Procure To Pay (PTP/P2P) Interview Questions and Answers

1. Purchase Requisition (PR)
2. Purchase Order (PO)
3. Vendor Selection
4. Order Acknowledgement
5. Goods Receipt Entry
6. Vendor Master Data
7. Invoice Scanning
8. Invoice Processing
9. Payment Processing
10. Vendor Reconciliation
11. GR IR Reconciliation
12. AP SL V GL Reconciliation
13. Travel and Expenses
14. AP Month End Close

P2P Interview Q&A

1. Walk through the Procure to pay (P2P) process?

Answer:

1. Identify Need
2. Create Purchase Requisition (PR)
3. Purchase Requisition Approval
4. Create Purchase Order (PO)
5. Purchase Order Approval and Dispatch
6. Order Acknowledgment
7. Goods/Services Receipt (GRN)
8. 3-Way Match
9. Vendor Invoice Processing
10. Invoice Approval
11. Payment Processing
12. Record and Reconcile

2. What are the Key Documents in P2P?

Answer:

- Purchase Requisition (PR)
- Purchase Order (PO)
- Goods Receipt Note (GRN)
- Vendor Statement
- Vendor Invoice
- Payment Confirmation

3. What are the ERPs used in P2P?

Answer:

- SAP S/4 HANA
- Oracle E-Business Suite
- Oracle NetSuite
- Zoho Books
- Quick Books
- Xero
- Wave
- Sage
- Blackline

4. What are the Journal Entries used in P2P?

1. Purchase Order Creation

- *No journal entry*

2. Goods Receipt / Inventory Receipt (For inventory items)

When inventory is received:

Debit: Inventory / Raw Materials A/c xxx

Credit: GR/IR Clearing A/c xxx

3. Invoice Receipt / Invoice Booking

When invoice is received from vendor:

Debit: GR/IR Clearing A/c xxx

Credit: Accounts Payable – Vendor A/c xxx

📌 If there is no GR step (for services or non-inventory items), you book the invoice directly:

Debit: Expense A/c xxx

Credit: Accounts Payable – Vendor A/c xxx

4. Payment to Vendor

When payment is made:

Debit: Accounts Payable – Vendor A/c xxx

Credit: Bank A/c xxx

5. Advance Payment to Vendor (if applicable)

When paying advance:

Debit: Advance to Vendor A/c xxx

Credit: Bank A/c xxx

At invoice receipt (adjusting advance):

Debit: Expense / GRIR A/c xxx

Credit: Advance to Vendor A/c xxx

Credit: Accounts Payable A/c xxx

6. Purchase Returns (if any)

When goods are returned:

Debit: GR/IR Clearing A/c xxx

Credit: Inventory A/c xxx

5. What is a Purchase Requisition (PR)?

Answer:
A **Purchase Requisition (PR)** is an internal document used to request the procurement of goods or services. It is typically created by a department or employee and sent to the procurement team for approval. The PR contains details like item description, quantity, estimated cost, and required delivery date. Once approved, it can be converted into a Purchase Order (PO).

6. What are the key components of a Purchase Requisition?

Answer:
Key components of a PR include:

- Requisition number
- Requestor's name/department
- Item description and quantity
- Estimated price
- Required delivery date
- Delivery location
- Budget code or GL account
- Approval workflow status

7. How is a Purchase Requisition different from a Purchase Order?

Answer:

Purchase Requisition (PR)	Purchase Order (PO)
Internal document to request purchase	External document sent to vendor
Created by user department	Created by procurement team
Requires approval before PO creation	Legally binding contract with vendor
Non-binding	Binding

8. What is the approval workflow for a Purchase Requisition?

Answer:
The approval workflow typically includes:

1. Submission by the requester
2. Validation by the department head or budget owner
3. Routing to procurement or finance for final approval
4. Automatic or manual conversion to a PO once fully approved

ERP systems like SAP or Oracle automate this workflow using rules and thresholds.

9. What are the common errors or challenges in the Purchase Requisition process?

Answer:
Common issues include:

- Incomplete or incorrect item details
- Missing budget codes
- Delayed approvals due to workflow bottlenecks
- Duplicate requisitions
- Lack of standardization across departments

Using ERP systems with validation checks and automated workflows can help reduce these issues.

