AP AUTOMATION

Best practices, payment fraud prevention, and AI
For Florida Public School Systems

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Informa, behind the scenes

AP Automation

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Dunkin’

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Today’s discussion

1. AP Automation best practices
   What good looks like
   Components and Processes

2. The Secret Service
   Fraud Prevention, response, and relationships

3. AI in accounts payable automation
   Useful applications and guardrails

Disclaimer

There is no one size fits all

Every AP Automation engagement is unique

There is no singular defined standard

I’m providing basic ideas and building blocks

Your mileage may vary

AP Automation best practices
The “components”

What exactly is meant by AP Automation

Typically helps automate the payment request, i.e. the Invoice

It augments, not replaces the ERP system

Almost always deals with Invoice document on ramps

AP Automation best practices

Typical inputs are mail/scanned, email and fax

EDI feeds are typically handled directly in the ERP system

Automation takes the inputs and extracts information from them

This extraction is then validated against the ERP system

Exceptions are then managed and a workflow created for resolution

AP Automation: What to look for

How does it handle extracting data

Are there validations to the ERP system of record

For exception handling, are there configurable workflows and audit trails

Are the source documents kept for audit purposes

Is there an automatic posting to the ERP system

Are there convenient ways to provide documents to audit requests

The “process”

Can we explain every payment?

Who authorized it?

What did the district receive?

Where did it post, and who received the money?

The process begins before AP

1. Purchasing establishes the approved commitment
2. Schools document receipt or service acceptance
3. AP validates the invoice and resolves exceptions
4. Treasury releases payment under separate authority

The documented process and the real process

Management expects	AP staff may actually do
All invoices enter one queue	Track exceptions in personal email or Excel
The system records approvals	Accept verbal approval, then enter it later
Bank changes get a callback	Use the phone number in the change email
The workflow handles exceptions	Work around missing receipts or absent approvers

What does good look like?

Routine invoices move predictably. Exceptions get attention.

A visible owner and next action for every invoice

Evidence that remains connected from receipt to payment

Good intake preserves the original document

1. A defined intake process covers email, portal, and paper
2. Original receipt date and document stay with the record
3. Duplicate submissions enter one controlled review
4. Staff have visibility to the current status

Good matching distinguishes invoice types

Invoice type	Evidence and treatment
PO-backed goods	PO, invoice, and documented receipt
Services / approved non-PO	Contract or authority plus service acceptance
Partial deliveries / credits	Track cumulative quantities and balances
Construction / complex grants	Separate rules and specialist review

Good workflow makes responsibility explicit

1. Routing follows authority, fund, amount, and school
2. Delegates have approved limits and end dates
3. Exceptions carry a reason, owner, and due date
4. Escalation preserves required approvals

Good controls remain visible after automation

Control point	Evidence the CFO can request
Vendor / bank changes	Independent verification and approval log
Invoice decisions	Source document, match result, and overrides
Payment release	Separate authority and approved batch totals
ERP interface	Accepted / rejected records reconciled
Records	Retrievable history with retention and access controls

Good performance has a clear definition

Measure	Definition to agree to in Automation
Cycle time	Original receipt to ready-for-payment
On-time rate	Invoices paid by due date / invoices due
Exception rate	Invoices needing intervention / invoices received
Straight-through rate	Eligible invoices reaching posting without manual intervention
Control exceptions	Unverified changes, overrides, and unresolved rejects

Florida rules belong in the workflow

1. School boards and districts fall within the prompt-payment framework
2. Original receipt and acceptance dates matter
3. Nonconstruction and construction use different provisions
4. Grant controls and district policy remain applicable

What not to do: automate every old step

“We automated the process we thought we had.”

What we think we do, versus what we really do

Management configures the approval steps in the "manual"

Clerks keep using email and spreadsheets to get work done

The dashboard looks complete, but key steps happen outside it

The better design: one accountable route

Common mistake	Better practice
Configure from the policy manual alone	Walk through real invoices with the clerks before configuration
Everyone gets reminders	One owner with a defined escalation
Evidence in separate inboxes	Evidence attached to the invoice record
Success = software goes live	Success = verified improvement with controls intact

The Secret Service

Paying the right recipient and remittance/bank changes

Who would you call if a payment went to the wrong account?

It happens more than you would think

What not to do: trust a bank-change email

“The invoice matched. We paid it.”

A familiar vendor requests a new bank account

One employee updates the record and releases payment

The invoice is valid, but the destination is fraudulent

The better design: verified payment changes

1. Verify through a previously established contact channel. Use the telephone, and log it.
2. Separate the change request from its approval
3. Review changed destinations before payment release
4. Preserve verification evidence and monitor overrides

When a payment reaches the wrong account

1. Bank: request urgent recall and recipient-bank freeze
2. Law enforcement: contact Secret Service and file IC3
3. District team: activate finance, IT, counsel, and insurer
4. Evidence: preserve payment details, emails, and logs

“The Secret Service Is Your Best Friend”

Establish a relationship before an incident occurs

Beyond bank fraud, know your local Cyber Fraud Task Force contact

Include finance and IT in the response plan

Act quickly. Recovery is never guaranteed.

The USSS is NOT a 3 letter agency, or a 4 letter word.

Engage them.

1. They pride themselves on actionable results
2. They are generally happy to review Cyber Security with you, proactively
3. The bad actors are sophisticated. They have storefronts
4. AI is making it even more important to be proactive
5. The number one problem

The USSS is NOT a 3 letter agency, or a 4 letter word.

Talk to them.

Location	Telephone
Fort Myers	239-334-0660
Jacksonville	904-296-0133
Miami	305-863-5000
Orlando	407-648-6333
Tallahassee	850-942-9523
Tampa	813-228-2636
West Palm Bch	561-659-0184

AI and Automation in accounts payable

“We need AI.” What problem are we trying to solve?

AI in accounts payable automation

AI in AP Automation can be transformative, with guard rails.

Beware of Hallucinations

“ChatGPT can make mistakes. Check important info.”

AI supports judgment within defined limits

Useful applications	Required guardrails
Extract invoice fields	Validate critical fields against source
Suggest account coding	Check fund, grant, and business context
Flag possible duplicates	Review uncertain matches and credits
Summarize exceptions	Keep source evidence and decision history

A confident answer can still be wrong

Hypothetical example

The invoice has no PO number.
AI supplies a plausible one.

The workflow checks the actual PO record.
No verified match means an exception for review.

The audit trail is a requirement

1. Original document and source evidence
2. AI output, at a point in time
3. Validation results and any human corrections
4. Named approval and the final ERP or payment action
5. If not already, consider implementing an ECM system for documents

We always suggest testing AI using your business cases, in a pilot setting

1. A partial invoice or a duplicate submission
2. An invoice with no PO number
3. An absent approver and a rejected ERP lookup
4. A bank-change request and a complete audit export

Finally, try a 90-day AI pilot with explicit ownership

Period	Deliverable
Days 1–30	Clerk walkthroughs, baseline, control map, and pilot scope
Days 31–60	Configured workflow and realistic exception tests
Days 61–90	Limited rollout with weekly issue review
Go / no-go	Measured improvement, reconciled postings, proven controls

Closing

Which part of today's discussion needs the most attention in your organization?

AP automation best practices

Fraud, Cyber Security and the Secret Service

AI applications and controls

Selected sources

1. Florida Statutes §§218.72–218.76: prompt payment
2. 2 CFR §200.303: internal control over federal awards
3. FBI: Business Email Compromise guidance
4. U.S. Secret Service: BEC response and field offices