

ACCOUNTS PAYABLE PUZZLE:

PROCUREMENT'S KEY ROLE, PAYMENT STRATEGIES, AND EMERGING AUDIT FUNCTIONS



FROM HERE, IT'S POSSIBLE.™

PRESENTATION OVERVIEW

- Introduction
- How AP can provide value and insight into the procurement process.
- Payment methods.
- Alternate payment requirements.
- Automation at TTU.
- Emerging audit functions.
- Risk of fraud.
- Emerging trends.
- Questions?

INTRODUCTION

JENNIFER ADLING

ASSISTANT VICE PRESIDENT &
CHIEF PROCUREMENT OFFICER

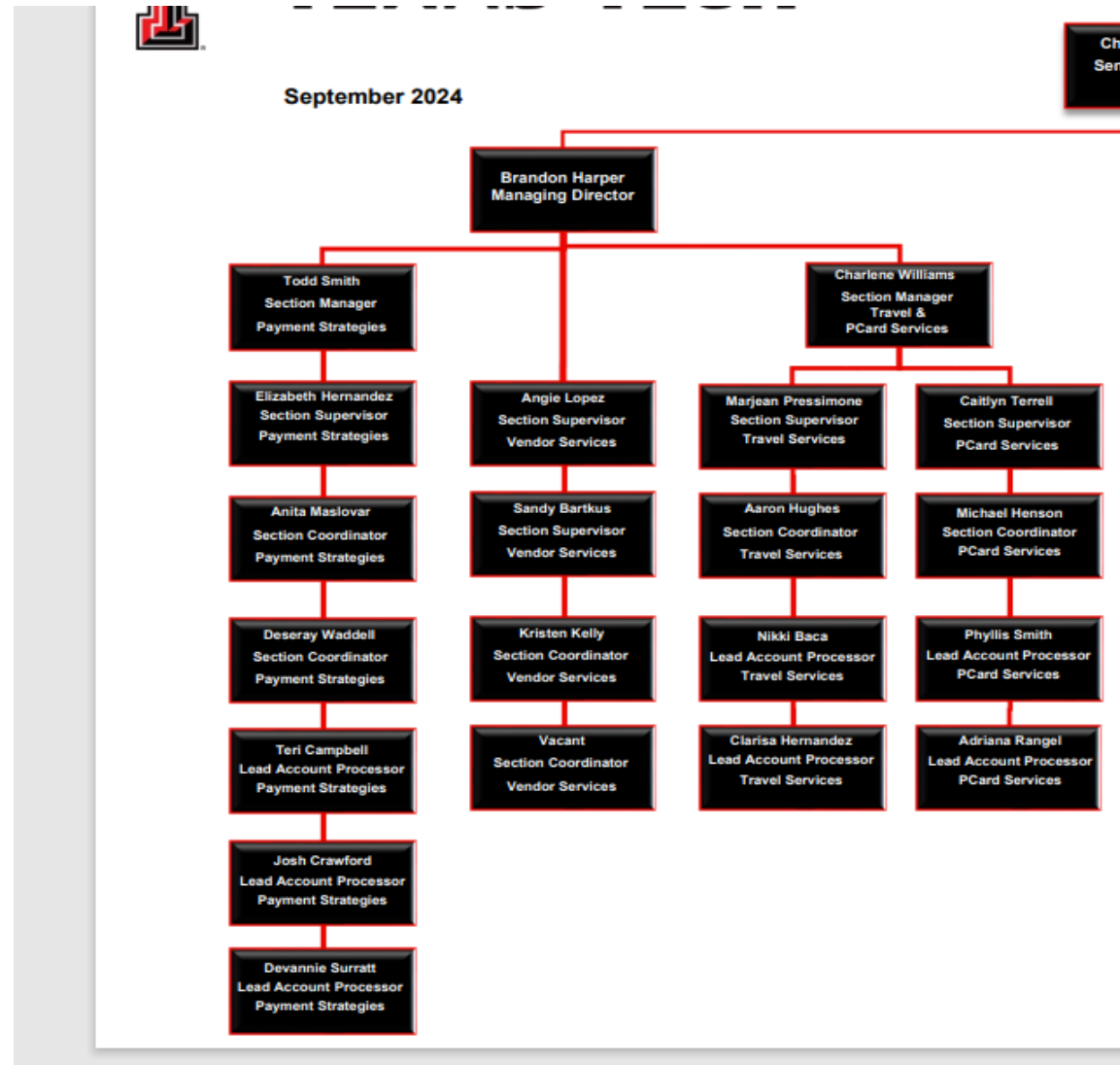


BRANDON HARPER

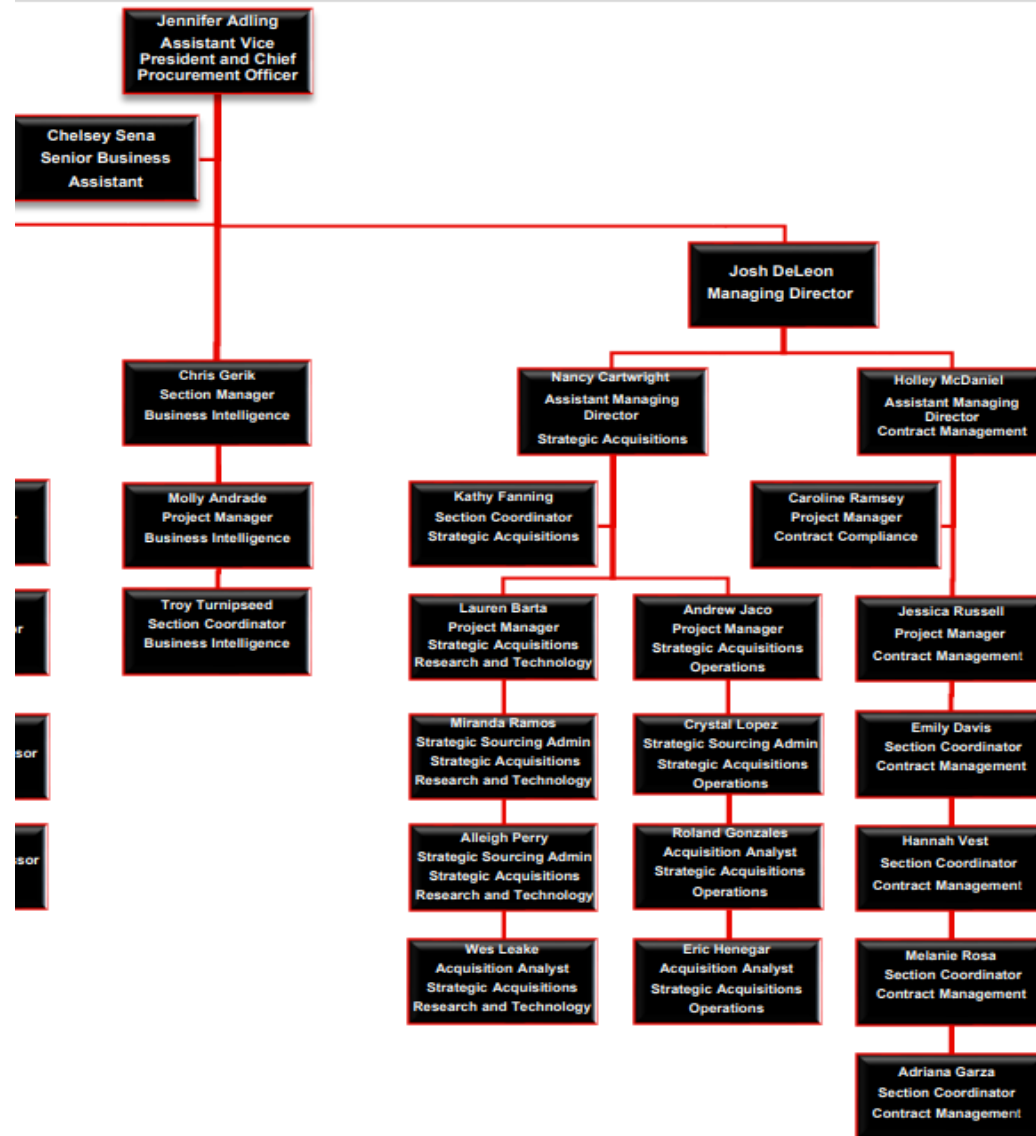
MANAGING DIRECTOR



ORGANIZATION CHART



ORGANIZATION CHART



Texas Tech's Journey...

