

# Common Accounts Payable Processing Challenges

*Every business must handle accounts payable processing tasks efficiently to maintain operations and stable cash flow.*

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-- Every business must handle accounts payable processing tasks efficiently to maintain operations and stable cash

flow. Paying vendors and other liabilities on time ensures beneficial partnerships and allows a company to make solid financial projections for the future.



Accounts Payable Processing Challenges

However, many companies face issues when processing accounts payable, leading to long processing times, rejected payments, and a high rate of manual errors. This gap between efficient accounts payable processing and its challenges can harm a company's industry reputation and cause problems with accounting.

Discover the most common accounts payable processing challenges a business may face and how [outsourced bookkeeping services](#) can help close the gap and improve operations.

## Top Accounts Payable Processing Challenges for Private Businesses

Accounts payable (AP) processing challenges primarily arise from ill-defined or unsupported processes, human errors, or high workloads. The most common issues a company may face include the following:

### Processing Time

If a company struggles with AP operations, it may face extended processing times regarding invoices from vendors or suppliers. Companies that use paper invoicing must send the document through multiple personnel to get it paid, increasing the likelihood of error.

Paper processing also results in lost invoices, which means longer processing times and vendor

frustration. Poorly trained or unmotivated employees can cause extended wait times for vendors expecting timely payments, even if the business uses invoicing software.

### Mismatched Items

With outdated or inefficient AP processing, a company may see issues with mismatched items. For instance, a purchase order amount may not align with an invoice or a receiving report.

When mismatches occur, it consumes employee time and effort in order to thoroughly investigate where the error occurred, determine how it impacts accounting, and fix the problem. These incidents delay other processes and increase wait times for other AP deliverables.

### Rejected Bills

Vendor mistakes on invoices can lead to rejected bills, regardless of the in-house AP system. These transactions lead to decreased efficiency and bookkeeping challenges due to staff having to wait for a response from the vendor and a corrected invoice. Once a new invoice is sent, the team must reprocess the bill, adding time and effort to the transaction.

### Manual Errors

Manual errors are a significant pain point for companies dealing with AP processing issues. If an AP team uses manual bill payment operations or software that requires manual data entry, they may experience human errors that result in losses for the company.

These losses may include excess payments that the vendor does not report or transposed numbers reflecting inaccurate payment amounts on ledgers.

Many companies use cloud-based accounting software to address manual errors. While this solution can benefit some companies, these products require someone on the team to learn how they work and teach others. Understanding the program and training all AP staff can take several weeks and wreak havoc on AP processing in the meantime.

### Non-Approved Purchases

There may sometimes be challenges with untrained or unscrupulous employees who make non-approved purchases for the company. These transactions can be as benign as using the wrong vendor to pay for equipment or office supplies or as blatant as using company funds to pay for private dinners or travel without approval.

When an AP team performs their duties inaccurately, it can lead to problems with accounting and cash flow. It could also interfere with the company's ability to file tax deductions, such as the IRS mileage rate deduction.

## How [Outsourced Bookkeeping](#) Closes the Gap Between Inaccurate AP Processing and Cash Flow Success

Many companies turn to outsourced bookkeeping to close the gap in AP processing challenges. Outsourced bookkeeping involves working with an outside company specializing in professional bookkeeping and accounting services to handle accounts payable and other AP tasks.

### Modernize Your Bookkeeping Processes

Partnering with an outsourced bookkeeping company modernizes your AP operations, eliminating outdated manual processes. AP digitization improves internal bookkeeping operations and allows the company to work with vendors that use online digital invoicing software.

### Minimize Processing Time

Outsourced bookkeeping minimizes processing time with automated, cloud-based programs. Adding a customized bookkeeping plan can meet company needs and also reduce the time it takes to pay vendor bills. Instead of taking several days or weeks to pay an invoice, processing may take hours or days.

### Reduce Inaccuracies and Errors

Automated software and a dedicated bookkeeping team should be part of a complete outsourced bookkeeping service. Together, these elements reduce errors and inaccuracies in accounting.

Bookkeeping teams can handle hundreds of invoices daily and review all processes to ensure accuracy. Additionally, outsourced bookkeeping can catch and return problematic invoices to vendors before they become a problem with business cash flow.

### Save Money and Time on Hiring and Training In-House Staff

Outsourced bookkeeping can help save money on hiring and training an in-house AP team. In 2020 and 2021, companies spent \$92 billion on training their employees. Training a new hire to reach full productivity can take as much as 12 weeks, meaning it takes about three months for their output to match the cost of labor for a company.

When working with an outsourced bookkeeping company, a company pays significantly less for the service than they do over time for an employee. Instead of covering training, salary, benefits, and potential turnover costs, partner with a team of professionals skilled in the same tasks.

The company will benefit from their prior training and experience and allow the company to focus back on their business instead of worrying about how AP job performance might negatively affect the bottom line.

### Get Professional Outsourced Bookkeeping

Obtaining professional [outsourced accounting services](#) can help close AP processing issues and the accuracy gap. Talk to a professional outsourced bookkeeping service to get a tailored outsourced bookkeeping plan.

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