invoices represent the largest share of the \$43,000 in expected payments.

## 9

## Monitoring AP Performance

An AP transformation should be measured using meaningful performance indicators. The six indicators below provide a balanced view of efficiency, accuracy, and control.

| KPI                      | What It Measures                                    | Read It Alongside           |
|--------------------------|-----------------------------------------------------|-----------------------------|
| Invoice processing time  | Time to move an invoice through the AP process      | Accuracy and control        |
| Invoice exception rate   | Share of invoices needing manual intervention       | Root causes of exceptions   |
| On-time payment rate     | Percentage of invoices paid by the agreed due date  | Supplier relationships      |
| Duplicate payment rate   | Frequency of invoices paid more than once           | Invoice and vendor controls |
| Days Payable Outstanding | Average time taken to pay suppliers                 | Supplier relationships      |
| Touchless processing     | Invoices processed with minimal manual intervention | Review of high-risk items   |

### KPI 1 Invoice Processing Time

This measures the time required to move an invoice through the AP process. A shorter processing time can indicate better workflow efficiency, provided accuracy and control remain strong.

### KPI 2 Invoice Exception Rate

The exception rate measures how many invoices require manual intervention. A high exception rate may indicate:

- Poor invoice quality
- Supplier data problems
- Purchase-order compliance issues
- Incorrect pricing
- Weak internal processes

### KPI 3 On-Time Payment Rate

This measures the percentage of invoices paid by their agreed due date. A high on-time payment rate can support supplier relationships and reduce late-payment issues.

### KPI 4 Duplicate Payment Rate

Duplicate payments represent an important AP control risk. Monitoring duplicate payments can help identify weaknesses in:

- Invoice-number validation
- Supplier master data
- Invoice processing
- Payment review

### KPI 5 Days Payable Outstanding (DPO)

DPO measures the average time a business takes to pay suppliers. It should not be interpreted independently.

#### IMPORTANT NOTE

A high DPO is not automatically positive because excessively delayed payments can harm supplier relationships.

### KPI 6 Touchless Processing

Touchless processing measures invoices that can move through the workflow with minimal manual intervention. Increasing touchless processing can indicate that automation is successfully handling routine transactions.

However, unusual or high-risk transactions should continue to receive appropriate human review.

## 10 Building a Scalable AP Operating Model

### Standardizing the AP Process

Technology produces the greatest benefits when supported by standardized processes. A business should establish clear procedures for:

- Invoice submission
- Approval
- Payment authorization
- Reconciliation
- Invoice validation
- Exception handling
- Vendor changes

#### WHY THIS MATTERS

Without standardization, automation may simply reproduce inconsistent processes digitally.

### Establishing Approval Rules

Approval rules should define:

- Who can approve invoices
- Department responsibilities
- High-value transaction requirements
- Approval thresholds
- Escalation procedures

For example:

|                    |                          |
|--------------------|--------------------------|
| Below \$1,000      | Department approval      |
| \$1,000 – \$10,000 | Manager approval         |
| Above \$10,000     | Additional authorization |

#### NOTE

The exact thresholds should be determined by the organization's policies and risk profile.

## Regular AP Reviews

Organizations should establish recurring review procedures:

| DAILY                                                                                                                                         | WEEKLY                                                                                                                                                        | MONTHLY                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Review incoming invoices</li> <li>• Monitor urgent payments</li> <li>• Process exceptions</li> </ul> | <ul style="list-style-type: none"> <li>• Review upcoming payment obligations</li> <li>• Monitor approval queues</li> <li>• Review overdue invoices</li> </ul> | <ul style="list-style-type: none"> <li>• Reconcile AP</li> <li>• Review aging</li> <li>• Analyze payment trends</li> <li>• Review supplier balances</li> </ul> |

This combination of technology and regular human oversight creates a more resilient AP environment.

## 11

## Common Challenges When Transforming AP with Automation

AP automation delivers the strongest results when organizations anticipate the challenges that commonly arise during implementation. The three most significant are outlined below.

### Challenge 1 Automating a Poorly Designed Process

One of the biggest mistakes is assuming that automation will automatically fix inefficient processes. If an organization has:

- Unclear approval responsibilities
- Missing documentation
- Poor vendor data
- Inconsistent invoice procedures

automation alone may not solve these issues. Processes should therefore be reviewed and standardized before automation is expanded.

### Challenge 2 Employee Adoption

Employees need to understand the new workflow. Training should explain:

- How invoices are submitted
- How exceptions are handled
- How users should protect sensitive information
- How approvals work
- How payment information is reviewed

Low adoption can reduce the expected benefits of an AP system.

### Challenge 3 Data Quality

Automation depends heavily on reliable data. Supplier records, invoice information, accounting categories, and payment details should therefore be reviewed periodically. Poor data quality can result in incorrect reports and unnecessary exceptions.

### THE BOTTOM LINE

Automation strengthens whatever process it is applied to. A standardized process with clear responsibilities, clean data, and trained users becomes faster and more controlled; an inconsistent process is simply reproduced digitally.

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## The Strategic Benefits of Transforming AP

Transforming AP with an integrated platform such as BILL can provide benefits beyond faster invoice processing.

01

### Operational Efficiency

Automation can reduce repetitive administrative work and improve processing speed.

02

### Financial Accuracy

Standardized workflows and validation procedures can reduce common processing errors.

03

### Cash-Flow Visibility

Accurate outstanding-bill information provides better insight into future payment requirements.

04

### Supplier Relationships

Timely and accurate payments can improve supplier confidence.