- Implemented Jaggaer 2007
- Implemented Jaggaer AP in 2009
- Merged AP and Purchasing in 2011
- Added Managing Director role in 2018
- Added Single Use Accounts in 2019
- Jaggaer Optimization in 2020
- Payment Works 2024

WHY DOES AP BELONG IN PROCUREMENT? PROVIDING VALUE AND INSIGHT

- **JOINT SYSTEMS**

- Jaggaer (True procure – to pay functionality)
- PaymentWorks (Vendor Setup, Compliance, Debarment)
- Visual Compliance
- State of Texas – USAS

- **BENEFITS**

- Full Visibility for Staff
- Visibility for Vendors
- Automation



WHY DOES AP BELONG IN PROCUREMENT? PROVIDING VALUE AND INSIGHT

- AP AND PROCUREMENT AT THE NEGOTIATION TABLE
 - Payment terms are part of the contract.
 - Payment Methods – Pre-established and Negotiated
 - Single Use Accounts
 - ACH
 - Check
 - SUA and ACH adoption for vendor payments has increased to 84%.
 - Over a 10-year period, the adoption of SUA and ACH payments has saved TTU over \$440,000.
 - Pre-Payments (state laws; best practices)
 - Vendor Holds (federal and state)
 - *Helps AP understand the contract terms!*
 - *Negotiated Discounts*
 - *Progress Payments*

WHY DOES AP BELONG IN PROCUREMENT? PROVIDING VALUE AND INSIGHT

- ANNUAL CONTRACT REVIEW
 - Payment Issues and Disputes
 - Invoicing Issues
 - Renegotiate Payment Terms
 - Understanding spending and average time to pay can provide negotiation leverage.
 - Promote Desirable Payment Methods
 - Helps AP understand the contract terms!!

PAYMENT METHODS

- SUA (Single Use Account)
 - Iteration Matrix (Third Party)
 - Virtual Connect Network (VCN)
- ACH (Direct Deposit)
 - Usage has increased 110% over 10 years.
- Card Programs
 - Maximizing Rebate Potential
 - State Requirements for Vendor Holds
- Outsourcing Check Printing
 - \$1.77 to \$0.88 (50% Savings)
- Wire
- JP Morgan Quickpay
- Candex
 - Punchout in Jaggaer – Research Participant Payments

ALTERNATE PAYMENT REQUIREMENTS

- Research Participants
- Payments Against Future Fiscal Years
- Recurring Payments
 - Leases, Utilities
- Deposits
 - Foreign Equipment, Research Purchases
- Name, Image, & Likeness (NIL) Payments (Teamworks, other)

AUTOMATION AT TTU

- CXML
- Portal Invoicing
- PO Flip
 - 62% in email reduction from over 124k to just over 47k.
 - 46.2% of all invoices were paid via PO Flip in 2024.
- Jaggaer Workflows
- Receiving Workflows
- Robotic Process Automation (*Coming soon*)