10. What is a Purchase Order (PO)?

Answer:
A **Purchase Order (PO)** is a formal document issued by a buyer to a supplier to confirm the purchase of goods or services. It outlines the types, quantities, agreed prices, delivery terms, and payment conditions. Once accepted by the vendor, it becomes a legally binding contract.

11. What are the key components of a Purchase Order?

Answer:
A standard PO includes:

- PO number
- Vendor name and contact details
- Item description and quantity
- Unit price and total cost
- Delivery address
- Expected delivery date
- Payment terms (e.g., Net 30)
- Buyer's company details
- Tax and shipping information

12. What are the different types of Purchase Orders?

Answer:
The main types of Purchase Orders are:

1. **Standard PO** – Used for one-time purchases with known details.
2. **Blanket PO** – Used for recurring purchases over a period at a fixed price.
3. **Contract PO** – An agreement for long-term supply without specifying quantity.
4. **Planned PO** – Used for purchases with tentative delivery dates.

13. What is the difference between a Purchase Order (PO) and an Invoice?

Answer:

Purchase Order (PO)	**Invoice**
Sent by buyer to vendor	Sent by vendor to buyer
Confirms the intention to purchase	Requests payment for goods/services
Issued **before** goods/services are received	Issued **after** delivery
Initiates procurement	Initiates payment

14. What is the 3-way match in relation to Purchase Orders?

Answer:
The **3-way match** is a control mechanism used in Accounts Payable to validate a payment. It involves matching:

1. **Purchase Order (PO)** – What was ordered
2. **Goods Receipt Note (GRN)** – What was received
3. **Vendor Invoice** – What was billed

Only when all three documents match, the invoice is approved for payment. This helps prevent overpayments, duplicate payments, and fraud.

15. What factors do you consider when selecting a vendor?

Answer:
Vendor selection is based on several key criteria, including:

- Price competitiveness
- Quality of goods or services
- Delivery timelines and reliability
- Financial stability
- Reputation and references
- Compliance with legal and regulatory standards
- Capacity to scale
- Post-sales service and support

Tools like RFI (Request for Information), RFP (Request for Proposal), and RFQ (Request for Quotation) are often used to evaluate and compare vendors objectively.

16. What documents are required during vendor onboarding?

Answer:
The vendor onboarding process typically requires:

- Vendor registration form
- Tax documents (e.g., W-9, W-8, GST, PAN, TIN)
- Bank account details with cancelled cheque or letter
- Business licenses or incorporation documents
- NDA (Non-Disclosure Agreement)
- Signed contracts or terms and conditions
- Insurance certificates (if applicable)

These documents help ensure compliance, legal validity, and secure vendor setup in the ERP system.

17. What is the process of vendor onboarding in an ERP system?

Answer:
The typical ERP-based vendor onboarding process involves:

1. Vendor registration via a portal or manual form.
2. Verification of submitted documents by compliance or procurement team.
3. Approval from internal stakeholders (legal, finance, etc.).
4. Creation of vendor master record in the ERP (e.g., SAP using XK01/XD01, Oracle, NetSuite).
5. Communication of vendor code and PO terms to the supplier.

This process ensures vendor data is accurate, validated, and compliant.

18. How do you assess vendor risk during onboarding?

Answer:
Vendor risk is assessed based on:

- Financial health (credit score, balance sheet)
- Regulatory compliance (e.g., sanctions, blacklists)
- Operational risk (delivery history, disaster recovery)
- Cybersecurity and data handling (for service vendors)
- Geopolitical and supply chain risks

Tools like risk questionnaires, background checks, and third-party risk platforms (e.g., Dun & Bradstreet, Risk methods) are often used.

19. How do you maintain vendor master data integrity?

Answer:
Vendor master data integrity is maintained through:

- Segregation of duties (different users for creation, modification, approval)
- Periodic vendor audits and cleanup
- Validation controls in ERP systems
- Approval workflows for changes
- Avoiding duplicate vendor creation

Proper controls prevent fraud, duplicate payments, and ensure accurate reporting.

20. What is an Order Acknowledgement, and why is it important?

Answer:
An **Order Acknowledgement** is a confirmation sent by the supplier to the buyer after receiving a Purchase Order (PO). It confirms that the supplier has accepted the order and agrees to the terms, including quantity, price, delivery date, and other specifications.

