

## Methodology example 2:

### 'Chunking' a 'mega' process into individual sub processes



#### Before

- One big mega process - very difficult to take in
- Hard to distinguish the 'normal' process from exceptions
- Some steps with lots of detail, some with very little



#### After

- The mega process has been separated into manageable, readable parts
- Process exceptions highlighted using 'Notes'
- Verb based construct used to facilitate rapid comprehension

START



Mail Room  
Supplier  
Documents Arrived

1

Before

Misc AP

Jobs

Supplier Information:

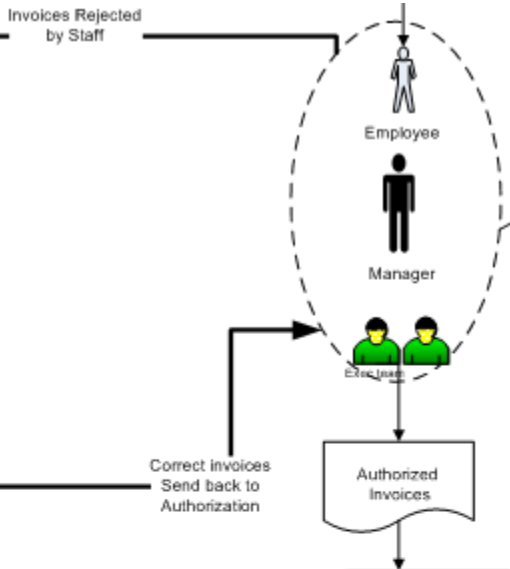
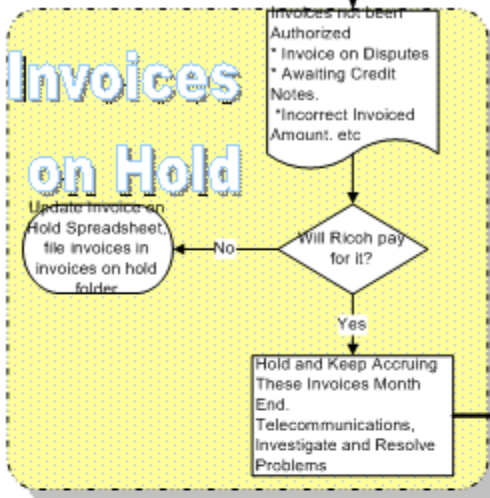
- \* Contact Details
- \* Bank Account
- \* Creditor Application
- \* Set up New Suppliers (Update spreadsheet and then JBA)
- \* AP/DD Maintenances
- \* HSBC Bank Statements
- \* Cheque returned

AP Clerk Change Supplier Detail in JBA; Mail Creditor Application Form; Load/Cancel AP/DD or Cheques with HSBC after Exec team authorization.

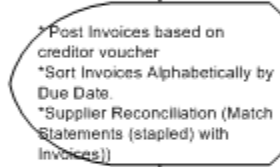
Documents Filed: Supplier Detail Folder; Update AP/DD updating list spreadsheet by loading date; File new AP/DD in AP/DD Folder by loading Month with HSBC



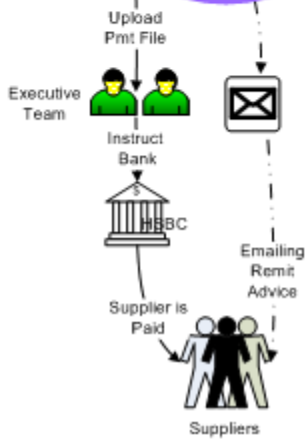
# 1 Before



**NOTES**  
 Authorization Procedure is quite Complicated. At Least 2 Signatures (Exec Team) Required. Max 5 Signatures on One Invoice (Please see detail next page)



**NOTES**  
 AP Payments:  
 \* 20th Chq and EFT Run  
 \* 22nd Telecom Run  
 \* 25th Dealer Run  
 \* Misc Chq run: Petty Cash.



