To Be Narrative & Governance Requirements

Process Narrative

This documentation formalizes the **To-Be Process** and validates the design against the root causes identified in the analysis (The 13-Day Delay and the 14.12% Rework Rate).

Phase 1: Fix the Wait (Automate the Standard Workflow)

The design principles were guided by the central insight—**The Process Paradox**—which proved the process could be fast (11 days) when prioritized. The design goals were to **automate priority attention** and **shift quality control** from the AP team back to the vendor.

a. **Process Narrative**

- **Invoice Receipt & Initial Processing**

  The process begins when the Accounts Payable (AP) department **receives an invoice from a vendor**. All invoices for Goods and Services must be submitted through the **mandatory Vendor Portal** (as per Phase 2 requirements). The invoice is **automatically logged** into the AP system upon submission, triggering immediate validation checks.

- **System Validation and Smart Routing**

  The workflow automation system performs a **3-Way Match Check** (Invoice vs. Purchase Order vs. Goods Receipt Note) and validates the invoice amount. At this critical decision point, the system applies **smart routing logic:**

  - **PATH A: Auto-Approval (For Low-Value, Complete Invoices)**

    If the invoice amount is **less than $1,000** AND the 3-way match is **successful**, the system **automatically approves and posts** the invoice to the ERP system. This bypasses all manual approval stages, with the entire process completing within **minutes** rather than days. The invoice is then scheduled for payment according to standard terms.

  - **PATH B: Manual Approval Required**

    If the invoice amount **exceeds $1,000** OR the 3-way match **fails**, the system routes the invoice to **Approver 1** for manual review. The invoice enters a "Pending Approval" status, and a **24-hour approval timer** begins immediately.

- **Approver 1 Review with Automated Escalation**

  Approver 1 receives the invoice review request through the **workflow system dashboard** (not email). The system provides **full visibility** into the invoice details, supporting documents, and SLA status.

- Timeline Management
  - **At 24 Hours:** If no action is taken, the system automatically sends an **email reminder** to Approver 1.
  - **At 72 Hours:** If still no action, the system **escalates** the invoice to Approver 1's manager for immediate review.
  - **Continuous Visibility:** Both Approver 1 and AP staff can view **real-time aging reports** showing all pending approvals.

When Approver 1 reviews the invoice, they must either:

- **APPROVE:** The invoice routes to Approver 2 for secondary approval.
- **REJECT:** The system notifies the vendor with specific rejection reasons, and the invoice returns for correction.

- **Approver 2 Review with Automated Escalation**

  The invoice enters Approver 2's queue with the **identical timeline and escalation rules**. This ensures consistent pressure on both approval stages while maintaining proper financial controls.

- **Final Processing and Posting**

  Once both approvers approve, the invoice routes to the **AP Posting team**. Thanks to pre-validation and complete documentation, the AP team can **post the invoice to ERP within 1 business day** (maintaining their existing 100% SLA compliance rate). The invoice then enters the payment cycle according to terms.

Phase 2: Structured Intake Process

This structured intake process **shifts quality responsibility upstream** from AP staff to vendors. Instead of AP personnel spending hours chasing missing documents or correcting data entry errors, the system **enforces completeness at point of entry**. Vendors bear the burden of providing complete and accurate submissions.

a. **Process Narrative**

- Vendor Preparation & Channel Selection

  The vendor prepares their invoice according to standard requirements. When ready to submit, they face a **critical channel decision**:

  - **Unacceptable Channel (Blocked):**
    - **Email, WhatsApp, or Paper submissions** are **systematically rejected**. If attempted, vendors receive an immediate automated response: *"Please submit all invoices through the Vendor Portal only. This submission has been blocked."*
  - **Acceptable Channel (Mandatory)**

- **Vendor Portal/Digital Form** is the **only accepted channel** for invoices. Vendors access their dedicated portal using secure credentials.