Importance:

- Ensures both parties are aligned on order terms
- Helps track delivery timelines
- Reduces errors and miscommunication
- Acts as a formal commitment from the vendor

It’s especially useful for managing lead times, backorders, or product substitutions.

21. What should you verify when receiving an Order Acknowledgement from a vendor?

Answer:
When reviewing an Order Acknowledgement, verify the following details:

- **PO number** matches the original purchase order
- **Item description and quantity** are correct
- **Unit price and total amount** align with agreed terms
- **Delivery date and shipping terms** are acceptable
- **Vendor contact details** are accurate
- **Any exceptions or changes** (e.g., backorders, substitutions) are highlighted

If discrepancies are found, the buyer should immediately clarify and resolve the issue with the supplier before proceeding.

22. What is a Goods Receipt (GR) or Service Entry Sheet (SES), and why are they important in the P2P process?

Answer:

A **Goods Receipt (GR)** is the process of recording the receipt of physical goods from a supplier against a Purchase Order (PO). It confirms that the goods ordered have been delivered and received in proper condition and quantity.

A **Service Entry Sheet (SES)** is used when services (not physical goods) are delivered. It acts as proof that the service has been rendered and accepted.

Importance in P2P:

- Acts as the **third document** in the **3-way match** (PO → Invoice → GR/SES)
- **Triggers inventory update** (for goods) and **expense booking** (for services)
- Ensures the company pays **only for what is received**
- Helps in **identifying discrepancies** (e.g., short delivery, damaged goods, incorrect billing)
- Required for **invoice posting** and **payment approval** in most ERP systems (like SAP, Oracle)

23. What is Vendor Master Data?

Answer:
Vendor Master Data refers to the centrally stored information about vendors or suppliers within an ERP system. It includes all relevant details required to conduct business transactions with vendors, such as:

- Vendor name and address
- Contact details
- Tax information (e.g., PAN, GST, W-9)
- Bank account details
- Payment terms and methods
- Purchasing and accounting data

This data is essential for processing POs, invoices, and payments accurately.

24. What are the key components of Vendor Master Data?

Answer:
The key components typically include:

- **General Data**: Vendor name, address, contact, tax ID
- **Company Code Data**: Payment terms, reconciliation account, bank details
- **Purchasing Data**: Order currency, incoterms, payment methods, purchasing group
- **Control Data**: Withholding tax info, payment block indicator

In **SAP**, Vendor Master is maintained using **T-Codes** like XK01 (create), XK02 (change), and XK03 (display).

25. Why is Vendor Master Data Management important?

Answer:
Proper Vendor Master Data Management helps:

- Prevent **duplicate vendor records**
- Ensure **accurate and timely payments**
- Maintain **compliance with tax and audit regulations**
- Improve **reporting and analytics**
- Reduce **fraud risks** through controlled access and approval workflows

Clean and standardized data is essential for efficient P2P processing and avoiding costly errors.

26. What are common issues in Vendor Master Data and how do you avoid them?

Answer:
Common issues:

- Duplicate vendors
- Incomplete or incorrect data (e.g., wrong bank details, tax ID)
- Outdated contact information
- Missing approvals or documentation

Prevention methods:

- Use **data validation rules** in the ERP system
- Apply **maker-checker approval** workflows
- Conduct **periodic data audits** and cleanups
- Use **vendor self-service portals** for updates and onboarding

27. How do you ensure data security and compliance in Vendor Master Data?

Answer:
To ensure security and compliance:

- Assign **role-based access controls (RBAC)** for vendor data changes
- Use **audit trails** to log changes and user activity
- Maintain **document backups** for vendor onboarding
- Comply with **regulations** like SOX, GDPR, and local tax laws
- Periodically review **inactive or blocked vendors**

28. What is invoice scanning and how does it work in the Accounts Payable process?

Answer:
Invoice scanning is the process of digitizing paper invoices using OCR (Optical Character Recognition) or Intelligent Document Processing (IDP) tools. The scanned data is extracted and fed into an ERP or invoice processing system.

How it works:

1. Vendor sends a paper or PDF invoice.
2. Invoice is scanned or imported into an OCR system (e.g., Kofax, Data Cap, Read Soft, ABBYY).
3. Key fields like invoice number, date, vendor name, PO number, amount, and tax are automatically captured.
4. Data is validated, matched against POs and receipts (3-way match), and sent for approval or payment.