\* Match Invoices (statement stapled) with Remit advice, File by payment date and Alphabetic( i.e., All invoices paid in Nov 09 and file Alphabetically)  
 \* JBA Print out Reports- Folder PL464 etc  
 \* HSBC Payment Run Filed in Payment Run Folder. \* Unmatched Supplier statements file in Supplier reconciliation folder (for Next Month Rec)

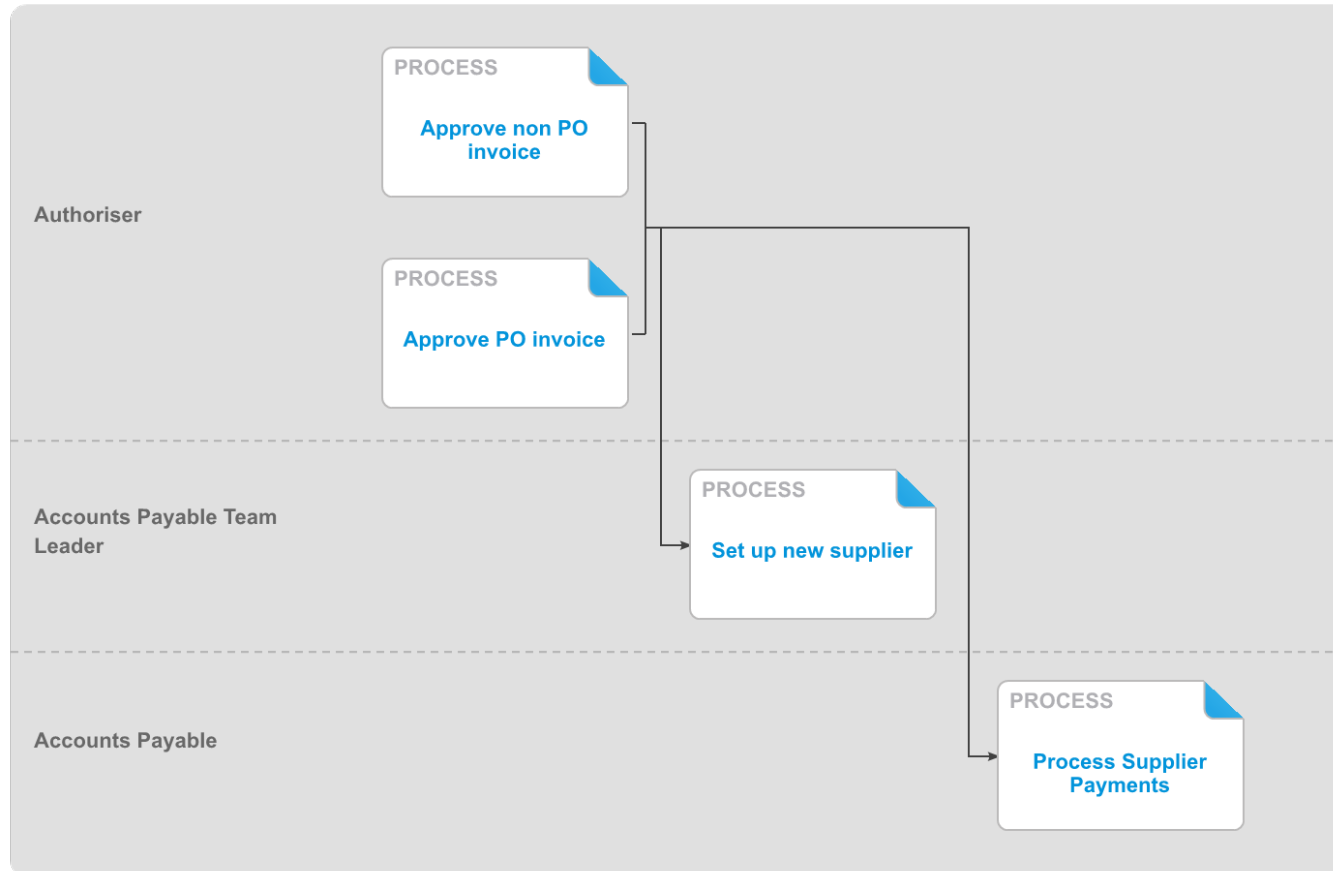
**NOTES**

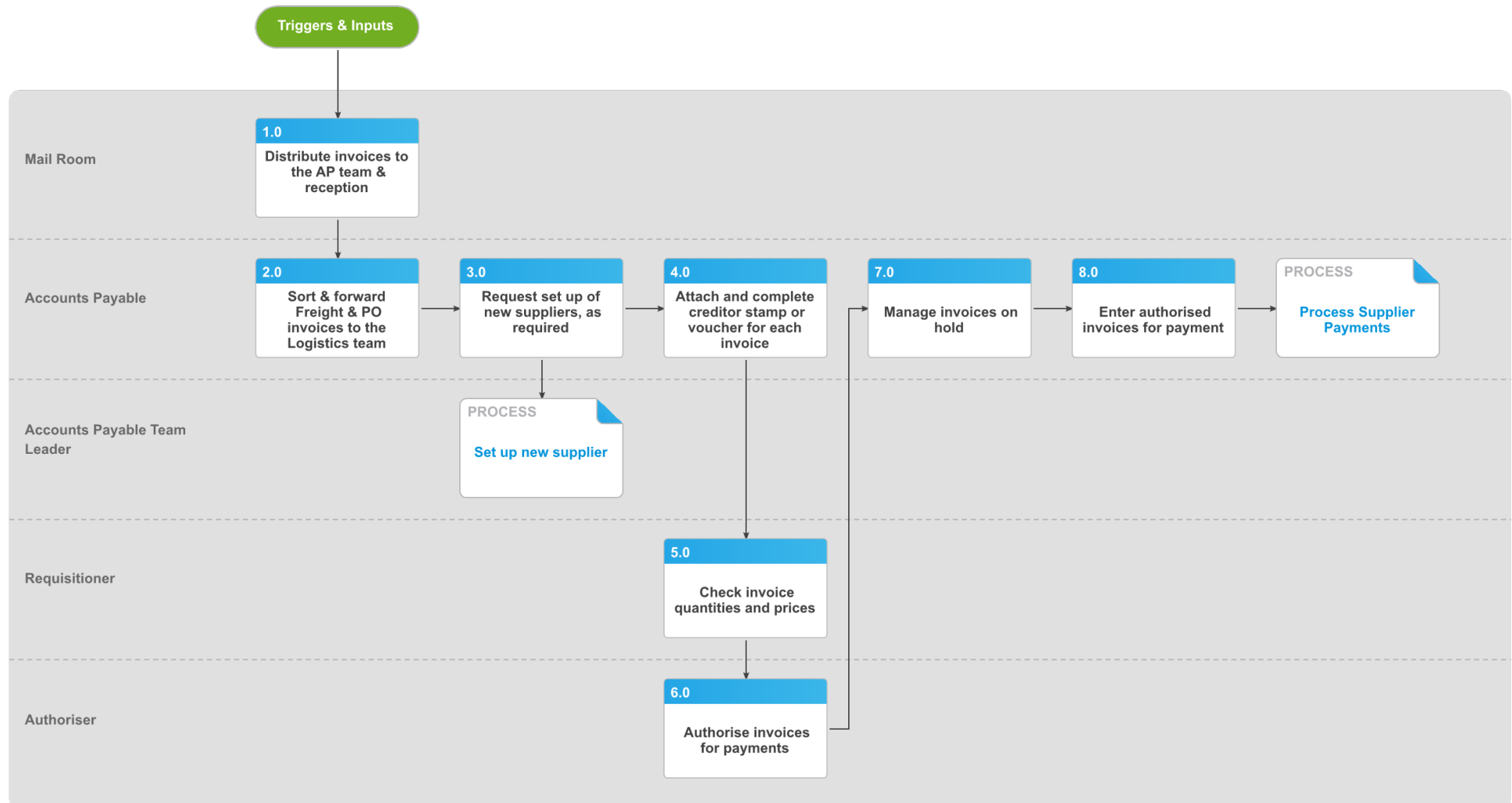
Creditor Voucher

Contents of Creditor Voucher

- \* Creditor Stamp: Supplier No, GL code
- \* Creditor Voucher excel (mostly large creditors) Supplier No, Supplier Name, Invoice date, Invoice no, GL code, Net amount, GST and Invoiced amount, GL description
- \* When AP prepare Multi-Branch creditor voucher, either the cost split has already agreed by the branch managers before ordering goods or services. If not AP will email branch managers softcopy of invoices and voucher.

