



Securing Your Financial Health - Accounts Payables

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ABOUT THE AUTHOR

Dr. Hancock has written a regular weekly column entitled “All Psyched Up” for newspapers in two Canadian provinces for more than a dozen years. Over the years, her readers and clients have said that they have benefited from her common-sense solutions, wisdom, and sense of humour. Dr. Linda Hancock, the author of “Life is An Adventure...every step of the way” and “Open for Business Success” is a Registered Psychologist who has a private practice in Medicine Hat. She can be reached at 403-529-6877 or through email office@drlindahancock.com

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Accounts Payables are the amounts that you owe vendors for goods or services that you obtained. It is important to pay your accounts in a manner that will allow you to retain your reputation while maximizing your cashflow.

Following is the process that I use for paying bills:

1. Record all regular payments with fixed amounts in your calendar. These are payments for which you likely will not receive an invoice (for example, you rent payment).
2. Set up automatic recurring payments in your online banking account. I prefer this to having the vendor set up automatic debits because you have more control - especially for situations when you might change banks or vendors.
3. Enter the payment into your account program as a debit for the date that the transaction will be processed.
4. Review all invoices on the day that they arrive for accuracy. Do not hesitate to delete interest that was incorrectly calculated and notify the vendor of any errors in the billing.
5. Enter the invoice in the "Pay Bills" section of your software. Make sure that you date the payment so that it will be received by the due date but not too far ahead. That way you have use of the money as long as possible.
6. Create a post-dated debit in your online banking for the amount if you have this set up. (Banks recommend that you allow 3 to 10 days for processing). If the vendor requires a cheque and cannot be paid as an online debit, print it and put it in an envelope with a sticky note indicating the date that it is to be mailed to reach the vendor by the due date.
7. Print the online receipt and staple it to the invoice or staple the cheque stub to the invoice.
8. File the invoice in a folder that is properly labelled and stored in a filing cabinet drawer with your other Accounts Payables documents.

When you handle your payables in an appropriate manner, you will save time, late-payment charges, interest and your reputation. A good credit rating is, as the popular advertisement states "PRICELESS".