

# ***Enterprise Information System (EIS)***

## ***Chapter 2***

### ***Financial and Accounting System***

#### ***Procure To Pay (P2P): Risks and Control***

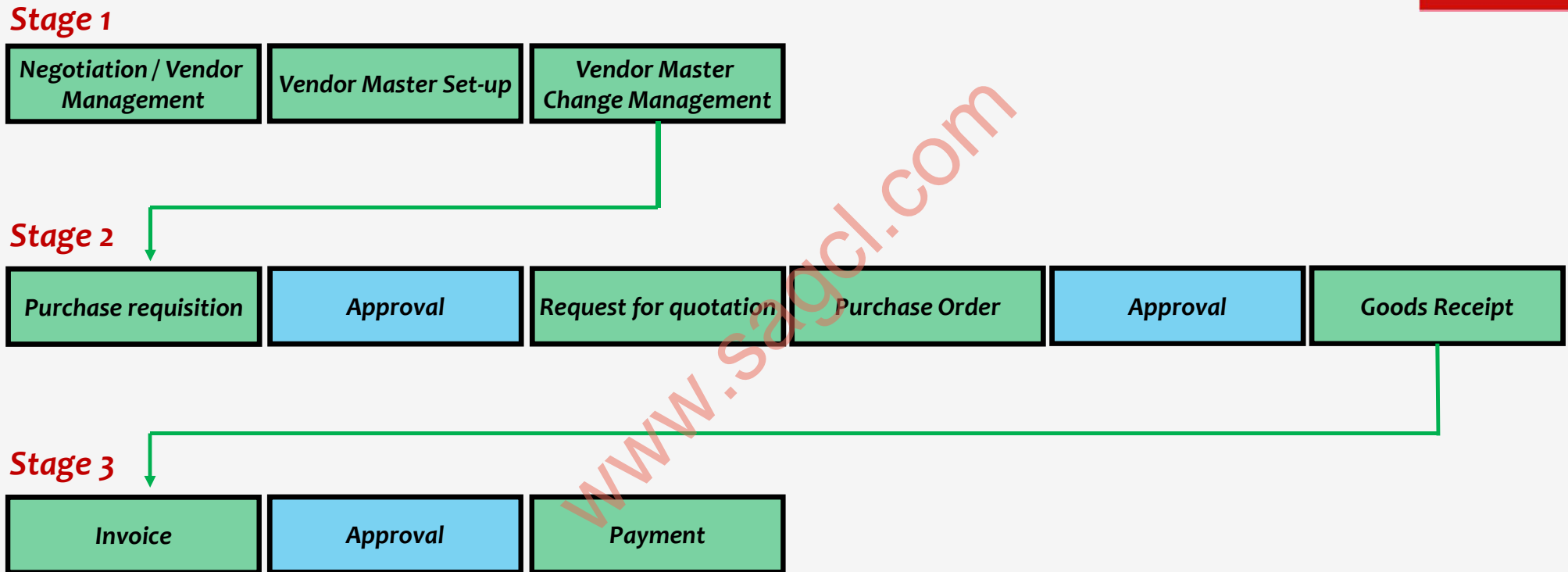
## Key note for students



### From the desk of Pradip K Agrawal

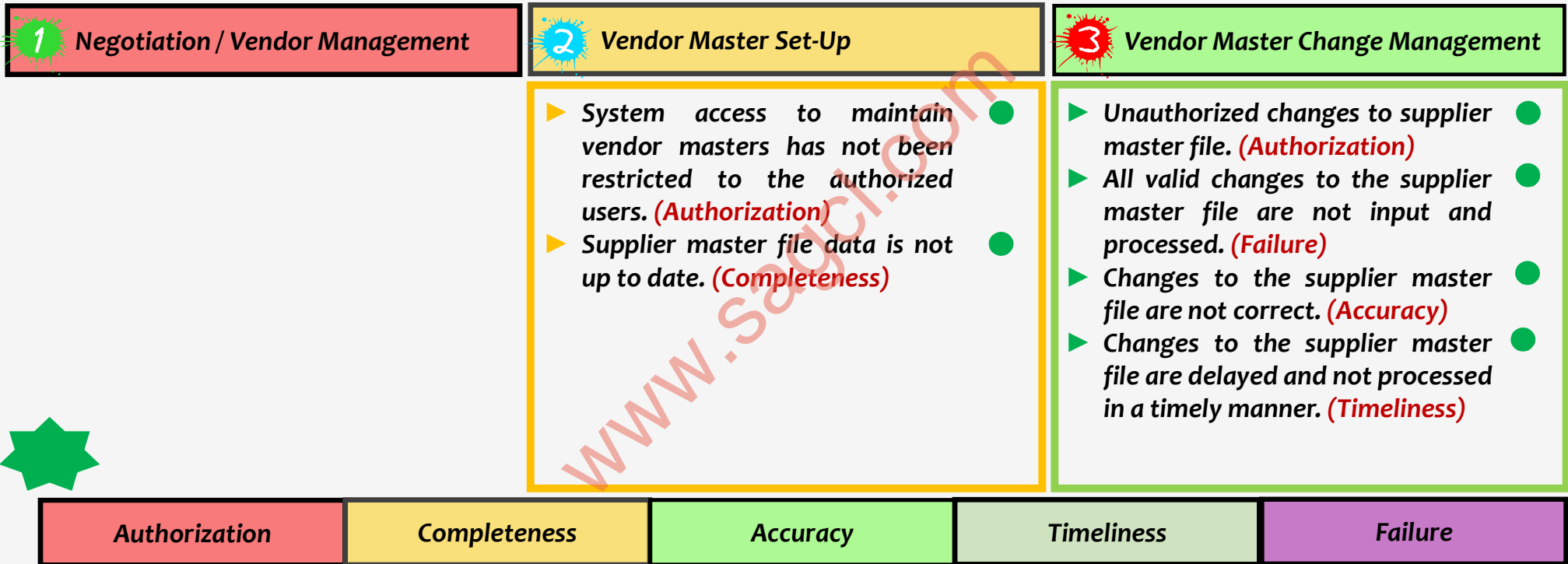
- ❑ In ICAI CA Inter study material, **Procure to Pay (P2P) : Risks and Control** has been explained in **Chapter 1 : Automated Business Processes**
- ❑ We have modified and incorporate this topic in **Chapter 2: Financial and Accounting System** to maintain **End to End (E2E)** process flow understanding.