JAGGAER AUTOMATION

2-WAY VS. 3-WAY MATCH

Rule name / Description	Active	Tolerance details	Actions
Chart T&S Direct PAY Rule Definition <ul style="list-style-type: none"> Chart (Chart) one of the following values: ('S', 'T') Form Type : one of the following values ('TTU Direct Pay-Procure Req', 'Texas Tech Direct Pay') 	✓	No Matching More Chart T&S Direct PAY info Tolerance details <ul style="list-style-type: none"> Matching Threshold <input type="text"/> At or below Threshold <input type="text"/> Above Threshold <input type="text"/> Include Shipping, Handling & Tax <input type="text"/> Active <input type="text"/> 	edit Insert Rule 👆 👇
TTU Operations Rule 3 way matching requirement for Operations Rule Definition <ul style="list-style-type: none"> Spend total against a set of Custom Field values: greater than or equal to 0.01 USD for Chart (Chart) in ('S', 'T') Organization - Banner (Organization) between 'C20000' and 'C29999' Supplier Class : not one of the following values ('SupplierClassPreferred11', 'SupplierClassPreferred17') Supplier not one of the following values: ('TTU Central Warehouse PPE', 'Cintas Corporation No Z') 	✓	TTU 3-way, PO > \$0, 10%/\$250 More TTU Operations Rule info Tolerance details <ul style="list-style-type: none"> Matching Threshold <input type="text"/> At or below Threshold <input type="text"/> Above Threshold <input type="text"/> Include Shipping, Handling & Tax <input type="text"/> Active <input type="text"/> 	edit Insert Rule 👆 👇
TTU Housing Matching Tolerance for TTU Housing Rule Definition <ul style="list-style-type: none"> Organization - Banner (Organization) one of the following values: ('C17030', 'C17031', 'C17032', 'C17033', 'C17034', 'C17035', 'C17036', 'C17037', 'C17038', 'C17040', 'C17041', 'C17042', 'C17044', 'C17066', 'C17067', 'C17068', 'C17069', 'C17072', 'C17073', 'C17075', 'C17076', 'C17077', 'C17078', 'C17079') Chart (Chart) one of the following values: ('S', 'T') 	✓	3-way, 10%/100.00 More TTU Housing info Tolerance details <ul style="list-style-type: none"> Matching Threshold <input type="text"/> At or below Threshold <input type="text"/> Above Threshold <input type="text"/> Include Shipping, Handling & Tax <input type="text"/> Active <input type="text"/> 	edit Insert Rule 👆 👇
TTU Athletics Matching Tolerance for TTU Athletics Rule Definition <ul style="list-style-type: none"> Fund - Banner (Fund) one of the following values: ('24A884', '28V001', '31A143') Chart (Chart) one of the following values: ('S', 'T') 	✓	3-way, 10%/100.00 More TTU Athletics info Tolerance details <ul style="list-style-type: none"> Matching Threshold <input type="text"/> At or below Threshold <input type="text"/> Above Threshold <input type="text"/> Include Shipping, Handling & Tax <input type="text"/> Active <input type="text"/> 	edit Insert Rule 👆 👇
TTU Hospitality Matching Tolerance for TTU Hospitality Rule Definition <ul style="list-style-type: none"> Chart (Chart) one of the following values: ('S', 'T') Organization - Banner (Organization) one of the following values: ('C17000', 'C17002') 	✗	3-way, 10%/100.00 More TTU Hospitality info Tolerance details <ul style="list-style-type: none"> Matching Threshold <input type="text"/> At or below Threshold <input type="text"/> Above Threshold <input type="text"/> Include Shipping, Handling & Tax <input type="text"/> Active <input type="text"/> 	edit Insert Rule 👆 👇
Chart T & S - 3 way match above \$10,000 Chart T & S - 3 way match above \$10,000 Rule Definition <ul style="list-style-type: none"> Spend total against a set of Custom Field values: greater than or equal to 10000.00 USD for Chart (Chart) in ('S', 'T') Chart (Chart) one of the following values: ('S', 'T') 	✓	TTU 3-way, PO > \$10000, 10%/\$250 More Chart T & S - 3 way match above \$10,000 info Tolerance details <ul style="list-style-type: none"> Matching Threshold <input type="text"/> At or below Threshold <input type="text"/> Above Threshold <input type="text"/> Include Shipping, Handling & Tax <input type="text"/> 	edit Insert Rule 👆 👇

TTU SAMPLE WORKFLOW

Invoice • [Anthony Mechanical Services...](#) • V8565093

1 of 2497 Results

Summary

Matching

Supplier Messages

Comments

Attachments

History

General

Invoice Type

Pay Status

Invoice Number

Supplier Invoice No.

Supplier Name

Invoice Date

Discount Date

Due Date

Terms

Terms Discount

Invoice Name

TMA Workorder Number

Invoiced By

Match Status

Invoice Source

Contains substituted item(s)

Addresses

Remit To

Bill To

Payment Information

Accounting Date

F.O.B.

Payment Method

Payment Record No.

Payment Record Date

Note/Attachments

External Note

Internal Note

External Attachments

Internal Attachments

Discount, Tax, Shipping & Handling

Discount, tax, shipping & handling

Allocation

Weighted

Funding Information

LINE

Chart

Fund

Organization

Account

Program

Activity

Summary

Pending

Anthony Mechanical Services Inc

Supplier Invoice No.

Total (7,871.00 USD)

Related Documents

Purchase Order: P1106889

Regulation: 183061916

What's next?

