The Bulletin

Turning AP Insights into Action.

BRONIEC ASSOCIATES

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Where Operational Strain Becomes Financial Risk

Accounts payable environments are under more pressure than many organizations realize. Teams are being asked to move faster, manage rising transaction volumes, adapt to staffing changes, integrate new technology, and maintain strong controls - often all at once. The risk is not always obvious. While most organizations remain focused on efficiency and continuity, operational strain beneath the surface can create financial exposure that is far more difficult to detect.

Operational breakdowns rarely occur as a single disruptive event. More often, they develop gradually through process workarounds, communication gaps, fragmented responsibilities, and growing dependence on manual intervention. Over time, these temporary adjustments can become embedded in day-to-day operations, reducing visibility and weakening oversight before leadership fully recognizes the impact.

Broniec Associates' most recent white paper, The Breaking Point, explores how many AP environments are now operating under increasingly complex conditions, where operational fatigue, exception overload, and limited process transparency are becoming more common. These pressures affect more than efficiency. They also create greater exposure to overpayments including duplicate payments, unresolved credits, vendor disputes, delayed recoveries, policy inconsistencies, and fraud risk.

One of the most significant pressure points organizations face today is visibility. In many environments, responsibilities have become decentralized across locations, departments, systems, and shared service structures. Institutional knowledge may rest with only a handful of employees, while communication between procurement, AP, operations, and vendors becomes increasingly fragmented. Even organizations with advanced systems can struggle when ownership and accountability are not consistently aligned.

Automation is also reshaping AP operations in meaningful ways. While technology can improve efficiency and streamline workflows, automation alone does not eliminate operational risk. Many organizations discover that automated environments still depend on accurate data management, policy consistency, timely oversight, and experienced personnel who can identify exceptions that systems may not immediately recognize.

Vendor relationships are also affected by operational strain. Communication delays, onboarding inconsistencies, unresolved account balances, policy misunderstandings, and unclear ownership structures can gradually erode trust between organizations and their vendors. In many cases, vendor friction is one of the earliest indicators that underlying operational pressure is beginning to surface internally.

Operational Strain *cont*

The organizations responding most effectively to these challenges are not always those with the largest teams or newest technology. They are often the ones committed to maintaining visibility, reinforcing accountability, strengthening communication, and identifying areas of strain before they evolve into financial loss or control failures.

Download The Breaking Point today!

Key Takeaways:

- **Operational pressure does not always create immediate disruption - it gradually weakens controls, reduces visibility, and increases exposure to financial risk.**
- **Automation can reduce workload - it cannot replace ownership, judgment, or accountability when exceptions arise.**
- **Organizations rarely lose control all at once - risk grows when temporary solutions become permanent processes.**



WHERE VENDOR RELATIONSHIPS BREAK DOWN – AND WHAT IT'S COSTING YOU

JUNE 30, 2026 | 1:00 PM EST

Designed for finance, procurement, AP, and vendor management professionals, this webinar explores the operational gaps that can quietly undermine vendor relationships, create inefficiencies, and increase organizational risk.

Strong vendor relationships don't break down overnight. More often, challenges emerge through inconsistent onboarding, unclear ownership, communication breakdowns, fragmented processes, and limited visibility across the vendor lifecycle. This session examines where those breakdowns occur and what organizations can do to strengthen collaboration while reducing risk.

What You'll Learn:

- Common points of friction that create strain between organizations and their vendors
- How communication, accountability, and process ownership impact vendor performance
- Practical strategies to improve vendor relationships, strengthen controls, and reduce risk

REGISTER NOW

Emerging Trends Across Vendor Operations

Through ongoing client engagements, AP recovery audits, and vendor interactions, Broniec Associates continues monitoring the evolving pressures impacting today's accounts payable and vendor management environments. While every organization faces unique operational challenges, several common themes continue emerging across the market.

One of the clearest themes Broniec continues seeing across the market is the growing volume of operational exceptions requiring manual attention. Organizations are encountering increased payment review queues, delayed vendor resolutions, inconsistent approval workflows, and higher dependency on experienced personnel to manage exceptions that automated systems alone cannot fully resolve. In many environments, routine process interruptions that were once isolated incidents are becoming more frequent operational challenges.

Vendor onboarding, account maintenance, payment communication, and policy enforcement have become more difficult to manage consistently across environments. In many cases, responsibilities are spread across multiple departments, locations, or systems, making it harder to maintain clear ownership and accountability throughout the vendor lifecycle.

At the same time, many organizations continue accelerating automation initiatives.
While automation can improve processing efficiency, Broniec continues seeing that technology alone does not eliminate operational risk. Exception handling, vendor communication, policy alignment, and data integrity remain heavily dependent on operational oversight and experienced personnel capable of identifying irregularities that systems may not immediately flag.