29. What are the benefits of using invoice scanning in AP operations?

Answer:
Invoice scanning offers multiple benefits:

- **Reduces manual data entry** and associated errors
- **Speeds up invoice processing time**
- Enables **touchless or straight-through processing (STP)**
- Supports **paperless workflow** and digital archives
- Enhances **compliance and auditability**
- Improves **visibility and tracking** through digital dashboards

It is especially valuable in high-volume AP environments.

30. What challenges do you face with invoice scanning, and how do you resolve them?

Answer:
Common challenges:

- Poor-quality scans or handwritten invoices
- Incorrect data extraction (e.g., wrong invoice number or amount)
- Duplicate invoices not flagged
- Unmatched invoices due to missing PO or GR data
- Variations in invoice formats across vendors

Resolutions:

- Use **template learning or AI-based OCR** for dynamic layouts
- Regularly train the system using feedback from AP teams
- Implement **validation rules** and **exception handling workflows**
- Educate vendors to follow standard invoice formats
- Perform **manual review or escalation** for failed invoices

31. What is invoice processing in Accounts Payable?

Answer:
Invoice processing refers to the end-to-end workflow of receiving, validating, recording, and paying vendor invoices. It includes:

- Invoice receipt (paper, email, EDI)
- Data extraction and entry
- 2-way matching (Invoice vs PO)
- 3-way matching (Invoice vs PO vs GR)
- Approvals
- Posting in ERP
- Payment processing

32. What is the difference between PO and Non-PO invoices?

Answer:

- **PO Invoice**: Linked to a Purchase Order. Follows a 2-way (PO-Invoice) or 3-way (PO-Invoice-GR) match before approval.
- **Non-PO Invoice**: No Purchase Order reference. Requires manual approval, generally for services, utilities, or one-off expenses.

33. What is 3-way matching in invoice processing?

Answer:
3-way matching ensures consistency among:

1. **Purchase Order (PO)**
2. **Goods Receipt (GR)**
3. **Vendor Invoice**

It validates that the quantity and price on all three documents match before payment is approved, reducing fraud and errors.

34. What are common reasons for invoice mismatch or failure in matching?

Answer:

- Quantity or price differences between invoice and PO
- Incorrect or missing PO number
- Goods not received or not posted in ERP
- Tax or shipping charges not accounted for in PO
- Duplicate invoices

35. What ERP systems have you used for invoice processing?

Answer:
(Example answer – tailor based on your experience)
"I have worked with **SAP (T-code MIRO for invoice posting, MIR4 for display)** and **Oracle NetSuite** for invoice processing. These systems support 3-way matching, payment term configuration, and vendor master integration."

36. How do you handle duplicate invoices?

Answer:
ERP systems usually flag duplicate invoices using controls on:

- Invoice number
- Vendor ID
- Amount and date

If a duplicate is identified, it's either blocked or routed to AP for manual review. Training vendors to avoid re-submitting already paid invoices is also essential.

37. What steps are taken before making a payment to a vendor?

Answer:

1. Validate invoice against PO/GR (2-way/3-way match)
2. Ensure proper approval
3. Check due date based on payment terms
4. Confirm vendor banking details
5. Post invoice in ERP
6. Run payment run (e.g., F110 in SAP)

38. What are the key controls in invoice processing to prevent fraud?

Answer:

- Segregation of duties (invoice entry, approval, and payment)
- 3-way matching
- Duplicate invoice check
- Approval workflows
- Vendor master controls
- Audit trails and exception reports

39. How do you prioritize invoices for payment?

Answer:
Invoices are prioritized based on:

- **Due date and payment terms**
- **Early payment discount availability**
- **Vendor criticality**
- **Company cash flow**

Automated systems can tag high-priority invoices for early processing.

40. How do you handle invoice discrepancies with vendors?

Answer:
When discrepancies occur:

1. Communicate with the vendor promptly
2. Share the PO and GR details for clarification
3. Request revised invoice or credit note if needed
4. Escalate internally for resolution if urgent
5. Document the interaction for audit purposes

41. What is payment processing in Accounts Payable?

Answer:
Payment processing involves validating approved invoices, scheduling due payments, and disbursing funds to vendors. It includes payment method selection, payment run execution, bank file generation, and reconciliation. Accuracy and timing are critical to avoid late fees and maintain supplier relationships.