End





## Summary

To check invoices are correct, to allocate the cost to the appropriate GL code(s) and authorise the invoice for payment.

**Owner** Promapp Promaster

**Expert** Promapp Promaster

## Procedure

### 1.0 Distribute invoices to the AP team & reception

Mail Room

- a Provide all invoices to the Accounts Payable team with the exception of invoices relating to goods or services ordered by reception, which should be provided directly to them

### 2.0 Sort & forward Freight & PO invoices to the Logistics team

Accounts Payable

- a Separate invoices received from the Mail Room into three groups; invoices that are manually approved, freight invoices and invoices that will have a related PO.

- b Forward freight and PO invoices to the Logistics Team

**NOTE** What sorts of invoices are manually approved?

Telecom, BP Fuel Card, Vodafone, Couriers, Taxi Charge

### 3.0 Request set up of new suppliers, as required

Accounts Payable



**CONDITIONAL** Set up new supplier

Accounts Payable Team Leader

### 4.0 Attach and complete creditor stamp or voucher for each invoice

Accounts Payable

- a If there is room on the invoice use the creditor stamp and annotate the supplier number and appropriate GL code
- b If there is not enough room on the invoice or the invoice cost is to be allocated across branches, complete and attach a creditor voucher to the invoice

Creditor Voucher.docx

- c Distribute to relevant employees

**NOTE** How are Freight Invoices handled?

The Logistics team prepare creditor vouchers for Freight Invoices

### 5.0 Check invoice quantities and prices

Requisitioner

- a Check that invoice quantities match goods received or services provided and that prices are as expected

- b Forward for authorisation

**NOTE** What if the invoice is rejected?

Return to Accounts Payable to be put 'on hold'. Invoices are put on hold where the invoice is incorrect, in dispute or we are awaiting a credit note or the invoice

### 6.0 Authorise invoices for payments

Authoriser

- a Check and if valid authorise for payment in accordance with out authorisation policy

Invoice Authorisation Policy.docx

**NOTE** What if the invoice is rejected?

Return to Accounts Payable to be put 'on hold'. Invoices are put on hold where the invoice is incorrect, in dispute or we are awaiting a credit note or the invoice

### 7.0 Manage invoices on hold

Accounts Payable

- a If it is determined that we will pay the invoice, hold and keep accruing these invoices at month end until they have been investigated and re solved
- b If it is determined that we will not pay the invoice, update the 'On hold' spreadsheet and file invoices in invoices on hold folder.

### 8.0 Enter authorised invoices for payment

Accounts Payable

- a Post invoices based on creditor voucher
- b Reconcile supplier invoices with Supplier statements to ensure no invoices have been missed and resolve any issues that arise



**PROCESS**

**Process Supplier Payments**

Accounts Payable

## Triggers & Inputs

**TRIGGERS**

None Noted

**INPUTS**

None Noted

## Outputs, Linked Process Stakeholders & Performance Targets

**OUTPUTS**

None Noted

## STAKEHOLDERS FROM LINKED PROCESSES

Process	Owner	Expert	Process Group

Process Supplier Payments	Promapp Promaster	Promapp Promaster	Accounts Payable
Set up new supplier	Promapp Promaster	Promapp Promaster	Accounts Payable