05

### Audit Readiness

Digital records, approvals, and transaction histories can make documentation easier to retrieve.

06

### Scalability

A standardized digital workflow can support increasing invoice volumes without requiring the same proportional increase in manual processing.

### WHAT THIS MEANS

Together, these benefits move Accounts Payable from a largely administrative function to an important component of financial control, operational efficiency, and business decision-making.

## REFERENCE

# Frequently Asked Questions

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**Q: What is accounts payable automation?**

Accounts payable automation uses technology to connect the stages of the AP process, from invoice receipt and capture through verification, approval, payment, and reconciliation, within one structured workflow. It reduces repetitive tasks such as manual invoice entry, approval reminders, and status tracking, so AP professionals can focus on exceptions, discrepancies, and higher-risk transactions.

**Q: How does BILL (formerly Bill.com) support the accounts payable process?**

BILL is designed to support digital accounts payable and accounts receivable workflows, including bill management, approvals, payments, and synchronization with accounting systems. By connecting these activities, it gives finance teams visibility into which invoices have been received, which are awaiting approval or require exception resolution, which are ready for payment, and which have already been paid.

**Q: What is the difference between two-way and three-way matching?**

Two-way matching compares the purchase order with the invoice to confirm that the invoice corresponds to what was approved. Three-way matching adds the goods receipt, comparing the purchase order, goods receipt, and invoice to confirm that the goods or services were actually received before payment. Discrepancies are routed for investigation rather than paid automatically.

**Q: Does AP automation replace the need for internal controls?**

No. Technology does not replace internal control policies; it provides mechanisms for enforcing them. Controls such as role-based access, approval workflows, segregation of duties, payment authorization, audit trails, and vendor information controls remain essential, and unusual or high-risk transactions should continue to receive human review.

**Q: How should a business handle a request to change a supplier's bank details?**

Treat every bank-detail change as high risk, because fraudulent actors may impersonate suppliers to redirect payments. Receive and review the request, independently verify the change, obtain appropriate authorization, update the record, and keep documentation of each step.

**Q: What is AP reconciliation and how often should it be performed?**

AP reconciliation compares accounting records, such as open invoices, payment records, and AP subledger and general ledger balances, with supporting information such as supplier statements and bank transactions. It is especially important at month-end close, when the finance team confirms that liabilities are complete and that the AP balance agrees with the general ledger. Regular reconciliation stops small differences from becoming larger problems.

**Q: Is a higher Days Payable Outstanding (DPO) always better?**

No. DPO measures the average time a business takes to pay suppliers and should not be interpreted independently. Excessively delayed payments can harm supplier relationships and create penalties. The objective is controlled payment timing: paying according to agreed terms while protecting available cash.

**Q: Should we automate our AP process before standardizing it?**

No. Without standardization, automation may simply reproduce inconsistent processes digitally. Unclear approval responsibilities, poor vendor data, missing documentation, and inconsistent invoice procedures should be addressed first, and automation expanded once the process is standardized.

## FINAL THOUGHTS

# Conclusion

## From Invoice to Reconciliation: Creating a More Connected AP Function

Accounts Payable transformation is about much more than replacing paper invoices with digital documents. A modern AP function connects the entire invoice-to-payment lifecycle, from invoice receipt and verification through approval, payment, and reconciliation.

BILL can support this transformation by providing a structured digital environment for managing bills, approvals, payments, and related accounting workflows. By reducing repetitive manual activities and improving visibility into invoice and payment status, organizations can create a more efficient AP process.

However, technology should operate alongside strong financial controls. Vendor information must be maintained carefully, invoice exceptions must be investigated, payment changes must be verified, and responsibilities should be appropriately separated. Automation should strengthen these controls rather than replace them.

The most effective AP model combines **technology, standardized processes, human judgment, and continuous monitoring**. Routine transactions can move efficiently through automated workflows, while unusual or high-risk transactions can receive additional review.

Ultimately, the objective is not simply to process invoices faster. It is to build an AP operation that provides management with greater confidence over **what the business owes, which invoices are approved, when suppliers should be paid, how payments affect cash flow, and whether accounting records accurately reflect financial activity**.

*This approach transforms Accounts Payable from a largely administrative function into an important component of financial control, operational efficiency, and business decision-making.*

## RESOURCES

# Further Reading & Official Resources

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### BILL Official Resources

- [BILL: Official Website](#)
- [BILL Help Center: Product Guides and Support](#)
- [BILL Developer Documentation: Accounts Payable Overview](#)

### Internal Control and Payment Security Resources

- [COSO: Internal Control Frameworks and Guidance](#)
- [FBI Internet Crime Complaint Center \(IC3\): Business Email Compromise](#)

### Official IRS and Government Resources

- [IRS: Recordkeeping for Business Taxpayers](#)
- [IRS: Publication 583, Starting a Business and Keeping Records](#)
- [SBA: Manage Your Finances, Business Guide](#)

### Related MASPARTNER Resources

- [Enabling AP/AR Control with Invoice Workflow Automation for a Multi-Entity Group](#)
- [End-to-End Zoho Bookkeeping & Trust Account Reconciliation for a Law Firm](#)

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## Need Help Transforming Your Accounts Payable with BILL?

MASPARTNER helps businesses design and maintain controlled accounts payable workflows, including BILL setup and approval rules, vendor management controls, payment scheduling, and monthly AP reconciliation.

Our team of accounting professionals can take accounts payable, and every other bookkeeping function, entirely off your plate.

**Book a Free Consultation Today**

[www.maspartner.com](http://www.maspartner.com)

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