42. What are the common payment methods used?

Answer:

- ACH
- Direct Deposit
- Wire Transfer
- Check
- Credit Card
- P-Card
- SEPA (EU)
- BACS (UK)
- Cash

43. What is the significance of payment terms?

Answer:
Payment terms define when a vendor should be paid (e.g., Net 30, Net 60, 2/10 Net 30). They affect cash flow, vendor relations, and discounts. Following terms ensures timely payments and may help companies take advantage of early payment discounts.

44. What are the steps in the payment run process (e.g., in SAP)?

Answer:
Example (SAP – F110):

1. Enter payment parameters (Company Code, Vendor, Due Date)
2. Select payment methods and bank details
3. Propose payment
4. Review and edit payment proposal
5. Execute payment run
6. Generate payment file/checks
7. Post payment document
8. Send remittance advice

45. What controls help prevent duplicate or fraudulent payments?

Answer:

- 3-way match (PO-Invoice-GR)
- Segregation of duties
- Duplicate invoice checks
- Vendor bank detail validation
- Payment approval workflows
- Audit logs and exception reports

46. What is a payment block, and when is it used?

Answer:
A **payment block** is a flag used to temporarily prevent an invoice from being paid. Reasons may include:

- Discrepancies in invoice
- Pending approvals
- Duplicate entries
- Vendor dispute
- Missing GR or PO reference

47. What is a remittance advice, and why is it important?

Answer:
Remittance advice is a document sent to vendors explaining the details of the payment (invoice numbers, amounts, deductions). It ensures transparency and helps vendors reconcile their records, reducing disputes.

48. How do you handle urgent or manual payments?

Answer:

- Request must be **approved by finance/controller**
- Confirm invoice validity and documentation
- Process payment manually in ERP or banking portal
- Update ERP to mark the invoice as paid
- Notify vendor with remittance advice

49. What are common issues in payment processing and how do you resolve them?

Answer:
Issues:

- Bank rejections
- Duplicate payments
- Incorrect vendor bank details
- Late payments

Resolutions:

- Regular vendor master audits
- Bank validation before payment run
- Exception handling workflows
- Clear communication with vendors and internal teams

50. How is payment reconciliation performed?

Answer:
Payment reconciliation involves matching ERP payment records with bank statements. It verifies that:

- Payments were actually debited from the account
- Vendor received the correct amount
- No duplicate or failed transactions occurred

This is often done using **bank reconciliation tools or T-codes like FF67 or FBL1N in SAP**.

51. What is vendor reconciliation?

Answer:
Vendor reconciliation is the process of comparing the vendor ledger balance in the company's books with the statement of accounts received from the vendor to ensure that both parties agree on the outstanding amount.

52. Why is vendor reconciliation important?

Answer:

- Ensures **accuracy of payables**
- Identifies **discrepancies** like missed invoices, double payments, or credit notes
- Prevents **payment delays** and vendor disputes
- Assists in **period-end closing and audit compliance**

53. What are the key documents used in vendor reconciliation?

Answer:

- Vendor Statement of Account (SOA)
- Company's vendor ledger
- Invoices and credit notes
- Goods Receipt Notes (GRN)
- Debit notes
- Payment confirmations and remittance advice

54. How often should vendor reconciliations be performed?

Answer:
Typically done:

- **Monthly** for key or high-volume vendors
- **Quarterly** for low-risk vendors
- More frequently before **period-end closing** or **audit periods**

55. What are common discrepancies found during vendor reconciliation?

Answer:

- Missing invoices or credit notes
- Unapplied payments
- Duplicate payments
- Goods received but invoice not recorded
- Invoice received but goods not received
- Currency exchange differences (for foreign vendors)

56. How do you resolve reconciliation discrepancies?

Answer:

- Communicate with the vendor and request missing documents
- Post or reverse journal entries as needed
- Escalate unresolved issues to management or procurement
- Update the vendor ledger and issue a revised statement if needed

57. What ERP reports help with vendor reconciliation?

Answer:

- **SAP**: FBL1N (Vendor Line-Item Display), FAGLL03, FK10N
- **Oracle**: AP Trial Balance, Vendor Aging Report
- **NetSuite**: Vendor Balance Summary, AP Aging
  These reports help track open items and payment history.