# Procure To Pay (P2P) – Identifying Risks in the process



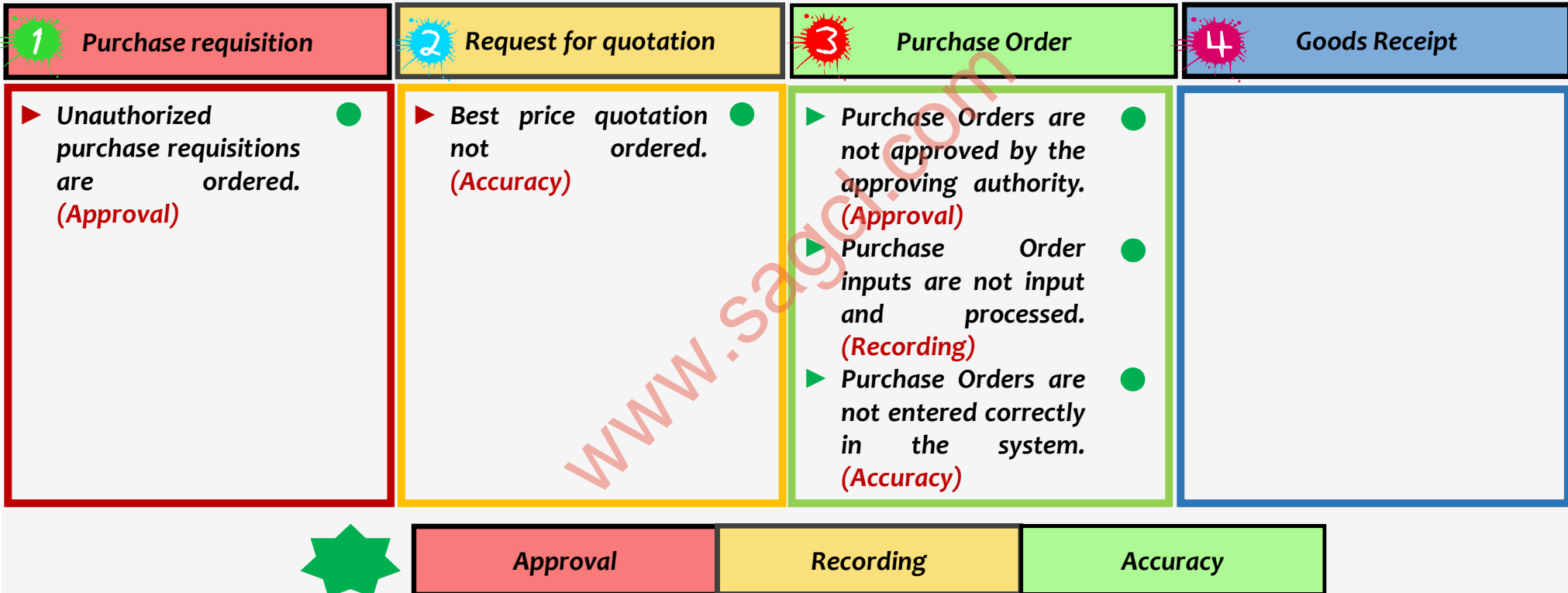
# Procure To Pay (P2P) – Risks and Control

## Stage 1



# Procure To Pay (P2P) – Risks and Control

## Stage 2



# Procure To Pay (P2P) – Risks and Control

## Stage 3

### 1 Invoice Verification

- ▶ **Invoicing : Amounts for goods and services recorded in accounts payable:**
  - for goods and services not received (**3 Way matching**) ●
  - not input and processed for goods and services received (**Recording**) ●
  - recorded but inaccurately calculated and recorded (**Accuracy**) ●
  - recorded in wrong period (**Financial Period**) ●
- ▶ **Credit Notes : Credit notes for accounts payable:**
  - not input and processed (**Recording**) ●
  - recorded but inaccurately calculated and recorded (**Accuracy**) ●
  - recorded in wrong period (**Financial Period**) ●
- ▶ **Adjustments: Adjustments for accounts payable:**
  - not input and processed (**Recording**) ●
  - recorded but inaccurately calculated and recorded (**Accuracy**) ●
  - recorded in wrong period (**Financial Period**) ●
  - on unacceptable reasons (**Business Partner acceptability**) ●
  - Adjustments to inventory prices or quantities not recorded promptly and in the appropriate period (**Adjustment key reason**) ●

### 2 Payment

- ▶ **Disbursements are made:**
  - for goods and services not received (**3 Way matching**) ●
  - to unauthorized suppliers (**Approval**) ●
  - recorded but inaccurately calculated and recorded (**Accuracy**) ●
  - Not recorded (**Reconciliation**) ●
  - recorded in wrong period (**Financial Period**) ●

3 Way matching

Recording

Accuracy

Financial Period

Reconciliation

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**Thanks**

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