

# Accounts Payable (AP) Scenario

## **Background**

Agency CLN01 is responsible for all of the cleaning and general maintenance of property owned or leased by the City of Tiny Town. The Agency performs its function by hiring contractors to do the work. The contractors bill the Agency based on time and materials. The State owns and operates 10 buildings and has about 20,000 employees.

You were just hired as the Director of AP. Your first action item is to perform a risk assessment and determine the best use of your resources. Your office staff is as follows:

- Paul – Business Officer – 2 months in position:
  - Recently graduated from Tiny Town University with a BS in Accounting
  - Had worked in AP for six months as an intern and received a promotion after graduation; he is still trying to earn the respect of his employees as some feel the promotion was premature
  - Very enthusiastic
  - Paul still meets regularly with his fraternity brothers and is a beer pong champion
- Susan – Head Account Clerk – 10 years in position:
  - Susan is single, enjoys knitting baby booties and sells them online
- Ryan – Principle Account Clerk – 2 years in position:
  - Ryan is assistant coach on his twin boys' soccer team and often receives personal calls about the soccer team at work. His personal life distracts him and he misplaces important documents, causing a delay in processing the vouchers.
- Alexis – Principle Account Clerk – 15 years in position:
  - Very knowledgeable and hard working
  - Alexis' son, daughter-in-law and their three children live in Alexis' house
- Maria – Calculations Clerk – 18 years in position:
  - Has an excellent work ethic and is very detail oriented
  - Maria is recently single and has a very active social life

## **Accounts Payable Process:**

### ***Goods:***

1. A/P Department receives the vendor invoice, purchase order (from Procurement Department) and receiving report.
2. Perform three-way match to ensure pricing, quality and quantity match specifications on purchase order or contract.
3. Make payment.

### ***Services:***

1. A/P Department receives the purchase order and vendor invoice.
2. A/P staff should receive assurance from Program personnel that they received the services specified on the invoice.
3. Perform the three-way match to ensure pricing and quality match the specifications on the purchase order or contract.
4. Make payment.