



**Do You Really Control
the Procurement Process
in Your Business?**



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Introduction

Procurement is a key strategic component of any company to ensure margins are kept up, stock is on hand as required, and growth and profitability are maintained. However, for most companies, this is still a process consisting of manual activities, leaving room for inaccuracies and so, procurement becomes a key risk to the financial stability of a company.

A manual application reduces the ability to control procurement, have visibility throughout the process and maintain collaboration between departments — why is this? Because it's time consuming, disorganised and subject to infinite human error.

Having a traditional, manual operation for your procurement process relies on having enough people to handle the volume of procurement within your business. It relies on these people not making mistakes such as misreading an invoice, keying the incorrect information into the system, forgetting about an invoice or losing it altogether. It requires different levels of employees, those who process, those who approve and those who make payment. Finally, it requires everyone involved in the process to adhere to company policy, use approved suppliers, keep within budget and communicate all of their activities with the essential people — primarily accounts payable.

Introduction

By automating your procurement process, you gain better control of each stage, from the purchase requisition to the payment of an invoice and its storage. You can view purchase requisitions, approvals, goods receipts, and invoices at any point in the process, giving a better understanding of timing, where mistakes are being made and who is responsible. Lastly, it makes collaboration between departments wishing to procure items and Accounts Payable much easier, reducing inaccuracies, errors and unnecessary loss.

In this ebook, we show you how AP Managers can truly control the procurement process in their business.

1. Control

There are so many employees involved in a manual procurement process that it becomes difficult to control and monitor the operation, but without enough people, the work simply does not get done.

To regain control, you must put in place what we refer to as control objectives. These are the internal processes that will provide reasonable assurance of the effectiveness and efficiency of the procurement process, reliability of financial reporting, and compliance with applicable laws, regulations and company policies.

Control activities are the company specific, automated internal control processes that satisfy the control objectives and address the risks posed if the control objectives are not met.

An example of a control objective is to improve overall accuracy; the control activity is to then implement the processes to achieve this.

How would this work?



1. Control

When a purchase requisition is created, it has the correct pricing, correct quantity and correct supplier that has been pre-approved. The purchase order is then issued to the supplier, the supplier delivers the goods in the correct quantity and intact, this should then be receipted into the system. When the invoice arrives, everything should automatically match — a “right first time” scenario, because the system was automated and so minimised opportunities for mistakes.

By automating your systems and taking control, you can also gain better visibility of your procurement process and improve the collaboration between your departments throughout the procurement process.

2. Visibility

Control improves the visibility of the process of procurement in your business because there is now an efficient system to identify the status of an order, an invoice, those involved and those responsible. This can only happen through an extraordinarily efficient manual process, or an automated, streamlined process.

Visibility can further improve the process by highlighting where mistakes are most commonly made, where delays are occurring and who is responsible so that management can take action to improve these areas.

Visibility also leads to better collaboration between departments.





3. Collaboration

Collaboration is enhanced through an automated system because there are controls in place and visibility is optimised. These features improve collaboration between departments.

For example, when using a manual system, the marketing department purchases advertising space out of their budget but they don't inform the AP department. An invoice arrives in and the AP Manager doesn't know who authorised the purchase order, whether an approved supplier was used or if the cost is correct.

Using an automated system can create better collaboration and communication between the marketing and accounts payable departments as it allows both parties to view purchase requisitions, orders, goods received and so on. They can view the status of these processes and who is responsible.

With better collaboration and communication, procurement processes become more consistent, cycle times can be reduced and fewer losses are made because there is better liability management.





Conclusion

So, we bring you back to the original question — do you really control the procurement process in your business?

Do you have the control, visibility and collaboration of the procurement process in your business?

Are you operating as effectively and efficiently as possible with your current procurement process?

No? Then Glantus can help.

AdestAP is the solution to regaining control over the procurement process of your business. Automate your system from start to finish, and know that your process is operating in a way that reduces risks, loss and liability.

To find out more about how Glantus can help call us today on +44 1242 211 211.



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www.glantus.com

info@glantus.com

Block P7, Estuary House
East Point Business Park
Clontarf, Dublin 3, Ireland

UK +44 1242 211 211
Ireland +353 1 889 5300