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**STAKEHOLDERS**

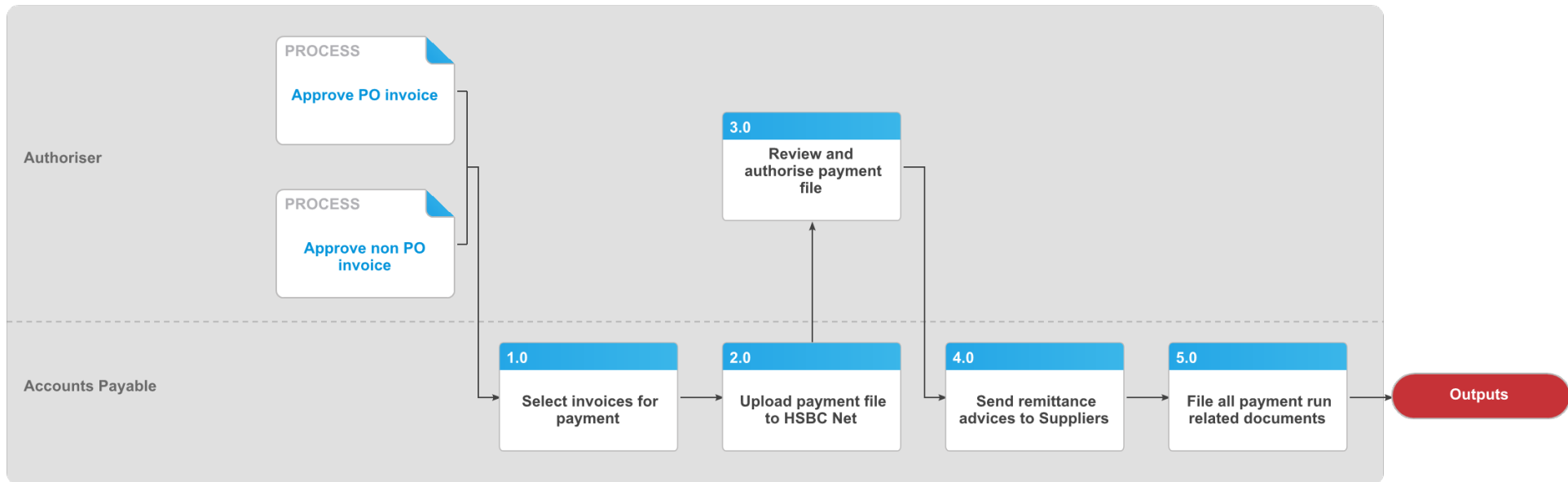
None Noted

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**PERFORMANCE TARGETS**

Measure	Target
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## Summary

To pay suppliers for goods or services rendered

**Owner** Promapp Promaster

**Expert** Promapp Promaster

## Procedure

**PARALLEL** **Approve PO invoice**  
Authoriser

**PARALLEL** **Approve non PO invoice**  
Authoriser

### 1.0 Select invoices for payment

Accounts Payable

- a** Sort invoices alphabetically by due date
- b** Select invoices due for payment and check the total amount of these in System 21 match the total value of invoices on hand
- c** If amounts do not reconcile, identify which invoices have not been posted, or posted incorrectly then resolve and update System 21 as required.

**NOTE** **When are the Payment Runs?**

20th – Cheque & EFT run, 22nd – Telecom run, 25th – Dealer run

### 2.0 Upload payment file to HSBC Net

Accounts Payable

- a** Receive the CSV payment file automatically generated and emailed by System 21
- b** Open the file and save it in Text format
- c** Logon to HSBC Net
- d** Upload payment file
- e** Print the bank confirmation

- f** Provide the bank confirmation to two Executive Members who will authorise the payment instruction

### 3.0 Review and authorise payment file

Authoriser

- a** Ensure payment file adheres to Invoice Authorisation Policy
- Invoice Authorisation Policy.docx

### 4.0 Send remittance advices to Suppliers

Accounts Payable

- a** Send the automatically generated remittance advices to Suppliers
- NOTE** **Why do we send remittance advices?**  
These help Suppliers to allocate payments against the right invoices

### 5.0 File all payment run related documents

Accounts Payable

- a** Match invoices to remittance advices and file alphabetically by payment date in filing cabinets
- b** File System 21 generated payment run summary reports in PL folders
- c** File bank confirmation payment instructions (these must be authorised by 2 executive members) in payment run folder
- d** File unmatched supplier statements in supplier reconciliation folder for next month's reconciliation

## Triggers & Inputs

### TRIGGERS

None Noted

### INPUTS

None Noted

## Outputs, Linked Process Stakeholders & Performance Targets

### OUTPUTS

None Noted

### STAKEHOLDERS FROM LINKED PROCESSES

Process	Owner	Expert	Process Group
Approve non PO invoice	Promapp Promaster	Promapp Promaster	Accounts Payable
Approve PO invoice	Promapp Promaster	Promapp Promaster	Accounts Payable

### STAKEHOLDERS

None Noted

### PERFORMANCE TARGETS

Measure	Target
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