58. What is a vendor statement, and how do you validate it?

Answer:
A vendor statement is a summary of transactions between the vendor and the company. To validate it:

- Match each item with entries in the company's vendor ledger
- Check for missing or unmatched invoices
- Reconcile payments and credit notes
- Verify balances and dates

59. How do you handle a situation where the vendor reports an outstanding balance, but your books show it's paid?

Answer:

- Check payment details (amount, date, reference)
- Verify if payment advice was sent correctly
- Request the vendor to check their bank records
- Provide payment proof and remittance advice
- Escalate to bank if necessary

60. What controls do you implement to ensure proper vendor reconciliation?

Answer:

- Set monthly/quarterly reconciliation schedules
- Maintain documentation of reconciliations and approvals
- Use standard templates for reconciliation
- Ensure segregation of duties in invoice processing and payments
- Conduct periodic audits and vendor confirmations

61. What is GR/IR in SAP or ERP systems?

Answer:
GR/IR stands for **Goods Receipt/Invoice Receipt**. It's a **clearing account** used to temporarily hold the value of goods received but not yet invoiced. It ensures that inventory is updated when goods are received and that liability is recorded only when the invoice is received.

62. Why is GR/IR reconciliation important?

Answer:

- Ensures the **accuracy of financial statements**
- Prevents over/understatement of liabilities
- Helps **identify mismatches** between goods received and invoices
- Critical for **period-end closing** and **audit compliance**

63. What happens in the system when a goods receipt is posted but the invoice is not received?

Answer:
The system debits **inventory** and credits the **GR/IR clearing account**. No liability is created until the invoice is received.

64. What happens when the invoice is received before the goods are received?

Answer:
The system debits the **GR/IR clearing account** and credits **vendor liabilities**. This creates a mismatch and is flagged for reconciliation since goods haven't yet been received.

65. How do you perform GR/IR reconciliation?

Answer:

- Run GR/IR aging reports or transaction codes (e.g., **SAP T-code MB5S**)
- Compare PO quantities and values with GR and IR entries
- Investigate discrepancies such as over-receipts, under-invoicing, or timing differences
- Adjust entries or follow up with procurement/AP teams

66. What are common reasons for GR/IR mismatches?

Answer:

- Invoice not received or posted
- Goods receipt posted in wrong quantity or value
- Incorrect pricing on PO or invoice
- Partial deliveries/invoicing
- Timing differences at month-end or year-end

67. What is the impact of an unreconciled GR/IR account on financials?

Answer:

- **Overstated inventory** if GR is posted but no invoice
- **Understated liabilities** if IR is posted without GR
- Can lead to **audit issues** and **misrepresentation of working capital**

68. What ERP reports or T-codes are used for GR/IR reconciliation?

Answer:

- **SAP:**
  - MB5S – List of GR/IR Balances
  - MR11 – Write-off GR/IR balances
  - FBL3N – G/L Account Line Items
  - FAGLL03 – G/L Account Line-Item Display (New GL)
- **Other ERPs:** Use equivalent GR/IR clearing account reports or subledger aging reports.

69. What is MR11 in SAP?

Answer:
MR11 is a transaction code in SAP used to analyse and **write-off open GR/IR balances**. It helps in clearing mismatches that are not expected to be resolved (e.g., vendor not sending invoice for small quantity differences).

70. How do you handle aging GR/IR items that are several months old?

Answer:

- Investigate with procurement or AP to confirm if goods were returned or if invoice is expected
- Follow up with vendor for pending invoices
- Write off immaterial balances using MR11
- Escalate or make adjustments after approvals if the balance is significant

71. What is the difference between the AP Subledger and the General Ledger?

Answer:
The **AP Subledger** contains detailed transactions for individual vendors (invoices, payments, credit memos), while the **GL** holds summarized balances posted from the subledger. The reconciliation ensures the AP control account in the GL matches the total of vendor balances in the subledger.

72. Why is AP SL to GL reconciliation important?

Answer:

- Ensures **accuracy of financial records**
- Identifies **missing or incorrect postings**
- Supports **audit compliance**
- Validates that AP balances in the **financial statements** match the supporting detail

73. How often should AP to GL reconciliation be performed?

Answer:
Typically done **monthly**, especially during **period-end closing**, but may also be done **weekly** in high-volume environments.

