

The Higher Education Invoicing Assessment: Are Your Processes Truly Productive?



Many colleges and universities have not automated key financial processes, and as a result many don't understand just how much these processes are costing them. Often overlooked in technological upgrades, invoicing processes at many colleges and universities are outdated, causing slow turnaround time, costing money, and, at times, introducing inaccuracies. A recent study, for example, found that 35% of higher education food invoices carry at least one overcharge.¹ At the same time, thanks to outdated processes, some organizations are spending nearly twice as much on invoicing processes as they would with more efficient processes.¹¹

This self-assessment tool aims to help you see how advanced your approach to invoicing processes is, and identify areas for potential improvement. Answer these quick questions, and in a few minutes' time, you can see how you may be able to improve your own processes.

[TAKE THE ASSESSMENT ▼](#)

INVOICING

SELF-ASSESSMENT

METHOD OF SCORING:

Select the answer that best matches each question and then tally the corresponding points to calculate your total score.

QUESTION	ANSWER	PTS.	TOTAL
1 How long does it take you to process an invoice, on average?	Fewer than 20 business days.	10	
	20-30 business days.	5	
	Greater than 30 business days.	0	
2 On average, how many people “touch” an invoice, from receipt to fulfillment and filing?	Less than 5 people.	10	
	5-8 people.	5	
	8 or more people.	0	
3 How do you transmit invoices during the approval process?	Software scans, indexes, stores and sends electronic files from reviewer to reviewer, sending notifications every step of the way.	10	
	We manually send them from department to department via email.	5	
	We manually send them from department to department via courier, or interoffice mail.	0	
4 Have you invested in procurement and accounts payable software, or purchasing cards (P-cards)?	Yes.	10	
	No.	0	
5 Are slow turnaround times a significant invoicing challenge for you?	Yes.	0	
	No.	10	
6 How do you verify invoice accuracy?	We automatically compare invoices against the purchase order (PO) and receiving report to ensure accuracy.	15	
	We manually check against memory, previous files, or email one another.	10	
	We dont have a process to check for accuracy.	0	
7 Do you understand the true cost of receiving and processing an invoice?	Yes.	15	
	No.	0	

TOTAL:



How Do You Rate?



Score: 0-19 Points

Invoicing Workhorse

You're working very hard on invoicing, but you have the opportunity to save time and reduce costs.



What You Should Focus On: Automation

Automating your manual processes can save time, and money. Manual invoicing can come at a high price. If your university receives 1,000 invoices per month, and each invoice is being touched by multiple employees during the various steps of your manual process (for this example, we'll say \$48,000 on labor in a year, factoring in employee salary and benefits) like opening up envelopes, entering data into your accounts receivable system, reviewing invoices, then routing them, that adds up to approximately \$4 spent on processing each invoice.

And more to the point, the size of your institution also impacts your need for automation, in different ways. If your institution is a larger university system, you might not have an exact grasp of how many invoices you're receiving per month. If you're a smaller college with full-time, centralized AP staff, your paper and manual-based processes might be particularly labor intensive: manually disseminating invoices to department heads, stamping, handwriting general ledger code, signing it, dating it; received back via interoffice mail, and keying in general ledger for ultimate payment to vendor.



Results You Can Achieve

For colleges and universities that have implemented automation, the length of invoice processing can decrease. In addition to speeding up how quickly invoices are paid, automation also can decrease labor costs and improve the overall administrative experience for those who touch the invoicing process. Missed invoices, late payments and reporting issues will no longer be the "cost of doing business".



Score: 20-39 Points

Intermediate

You've automated and digitized some of your processes and might be using purchasing cards - and you're able to process invoices more effectively as a result. Now it's time to put automation to work for accuracy – and increase your ROI.



What You Should Focus On: Accuracy

Accuracy is truly in the details when it comes to invoicing, especially with large purchase orders. For example, an invoice for 30,000 pencils that is charging .02 cents more per pencil than your order can result in losing hundreds of dollars. And as the volume of your invoices increases year over year, it can be even more difficult to track down these small inaccuracies that ultimately have a big impact.

You might have already invested in procurement and accounts payable software to get your invoicing information into the back-end systems you use. Implementing automated three-way matching between your purchase orders, requisitions and invoices can take your digitization efforts to a new level of effectiveness by improving how you handle your AP and AR processes on the front end. An otherwise time consuming process when done manually, automated three-way matching helps to ensure accuracy quickly.



Results You Can Achieve

Reduced costs and reduced error, without increased labor and time. Matching the invoice to the purchase order and requisition helps mitigate errors and overpaying. When your university is processing tens of thousands of invoices a month, there simply isn't enough time to manually match each one. Automating the matching process – specifically the data extraction and collection aspect – can yield big savings, and avoid big misses.





Score: 40 or More Points

Advanced

Automation? Check. Accuracy? Check. What's next? Finite resources require new approaches.



What You Should Focus On: Strategizing resource use

Oftentimes, the structure of universities lends itself to decentralized AP departments. With more college and university mergers taking place, and more demands to provide more services with fewer resources, the sharing economy is becoming more relevant to the business of higher education. The momentum toward shared services is particularly meaningful for AP, especially in larger college systems, where separate AP departments can be merged into one centralized department.

Alternatively, when a college or university has nearly achieved self-actualization with invoicing, a new question often arises: does it make sense for our employees to manage this whole process, or can their time and energy be concentrated on work that's more strategically important to our stakeholders? In these cases, working with **business process partner** that manages invoice processing and also adds value by evaluating trends via metadata can be a powerful addition to your existing team.



Results You Can Achieve

Getting more done in a centralized manner – whether internally or externally - can translate to more accountability, productivity, standardization and insights. Automatically processing invoice information into back-end financial applications and imaging solutions so they can be easily recalled can save valuable time. And with metadata and analytics becoming increasingly important, being able to leverage it on the fly, systematically to compare invoices against existing contracts to create lists of suspect purchases is one example of how a new approach to resources can uncover new insights.



What's Next?

Whether you're an invoicing workhorse, or at the intermediate or advanced level of your invoice handling, there's always room for improvement. And seemingly small improvements in workflow and process can have a big impact on your department's bottom line. In addition to streamlining and enhancing the administrative experience, these improvements can also help support the overall business of your college and university, freeing up resources that can ultimately be used to improve student experience. Talk with an expert to discuss the next steps you can take.

CITATIONS

ⁱ <https://www.universitybusiness.com/news/35-percent-university-food-invoices-have-overcharges>

ⁱⁱ <http://community.aiim.org/blogs/erin-mccart/2015/01/08/improving-cash-flow-and-the-bottom-line-with-ap-and-ar-automation-part-1>