Workflow

Show skipped steps

Submitted

Submitted - 9/15/2024 11:51 AM

Submitted - 9/15/2024 11:51 AM - Elizabeth Hernandez-TTU Payment Strategies

Wait for receipt

Completed

TTU Matching Exceptions

Pending - Unassigned

Finish

Future

TTU SAMPLE WORKFLOW

The screenshot displays a web application interface for a sample workflow. At the top, there is a navigation bar with tabs for Receipts (434), Contracts (5), Sourcing Events Evaluation (11), Sourcing Events, Sales Orders, Procurement Requests, Contract Requests (1), AP Requests, and Sourcing Event Requests. A search icon and a 'Receipt Date Newest First' dropdown are also present. Below the navigation bar, a message states: 'You are reviewing "Receipts" approvals for the approver Elizabeth Hernandez-TTU Payment Strategies (ONS662) - Remove from View Approvals for List'. The main content area shows a list of payer reviews with columns for 'Total Results' and 'Display 20 per folder'. The list includes PAYER 1 REVIEW (63), PAYER 2 REVIEW (76), PAYER 3 REVIEW (58), PAYER 4 REVIEW (80), PAYER 5 REVIEW (151), and PAYER 6 REVIEW (6). Each review entry has a blue circle with a number and a right arrow. On the left side, there is a sidebar with a search bar and a list of numbers: 14, 14, 13, 10, 7, 72, 64, 43, 42, 12. On the right side, there is a vertical toolbar with icons for a folder, a magnifying glass, and a plus sign.

Total Results	Display 20 per folder
PAYER 1 REVIEW	63
PAYER 2 REVIEW	76
PAYER 3 REVIEW	58
PAYER 4 REVIEW	80
PAYER 5 REVIEW	151
PAYER 6 REVIEW	6

EMERGING AUDIT FUNCTIONS

- **CONTRACT REVIEW**

- When does the contract terminate?
- If federal funds, what is the closeout period for the grant?
- Did we pay the contracted rate?
- Is there a permitted CPI or contract rate increase?
- When is payment due?
- Partial payment/down payment/progress payment expectations?

RISK OF FRAUD

- **BEST PRACTICES**

- Daily Report of Vendor Record Changes
- Manager Review of Changes on Transactions above \$50,000.
- Call Back to Original Contact
- Team on the Lookout for Flags (Misspelling, Weird Email Addresses, Urgent, Broken English, or Improper Sentence Structure)
- Review Outlook or Email rules
- Separation of Duties
- Encourage Collaboration, Questions, and Research

EMERGING TRENDS

- OTHER OPPORTUNITIES

- Prompt Payment Discount Tracking
- Rebate Maximization (can use cards within or outside of Jaggaer)
- PO to Payment Tracking
- Departments Entering Invoices/Receipts
- Procurement Unit Cost Tracking By Function/Team

ANALYTICS

	Check	ACH	SUA	ACH/SUA	Total	% of Electronic Pmts.
2014	25913	30615		30615	56528	54.16%
2015	24128	34465		34465	58593	58.82%
2016	22894	35916		35916	58810	61.07%
2017	20103	37397	1303	38700	58803	65.81%
2018	15057	39790	4479	44269	59326	74.62%
2019	20939	64446	4616	69062	90001	76.73%
2020	16476	54973	3804	58777	75253	78.11%
2021	10182	58978	4262	63240	73422	86.13%
2022	12574	41340	4363	45703	58277	78.42%
2023	9079	43682	4241	47923	57002	84.07%
2024	8828	43252	3513	46765	55593	84.12%

ANALYTICS

AP Stats	FY 24	FY 18	% Chg.
Email count reduction due to PO Flip and e-invoicing FY18 to FY24.	124,924	47,155	-62.25%
% of Inv. Paid via PO Flip in FY24			46.20%
% increase for PO Flip payments from FY23 to FY24			1.27%
% of Inv. Paid via einvoicing in FY24			28.39%
% increase for einvoicing payments from FY23 to FY24			6.44%
% of Inv. Increase from FY23 to FY24			8.71%
Check volume has decreased by 65% over 10 years.			
ACH usage has increased by 110% over 10 years.			
ACH/SUA account for over 84% of our payment methods to date.			
Total savings by moving away from checks over a 10-year period - \$443,274.10.			

JENNIFER.ADLING@TTU.EDU

B.HARPER@TTU.EDU



FROM HERE, IT'S POSSIBLE.™

FROM THE OFFICE OF COMMUNICATIONS AND MARKETING