74. What are the common reasons for mismatches between AP Subledger and GL?

Answer:

- Manual journal entries posted directly to the AP GL account
- Timing differences (cutoff issues)
- Failed or reversed postings
- Suspense or incorrect GL codes
- Currency translation issues

75. What steps are involved in reconciling AP Subledger to GL?

Answer:

1. Extract vendor trial balance or AP aging from subledger
2. Extract GL account balance (AP control account)
3. Compare totals and identify variances
4. Investigate unmatched entries
5. Pass adjusting journal entries if required
6. Document and obtain approvals

76. What tools or reports help with AP SL to GL reconciliation in ERP systems?

Answer:
SAP:

- FBL1N (Vendor Line-Item Display)
- FAGLL03 or FS10N (GL Account Display)
- S_ALR_87012082 (Vendor Balances)

Oracle:

- Payables Trial Balance Report
- AP to GL Reconciliation Report
- GL Account Analysis Report

NetSuite / QuickBooks / Others:

- AP Aging Summary
- GL Detail Report
- Trial Balance

77. What controls should be in place for effective reconciliation?

Answer:

- Restrict manual postings to control accounts
- Timely and periodic reconciliations
- Segregation of duties
- Approval workflows for adjustments
- Documented reconciliation checklist

78. What is a suspense account and how is it handled during reconciliation?

Answer:
A **suspense account** temporarily holds transactions with missing or mismatched details. During reconciliation, these entries are investigated and cleared to the correct accounts with journal entries.

79. What is the impact of unreconciled AP balances?

Answer:

- Financial misstatements
- Vendor payment disputes
- Audit exceptions
- Compliance issues
- Delayed closings

80. How would you handle an unreconciled balance that you cannot trace?

Answer:

- Escalate the issue to the finance controller or AP manager
- Review historical data and audit trails
- Use clearing accounts if appropriate
- Consider **materiality** and pass adjusting entries after approval
- Document everything for audit purposes

81. What is Travel and Expense (T&E) management?

Answer:
T&E management refers to the process of **tracking, reviewing, approving, and reimbursing** employee expenses incurred during business travel or for work-related purposes. It includes flights, hotels, meals, taxis, mileage, and other allowable costs.

82. What are common components of a T&E policy?

Answer:

- Eligible travel and entertainment expenses
- Daily limits or per diems
- Receipt submission requirements
- Approval workflow
- Non-reimbursable items
- Timelines for expense submission
- Preferred vendors (airlines, hotels)

83. What tools or systems are used for T&E management?

Answer:

- SAP Concur
- Zoho Expense
- Expensify
- Coupa
- Oracle Expense
- Workday Expense
  These tools automate T&E submission, approval, and integration with the ERP system.

84. What are the typical steps in the T&E process?

Answer:

1. Pre-approval of travel request (optional)
2. Employee incurs expenses during travel
3. Submits expense report with receipts
4. Manager reviews and approves
5. Finance reviews policy compliance
6. Reimbursement is processed

85. How do you ensure compliance with the company's T&E policy?

Answer:

- Automated system flags policy violations
- Manual audit of expense reports
- Mandatory fields and receipt attachments
- Regular policy training for employees
- Random or risk-based sampling

86. What is some common T&E frauds or violations?

Answer:

- Falsified or duplicate receipts
- Personal expenses claimed as business expenses
- Inflated mileage or tips
- Split transactions to stay under approval limits
- Submitting old expenses past the due date

87. What types of expenses are usually not reimbursed?

Answer:

- Alcohol (in some companies)
- Personal entertainment
- Spouse or family travel costs
- Traffic fines or parking tickets
- Unapproved upgrades (e.g., business class flights)

88. What is per diem, and how is it used?

Answer:
A **per diem** is a fixed daily allowance for expenses like meals and incidental costs. Instead of submitting actual receipts, employees receive a set amount per travel day based on location.

89. What accounting entries are generated in T&E processing?

Answer:
Example journal entry for reimbursable expenses:

Debit: Travel Expense A/C

Debit: Meals & Entertainment A/C

Credit: Employee Payable (Liability) A/C

Upon payment:

Debit: Employee Payable A/C

Credit: Bank / Cash A/C

90. How do you handle foreign currency expenses in T&E?

Answer:

- Use the exchange rate from the date of transaction or corporate rate
- T&E systems auto-convert currency at time of entry
- Reconcile with credit card statements if corporate cards are used
- Post currency exchange gains/losses if applicable

91. What is the purpose of the AP month-end close process?

Answer:
To ensure that **all accounts payable transactions** (invoices, credit notes, accruals, payments) are properly recorded for the month, enabling **accurate financial reporting** and compliance with accounting standards.

