

Accounts Payable Reporting: Common Reports and Best Practices



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Imagine trying to run your small business without the benefit of accurate, timely reporting options.

Reports convey important details about a business, can help management make important decisions, and can even play a role in whether a business can get a loan or attract investors.

Good accounts payable reports tell us how much money we owe our vendors and suppliers, if payments are being made on time or consistently running late, and can even tell us if we're spending too much money.

What Is Accounts Payable Reporting?

Accounts payable reporting is used to track and report accounts payable transactions, with vital information like vendor and supplier invoice details, payment due dates, and spending amounts all available from AP reports.

You can also view AP aging information from an AP report, while other AP reports can be reviewed before approving vendor or supplier payments.

What Are the Most Common Accounts Payable Reports?

There are numerous AP reports available for your business to run, with ten reports particularly important.

• Accounts Payable Aging Report

The accounts payable aging report is one of the top three AP reports essential for managing AP properly. The AP aging report is a detail report that displays all invoices currently entered into the AP system, sorting them by the due date, with invoices sorted in 30-day increments.

For example, a report would show current bills, 1-30 days past due bills, 31-60 days past due, 61-90 past due, and more than 90 days past due.

While smaller businesses can run the AP aging report monthly, for companies that process a high number of invoices each week, running the report weekly would be more useful.

And if you're reviewing accounts payable KPIs, the information found in the AP aging report can be used to calculate Days Payable Outstanding or DPO, which is used to determine how long it takes a company to pay its bills.

• **Payment History Report**

The payment history report provides a detailed listing of all vendor payments made in a specified period of time. The payment history report is helpful if you're looking to see exactly how much you've paid a particular vendor or supplier during a certain time frame.

The payments report can also be used to determine payments made in a specific account or category and can be useful when comparing budget to actual totals for a specific date range.

• **AP Trial Balance Report**

The AP trial balance report is a useful month-end account reconciliation report. Use this report to match all trial balance entries against the general ledger to double-check that all payments have been properly recorded.

Any missing payments or payments that don't match should be investigated further. When there are payments that don't have a matching entry or have an entry that doesn't match correctly, it indicates that vendors may have been paid too much or too little, a payment was issued to the wrong vendor, or no payment was issued.

• **Vendor Analysis Report**

The vendor analysis report allows you to view the total amount of payments made to your vendors, so you can easily view exactly what you've paid to each vendor. This report can be helpful for a variety of reasons, including when preparing year-end budgets.

This vendor analysis report is also a useful resource if you're looking to renegotiate pricing or payment terms with suppliers, and can be particularly helpful in pinpointing potential overspending.

• **Discount Report**

A discount report can help companies take advantage of early payment

discounts. While paying an invoice early may not always be an option, particularly for businesses with limited cash flow, for companies in a position to make an early payment, this report allows you to view potential discounts and prioritize payments when necessary.

Business owners can also run the discount report to view how much in potential discounts they've missed.

• **Credit Memo Report**

A credit memo may be received for a variety of reasons, including product returns and incorrect pricing, but once entered, they're easy to forget. Enter the credit memo report, which provides detailed information on all outstanding credit memos, allowing you to choose when to process them.

• **Recurring Invoice Report**

Everyone has recurring invoices that they pay regularly such as rent, utilities, insurance, subscriptions and other recurring expenditures.

Running a recurring invoice report allows AP personnel to review current bills, and investigate any anomalies such as a bill higher or lower than normal while helping to ensure that the bills are paid on time.

• **Open Invoice Report**

The open invoice report should be run and reviewed weekly.

The open invoice report allows managers to review all open invoices and current due dates, review amounts due for accuracy, determine cash requirements for the week, and view any open credit memos against an invoice.

The open invoice report can also be used when reconciling the GL accounts payable summary account to make sure that all open invoices also appear in the GL account.

A Goods Received Not Invoiced (GRNI) Report (GRNI) Report gives

further visibility of invoices likely to be received soon.

If you have received the goods or services from the supplier and the invoice has not yet been received, then the invoice can be expected.

• **AP GL Code Report**

Though not run as often as some of the other AP reports, the AP GL code report is helpful for managers and supervisors to review once invoices have been entered.

While miscoding an invoice may not appear to be a major issue, expense errors can distort financial statements, overstating or understating expenses.

• **Voucher Activity Report**

The voucher activity report can be extremely useful for companies with multiple locations, or for those that need to track departmental or project expenses.

This report helps to pinpoint current expenses, works to ensure that bills are paid timely, and provides management with a good view of business expenses for particular projects, departments, or locations.

Common Accounts Payable Reports



Accounts Payable Aging Report



Payment History Report



AP Trial Balance Report



Vendor Analysis Report



Discount Report



Credit Memo Report



Recurring Invoice Report



Open Invoice Report



AP GL Code Report



Voucher Activity Report

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What Are Best Practices for Accounts Payable Reporting?

Best practices for accounts payable reporting start with accurate transaction processing, and nowhere is this more important than in accounts payable. These are just a few of the best practices you should be following to help keep your accounts payable reporting accurate.

1. Maintain proper internal controls

Anything that impacts accounting will directly impact the accuracy of your financial reports, including your accounts payable reports.

