

## **НАПРЯМ 2. ШЛЯХИ АДАПТАЦІЇ ОБЛІКОВОЇ СИСТЕМИ ДО УМОВ СУЧАСНОЇ ЕКОНОМІКИ**

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### **DIRECTIONS OF OPTIMIZATION THE ACCOUNTS PAYABLES MANAGEMENT**

In today's business world the main rule is to earn more with less costs. To achieve such an effective result it is important to optimize accounting process in all directions. Let's pay our attention on an accountant payables, which takes an important place to management's competing priorities. Optimization of its management may lead to free up cash and strengthen working capital.

The effectiveness of leading account payables directly depends on the set of suppliers whom the company works with. That is why first step can be meticulous selection of suppliers. On this stage it is important to set up responsible persons and main priorities for vendor negotiation process. But it is not enough to choose a supplier [2]. Effective practice would be to develop measurements of suppliers effectiveness and introduce the result during negotiation process which may encourage vendors to improve their products. If the goal is stabilization of working capital, it is worth to set up longer payment terms. Also an important point in this process is trying to negotiate better pricing as well.

Working with suppliers is important process and requires attention during all the time of cooperation. First of all, it depends on supplier master data set-up process. Inaccurate entry of this data can result payment errors. It can also lead to account delinquencies which prevent you from taking advantage of available discounts and may even lead to disruptions in supply. To avoid such situation it is necessary to reflect all agreements with all the details in purchasing and payables systems. All the supplier's data must be structured, all the responsibilities have to be set up and clearly agreed. Completely storage of vendors contracts may help to accelerate the process of suppliers master data set up process and insert changes in it as well [1].

Sometimes the problem of overdue payment or duplicates payment can occur as a result of inattentive or even fraudulent vendor billing practices. To avoid this happen it is essential to regularly review vendor contracts with the help of following recommendation:

- form a responsible center for controlling, regular checking suppliers master date and their effectiveness as well to make sure that they are able to follow contract conditions;

- make sure that all the suppliers' activity has authorization limits[3].

Improvement of procurement process will also influence on the effectiveness of accounts payables management.[1]. Often there are situations of over-spending or trading with unapproved suppliers. Here spending limits and strictly determined budgets for an every order take place. To implement these strategies it is worth to create Purchase order (PO) number for every separate set of goods delivery or service which provides proof of every order. It is also possible to control if there are any shortage or surplus in supply process since every invoice is linked with appropriate PO in which all the conditions of delivery of goods/services are shown.

Make sure that all the supplier are aware of created PO for his order and invoices are include the number of purchase order. This way will greatly simplify the process of invoice matching with correct budgets and force on time payment as well. To monitor the effectiveness of accounts payable, clear indicators should be set up and regularly analyzed such as amount of incorrect invoices sent back to vendor, litigated invoices, overdue payments etc. Such an analyses may show the deviations and dynamics in different directions on the base of which decision making is necessary.

Good practice also is establishing of as longer payment term as possible to increase working capital which also has an influence on receiving profitable results in future periods.

Therefore, it's important to understand that payables are much more than paying bills. This is an important component of the company's cash flows.

The management of payables guarantees optimal access to cash to support business. It also helps to maintain a strong relationship with vendors that are critical to the company's welfare [4].

The use of any tips described above can help improve the payable process.

### References

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