



Does Your Association's Accounts Payable Process Use Paper or an Online Portal?



by Evan
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As a board member, how much time do you spend dealing with the inconvenience of waiting for, sifting through, and dropping off packages of paper checks and vendor invoices? You can pay almost all of your personal bills online, so why not the bills for your association? Board members' time is valuable, and the job of approving bills and signing checks for payment is often tedious and the timing is inconvenient, but it doesn't have to be that way. Online invoice approval is a proven technology that is common in large corporations and is now available for homeowner and condominium associations as well.

How Does It Work?

With online accounts payable technology, instead of a package of bills and checks showing up in your mailbox, at the guardhouse, or at a board meeting, you will receive an e-mail notifying you that invoices are ready to be reviewed and approved.

By the time the e-mail gets to you, the association's invoices have been scanned, the relevant data has been extracted, the invoice has been coded to the proper financial account, and the property manager has reviewed and approved it.

The e-mail you receive contains a link to a secure online Web portal where you will have the opportunity to view scanned images of all outstanding invoices and any associated backup to those invoices. You can access an accounts payable portal, or AP Portal, and approve outstanding invoices from any Internet-connected device, whenever is convenient for you.

Once you've approved, or rejected, the pending invoices, your job is done. There is no package to return, drop off, or schedule for pickup. The system handles all the necessary notifications to make sure checks are generated and electronically signed for approved invoices. Rejections are sent back to the property manager for their review.

The benefits of an AP Portal are much more than just the time saved in the approval process. All of your association's accounts payable history is available online. Because all of the accounts payable information is stored online, board members have real time access

to all of their association's paid bills 24/7. This means no more phone calls or e-mails to a management office and waiting for someone to dig through a filing cabinet or pull a box from storage.

Additionally, all of this history is available during the approval process on the same screen as the invoice image. At a glance, you can see the last time you paid the vendor and how much was paid. If you want to view last month's invoice detail to make sure you're not being charged twice for the same item, it's only a click away.

Reduced Late Fees

Despite your best intent to pay all the bills on time, late fees are common occurrences at many associations. This is especially true when associations have out-of-town board members where paper



checks can take several days to arrive via the mail. If all of the association's accounts payable are viewed and approved online, turnaround time is reduced significantly, which will result in fewer late fees.

FAQs

What if I just want to hold an invoice for a while and not approve or reject?

A properly configured AP Portal for associations should provide board members the option to "hold" an invoice until a specified date.

What if I want the check cut now, but I want to give it to the vendor myself when the work is complete?

Properly configured, an AP Portal will allow you to select where you want the check sent during the approval process. The default setting will always be to have the check sent directly to the vendor, but there are options to have the check sent to property manager's office or to the association so it can be held by a board member until the appropriate time.

What if I want to make a note on the invoice?

Comments can be made electronically on an invoice by anyone involved in the coding, review, or approval process. These notes will stick with the invoice throughout the process.

Can I see an audit trail?

Every invoice has an audit summary that shows who reviewed the invoice and when it was approved, rejected, or held.

Is the system secure?

Yes, a properly configured online AP Portal will use the same encryption and security features that bank websites use. Furthermore, there are several steps in the approval and check generation process that require actions by no less than four different people: the association's bookkeeper, property manager, and two board members. No one person or even two people could gain access to the association's funds maliciously.

What if an emergency arises and I need a check generated right away?

With the board's authorization, hand written checks can still be generated in an emergency situation and any corresponding backup will be uploaded to the system after the emergency so the association still has a complete online record of its accounts payable history.

What do board members say who are already using this service?

Mitch Katz, President of Bexley Park Association is thrilled with the online accounts payable service. "It saves me a ton of time. I used to have to drop the package off at the treasurer's house when I was done, then someone would have to schedule a pickup with the management company. Now, with a few clicks I'm done in minutes, and the treasurer is notified automatically that he has invoices waiting for him online."

As someone who travels for work, Katz found the accessibility another huge plus. "While I'm out of town, I can approve invoices on the road in my spare time instead of all of our bills being held up until I get back in town."

Jay Szeffel is an accounting professional in addition to being the Treasurer of Townhomes of The Waterways. He says, "The system

is user friendly and contains all of the relevant information for a streamlined and more efficient approval process. This helps us meet our payables due dates and avoid late charges."

How do I get started?

Not all property management firms offer AP Portals, and not all AP Portals are created equal. To achieve the full benefits as described above, make sure your management company's AP Portal has the following capabilities:

- Approval is only possible via a secure, online portal—not via unsecure e-mails.
- Notes and comments can be noted on invoices.
- Related invoice history for the vendor is available real-time during the review process.
- Workflow can be configured to match the needs of the community.
- Rejections, clarifications, and notes should be processed automatically—not offline.
- Detailed audit trails are available online and real-time.



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- Checks can be signed electronically.
- Security should be controlled by person, role, and function. For example, the bookkeeper should be allowed to specify the account, but not generate a check without board approval.
- The whole process should be tightly integrated with your accounting system so there is no risk that your financial reports will be wrong.

Although these types of imaging and workflow management systems can cost hundreds of thousands of dollars to implement, some management companies have already made the investment in technology and can offer AP Portals today. If these capabilities are important to your association, then make sure you carefully evaluate the systems being used by the organization that will be managing your books.

The best part is that transitioning from a paper-based system to an online Portal can be done in less than a week with little or no cost to the association. The board members are not the only ones saving here. Management companies that use AP Portals gain efficiencies in their accounting operations that can help to offset the initial investment to implement the system.

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