Maintaining the proper internal controls for your accounts payable department helps minimize errors, reduces fraud, and helps to ensure that transactions are entered and processed correctly, all leading to accurate reporting.

Manage the Payment Cycle

Paying bills is part of being a business owner. But when you pay have direct impact on both your cash flow and your AP reporting.

While some vendors and suppliers may offer a discount for early payment, it's important to weigh that early payment discount against maintaining cash flow.

3. **Review AP Accounts Regularly**

One of the best ways to create accurate AP reports is to review AP accounts regularly.

Even if you're using an automated AP software application, taking the time to review AP accounts regularly helps to spot unusual activity, be it AP fraud or an expense posted to the wrong GL account.

Whatever the issue, reviewing AP accounts regularly can help spot a small problem before it becomes a big one while producing.

4. **Use AP Automation to Create More Accurate Reports**

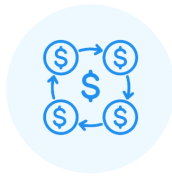
When processing AP manually, it's easy to get bogged down in the details. Making the switch to an automated AP system can reduce AP bottlenecks, cut manual processing time in half, and significantly reduce human error.

In addition, using automation allows you to create custom reports in real-time, so all of your reporting from an open invoice report to a monthly accruals report will be accurate.

Best Practices for Accounts Payable Reporting



Maintain Proper Internal Controls



Manage the Payment Cycle



Review AP Accounts Regularly



Use AP Automation to Create More Accurate Reports

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Where Are Accounts Payable Reported In the Financial Statements?

A balance sheet is a financial statement that summarizes what a company owns, which are assets, and what it owes, which are liabilities. A company's assets should always balance with liabilities and the owner's equity.

All accounts payable activity is reported on your company balance sheet under liabilities. Accounts Payable is considered a current liability because it is money that you owe that is due in 90 days or less.

While most accounting software applications will update AP balances, for those using a manual system, the accounts payable balance is increased after an invoice has been received and if using accounting software, entered into the application.

AP is always recorded as a credit, with an offsetting credit recorded to the expense.

For example, if you're entering an invoice for office supplies, you would record it as follows:

Date	Account	Debit	Credit
12-01-2022	Office Supplies	\$1,000	
12-01-2022	Accounts Payable		\$1,000

When the invoice is paid, you'll need to do a second journal entry:

Date	Account	Debit	Credit
12-20-2022	Accounts Payable	\$1,000	
12-20-2022	Cash		\$1,000

When you complete the first entry, the AP balance on the balance sheet will increase, and after it's paid, the amount will decrease.

While this is the standard manual AP entry, if you're using accounting software or AP automation, you will not need to process a journal entry manually.

What Is the Difference Between Accounts Payable and Accounts Receivable?

Accounts payable and accounts receivable are both important components of your business.

Accounts payable is money that you owe vendors, suppliers, and other creditors while accounts receivable is money that is owed to you by your customers.

While both are an important part of your business, they impact your financial statements in very different ways.

Common accounts payable transactions include:

- Entering a bill from your supplier
- Paying a mortgage note for your factory
- Making a payment on a loan or line of credit
- Approving ACH payment for suppliers ordered

Common accounts receivable transactions include:

- A sale made to a customer with Net 30 terms
- A payment received from a customer
- Issuing a credit memo for a product return
- Writing off uncollectable bad debt at year-end.

Two parts of a whole, AP and AR are both important pieces of the accounting puzzle, with accurate reporting a necessity for both.

How Does AP Automation Make AP Reporting and Financial Close More Accurate and Easier?

AP automation reduces or even eliminates tedious manual task. It's impossible to rely on the information in an AP report if it doesn't truly reflect all current transactions, or it's riddled with errors.

This is particularly true during the month-end closing process, when dozens of closing reports need to be created.

Using an automated AP system, like PLANERGY, eliminates manual tasks such as matching invoices with purchase orders. Automated AP systems can also reduce time-consuming data entry, and ensure that all of your month-end accruals are accurate.

Even better, you'll have access to real-time reporting that reflects the true state of your business, instead of having a stack of invoices on someone's desk waiting for approval or invoices lost somewhere between your office and the approver's desk.

Using technology such as Optical Character Recognition (OCR) and machine learning, applications like PLANERGY help maintain consistency throughout your business and provide you with accurate reporting results.

Reporting is such an important part of the accounting process. From the standard reports that you run throughout the month, to the vital month-end financial statements, reporting accuracy is a possibility, with automation.

What's your goal today?

1. Use PLANERGY to manage purchasing and accounts payable

We've helped save billions of dollars for our clients through better spend management, process automation in purchasing and finance, and reducing

financial risks. To discover how we can help grow your business:

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- Visit our Accounts Payable Automation Software page to see how PLANERGY can automate your AP process reducing you the hours of manual processing, stoping erroneous payments, and driving value across your organization.
- Learn about us, and our long history of helping companies just like yours.

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2. Download our guide “Preparing Your AP Department For The Future”

Download a free copy of our guide to future proofing your accounts payable department. You’ll also be subscribed to our email newsletter and notified about new articles or if have something interesting to share.

download a free copy of our guide

3. Learn best practices for purchasing, finance, and more

Browse hundreds of articles, containing an amazing number of useful tools, techniques, and best practices. Many readers tell us they would have paid consultants for the advice in these articles.

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