- **Structured Digital Form Completion**

  Within the portal, vendors complete a **standardized digital form** with:

  - **Mandatory Fields:** Purchase Order Number, Invoice Number, Amount, Category (Goods/Services)

  - **Document Upload:** Invoice, Purchase Order, and Goods Receipt Note in PDF/Image format (max 10MB)

  - **Real-time Validation:** Basic format checks occur during data entry

- **System Validation Tollgates**

  Upon submission, the system performs **four critical validations**:

  - **PO Verification:** Confirms the Purchase Order exists in the system

  - **Completeness Check:** Ensures all mandatory fields are populated

  - **Document Validation:** Verifies required attachments are present

  - **Amount Matching:** Compares invoice amount against PO amount

- **Validation Outcomes:**

  Failure Path:

  - If any validation fails, the system **immediately rejects** the submission with a **specific error message** (e.g., "PO #12345 not found in system" or "Missing Goods Receipt Note").

  - The vendor must correct the issue and resubmit—**preventing the invoice from ever entering the AP workflow as an exception**.

  Success Path:

  - If all validations pass, the system:

    1. **Auto-assigns** a unique Invoice ID

    2. **Logs** the complete submission with timestamp

    3. **Automatically routes** the invoice to the Phase 1 Approval Workflow

    4. **Notifies** the vendor of successful submission and provides tracking reference

Key Eliminated Non-Value Activities (As-Is → To-Be)

As-Is Non-Value Activity	To-Be Status	Impact
AP Staff checking multiple inboxes	**ELIMINATED**	Saves ~2 hours/day per AP staff
Manual follow-up via WhatsApp/Email	**ELIMINATED**	Saves ~3 hours/day chasing approvers
Data entry from unstructured sources	**ELIMINATED**	Eliminates 14.12% rework rate

As-Is Non-Value Activity	To-Be Status	Impact
Manual lookup of approvers from outdated list	**ELIMINATED**	System maintains current approval matrix
Printing and physical handling of invoices	**ELIMINATED**	100% digital process
Manual detective work for missing documents	**ELIMINATED**	System validates at point of entry
Passive waiting for approver availability	**ELIMINATED**	Automated reminders/escalations

Process Transformation Summary

Metric	As-Is	To-Be	Improvement
Cycle Time	14 days	6 days	**57% reduction**
SLA Compliance	2.22%	80% target	**35x improvement**
Rework Rate	14.12%	5% target	**65% reduction**
Manual Follow-up Hours	~5 hours/day	~0.5 hours/day	**90% reduction**
Approval Visibility	None	Real-time dashboards	**100% improvement**
Channel Complexity	4 channels	1 primary channel	**75% simplification**
Error Discovery Point	Mid-process	At entry	**Prevention vs. detection**

Governance and Policy Requirements

a. **Vendor Compliance and Policy Enforcement (Fixing Intake)**

This requirement provides the necessary policy structure to support **Mandatory Channel Consolidation**.

Requirement Category	Requirement Statement	Rationale
Vendor Compliance Policy	**The Finance Director will formally issue a new mandate** requiring all invoices to be submitted exclusively via the Digital Intake Portal/System.	Closes the 14.12% Rework Gap: Formal policy is required to prevent vendors from continuing to use Email/WA.
Non-Compliance Handling	**System Rule:** After a 90-day grace period post-launch, any invoice submitted via an unauthorized channel (Email, WA) will be **automatically rejected with a standardized notification** referencing the new policy.	Ensures the AP team is not forced to manually process non-compliant invoices, sustaining the 5% rework target.

b. **System Governance and Ownership (Fixing Workflow)**

These requirements ensure the automated workflow remains accurate and prevents the system from breaking down due to outdated data.

Requirement Category	Requirement Statement	Rationale
Process Owner Accountability	A formal **Process Owner (e.g., AP Manager or Controller)** must be designated and assigned system access to maintain the **Approval Matrix** and delegation rules.	Closes the Workflow Root Cause: Addresses reliance on "outdated lists".
Delegation Matrix Maintenance	The system must include a dedicated module for the Process Owner to **update the approver matrix monthly** and validate all escalation paths quarterly.	Ensures the **Automated Escalation** logic remains accurate and functional, preventing a return to the $\mathbf{13}$-day passive wait.