92. What are the typical steps in the AP month-end close process?

Answer:

1. Post all approved invoices and credit memos
2. Match open GR/IR items
3. Review and post accruals for unreceived invoices
4. Reconcile AP subledger with GL
5. Close AP module in ERP
6. Generate and review AP aging reports
7. Submit required close documentation

93. How do you handle invoices not received by month-end?

Answer:
Create **accrual journal entries** based on PO details or goods received. This ensures expenses are matched with the correct accounting period.

94. What reports are used during AP month-end close?

Answer:

- AP Aging Report
- GR/IR Reconciliation Report
- Accrual Listing Report
- Open Invoice Report
- Vendor Reconciliation Report
- GL Detail Report

95. How do you ensure AP subledger matches with the GL at month-end?

Answer:

- Reconcile AP subledger balances with the **AP control account** in the general ledger
- Investigate any variances (e.g., direct GL postings, currency issues)
- Post necessary adjusting entries to resolve mismatches

96. What are accruals, and why are they important in AP close?

Answer:
Accruals represent expenses incurred but not yet invoiced or recorded. In AP, accruals ensure expenses are recorded in the **correct accounting period**, following the **matching principle**.

97. What are common challenges faced during AP month-end close?

Answer:

- Delayed invoice approvals
- Missing or incomplete data
- Unmatched PO/invoice/receipt (3-way match issues)
- Currency conversion differences
- High volume of transactions and tight deadlines

98. How do you prioritize tasks during a tight month-end closing schedule?

Answer:

- Start with high-value or high-risk vendors
- Complete recurring entries early
- Use checklists and automation tools
- Communicate deadlines with approvers and stakeholders
- Perform parallel processing wherever possible

99. What ERP tools or T-codes are used for AP month-end closing?

Answer:
SAP:

- FBL1N – Vendor Line Items
- MB5S – GR/IR Account
- MR11 – GR/IR Write-off
- FB60 / MIRO – Invoice Entry
- FAGLL03 / FS10N – GL Reports

Oracle:

- Payables Trial Balance
- AP to GL Reconciliation Report
- AP Aging and Invoice Registers

100. What controls and documentation are required for AP month-end close?

Answer:

- Close checklist
- Sign-off approvals
- Reconciliation reports
- Accrual calculations
- Manual journal entries with backup
- Aging and variance analysis reports

Procure To Pay Month End Close Checklist

S. No.	Process Area	Activity	Department
1	Purchase Requisition	Review and close old/open PRs not converted to POs	Procurement
2	Purchase Order	Close fully received or cancelled POs	Procurement
3	Purchase Order	Review pending PO approvals	Procurement
4	Purchase Order	Run open PO report and reconcile PO commitments	AP
5	Goods Receipt	Post all outstanding goods receipts or service entries	AP
6	Goods Receipt	Match GR/SE with POs (2-way / 3-way match)	AP
7	Goods Receipt	Review and clear old open GR/IR balances	AP
8	Invoice Processing	Post all approved invoices and credit notes	AP
9	Invoice Processing	Resolve exceptions (blocked invoices, holds, mismatches)	AP
10	Invoice Processing	Accrue for unreceived invoices for goods/services received	AP
11	Vendor Reconciliation	Reconcile vendor statements for key vendors	AP
12	Vendor Reconciliation	Investigate and resolve vendor discrepancies	AP
13	Subledger Reconciliation	Reconcile AP subledger with AP GL account	AP
14	Subledger Reconciliation	Post adjustments for subledger-GL mismatches	AP
15	Payment Processing	Process and post final payments of the month	AP
16	Payment Processing	Reconcile payment clearing and bank accounts	AP
17	Accruals & Journals	Book accruals for pending invoices and reverse prior accruals	AP
18	Accruals & Journals	Document all manual journal entries with backup	AP
19	Open Reports	Generate AP Aging, Accrual, Open PO, and GR/IR reports	AP
20	AP MEC Reports	Submit month-end reports and checklist sign-off to Finance Controller	AP