# Purpose

This procedure provides an overview of how transit agency Accounts Payable (A/P) clerks process vendor invoices and payments utilizing Avail’s Enterprise Transit Management Software (ETMS) Accounts Payable (AP) solution. A/P departments can efficiently manage cash flow, process outstanding invoices, make vendor payments, and financial posting through automation. Accounts payable is a critical function to every enterprise. Therefore, these procedural steps are applicable to any A/P staff member responsible for invoice and payment activities performed within the ETMS system, where A/P data is processed and preserved.

# Operational Impact and Metrics

*Operational Impact:* Relying on ETMS AP to automate an A/P department’s processes help to derive operational efficiency across the accounts payable lifecycle. Adopting the solution can enhance vendor relationships, secure early payment discounts, and improve the agency’s A/P staff efficiency, accuracy, and productivity.

*Metrics:* A/P operational and financial performance, and productivity indicators can be monitored and measured against best practice industry standards in various areas, for example:

|  |  |
| --- | --- |
| * Current ratio (liquidity ratio) * Financial burn rate * Average total processing time of an invoice | * Average cost for processing an invoice * Days payable outstanding * Number of early payment discounts received vs. Missed |

# Definitions

|  |  |
| --- | --- |
| **Distribution Code** | Allows for reports to be generated to further define subcategories within the selected general ledger (GL) account number. |
| **Discount Code Percentage** | Percentage of the discount the vendor allows if paid within the discount days. |
| **Discount Amount** | Applicable discount sum if the vendor is paid within the discount days. Typically, in the AP module this field is automatically populated. |
| **Payment Discount Days** | Number of days the invoice is due in order to receive a discount. |
| **Applied Credit** | Allows user to remove (by applying a credit for an invoiced amount) from an aging report when a debit and credit match, but the reference numbers do not due to different transactions. |

# Frequency

The accounts payable process begins when vendor invoices are received by the A/P department. Invoices are processed on an open invoice basis; however, the frequency of the accounts payable cycle is uniquely defined by each agency. Implementing a recurring accounts payable cycle, ensures the timely processing of vendor payments, and reduced end-of-month staff workloads while also avoiding late payments and late fees. Recurring expenses can be recorded automatically if established in a fixed expense file.

# Roles and Responsibilities

Accounts Payable clerks are primarily responsible for the execution of the practices and procedure outlined in this SOP. The line-of-business manager or designee are responsible for the oversight of this procedure.

# Procedure

This procedure describes the high-level steps for a A/P clerk to follow when processing vendor invoices and payments in Avail’s ETMS Accounts Payable (AP) module.

Accounts Payable (AP)

1. Receive invoice from vendor/supplier
2. *If applicable*, match the invoice to the purchase order (PO) with the cost and products listed or services rendered
3. Capture the invoice data
4. Code the invoice to the accurate invoice number

* Post to general ledger (GL) accounts
* *If applicable*, select GL Distribution code

1. Process invoice approval

* Cash Requirements Journal (determinations)
  + Due date
  + Discount eligible
  + Fixed expense
  + On account
  + Reference number

1. Posting for payments

* Process checks
* Generate ACH payments

1. Update subsidiary journal

* Updates/ writes invoice(s) to the General Ledger

1. *If applicable,* reconcile payments to the bank statement

# Supporting Documents

The following supporting documents are available online in the Avail Technologies portal:  
<https://www.availtecportal.com/knowledge-base/finance>

1. Related Training Materials
   1. [Note Guide – Financial Mgmt](https://www.availtecportal.com/knowledge-base/finance/instructional_tools)
2. [FNW\_Accounts Payable](https://www.availtecportal.com/knowledge-base/finance/product_documentation)
3. [AP – Bank Rec](https://www.availtecportal.com/knowledge-base/finance/quick-guides)
4. [AP – ACH Payments](https://www.availtecportal.com/knowledge-base/finance/quick-guides)
5. [AP – Fixed Expenses](https://www.availtecportal.com/knowledge-base/finance/quick-guides)