Additional trends Broniec continues observing across the market include:

- Increased exception queues requiring manual intervention
- Greater reliance on institutional knowledge within small teams
- Delayed vendor response and resolution cycles
- Growing challenges surrounding vendor master maintenance
- Increased scrutiny around payment controls and approval visibility
- Higher volumes of supplier banking updates and validation requests
- Process inconsistencies created by decentralized operational structures

Organizations are also paying closer attention to operational resiliency. Recent disruptions across industries have reinforced the importance of maintaining clear documentation, consistent communication practices, and scalable processes capable of supporting continuity during periods of organizational change. Finance leaders are increasingly reevaluating how visibility, accountability, and cross-functional coordination are maintained within their AP environments.

While these trends continue evolving, one message remains consistent from Broniec's market observations: organizations are increasingly focused not only on efficiency, but on operational clarity, communication, and long-term process stability.

Broniec Observation:

Operational pressure rarely announces itself. It often appears first as delayed responses, unresolved exceptions, increased workarounds, and growing dependence on a handful of key individuals. By the time financial impact becomes visible, the warning signs have usually been present for some time.

Case Study: Fraud Prevention in Action

Fraud prevention often comes down to one simple question: "How do we know this request is legitimate?"

This spring, Broniec identified two separate fraudulent attempts involving vendor banking change requests during routine vendor validation services. While the requests appeared credible at first glance, additional verification uncovered multiple red flags that prevented potentially significant payments from being redirected to unauthorized accounts.

The Situation

In both cases, emails were received requesting changes to existing vendor banking information. The requests included supporting documentation and appeared to originate from legitimate vendor contacts. On the surface, the requests looked routine. However, because the changes were routed through Broniec's process, additional verification steps were performed before any modifications were made.

What Broniec Found

During independent outreach to vendor contacts and supporting research, auditors uncovered several inconsistencies. In the first case, the vendor confirmed that no banking change had been requested. Further discussion revealed that members of the vendor's organization had recently experienced a security incident involving compromised email accounts. The fraudulent request appeared to have been sent using information obtained through unauthorized access to vendor communications.

In the second case, Broniec identified a sophisticated email spoofing attempt. While the sender's information closely resembled the legitimate vendor's contact details, a review of the email domain revealed a subtle spelling variation that could easily be overlooked during normal processing. Additional verification confirmed that the vendor had not changed banking institutions and that the requested account information was fraudulent.

Additional warning signs included:

- Banking changes that did not align with previous vendor history
- Communication styles inconsistent with established vendor contacts
- Requests directing payments to unexpected geographic locations
- Invalid or suspicious contact information
- Discrepancies between submitted documentation and existing vendor records

Key Takeaways:

Independent confirmation with authorized vendor representatives verified the correct account information, allowing the client to continue making payments through established channels while the vendors investigated the suspicious activity internally.

Fraudulent banking change requests continue to grow in both frequency and sophistication. Many contain legitimate vendor information, authentic-looking documentation, and convincing communication designed to bypass standard review processes.

These incidents serve as a reminder that even routine vendor maintenance requests deserve careful scrutiny. Independent verification, attention to detail, and a structured validation process remain some of the most effective tools organizations have for protecting payments and preventing fraud before funds leave the organization.

Ask the Auditor

How can organizations strengthen vendor fraud prevention without adding unnecessary work?

Fraud prevention doesn't always require additional approvals or complicated procedures. Often, the most effective safeguards are simple controls applied consistently. We asked members of the Broniec team to share practical ways organizations can reduce fraud risk while maintaining efficiency.

1. Verify Banking Changes Independently
Always confirm vendor banking changes using contact information already on file, not the information provided in the request. A quick phone call to a trusted contact can prevent significant losses.

2. Strengthen Vendor Onboarding
Require W-9 documentation before establishing a vendor and validate key information whenever possible. Proper onboarding helps confirm legitimacy and supports accurate tax reporting.

3. Separate Critical Responsibilities
The person creating or modifying vendor records should not be the same person approving or validating banking changes. Simple segregation of duties remains one of the strongest fraud deterrents.

4. Treat Urgent Requests with Extra Caution
Fraudsters often create a sense of urgency to bypass normal procedures. When payment requests seem unusually urgent, independently verify the request before taking action.

5. Review Vendor Records Regularly
Periodic vendor master file reviews can identify outdated information, duplicate records, unauthorized changes, and other irregularities before they create larger problems.

Final Thought
Fraud prevention is rarely about adding more work. It's about ensuring the right controls are applied at the right points in the process. Consistent verification, clear accountability, and disciplined procedures remain some of the most effective tools organizations have for protecting payments.

> **"The most effective fraud prevention control may be the simplest: verify vendor banking changes using contact information already on file, not the information provided in the request."**
>
> **- Kyle Holt, VP Operations**

ASK THE AUDITOR

Have a question about automation, AP controls, or audit risk?

Submit your question for consideration in our next issue of The Bulletin.

Selected questions will be addressed in upcoming editions.

Email Us

COMING SOON

NEW DIGITAL EXPERIENCE IS ON THE WAY

For more than five decades, Broniec Associates has evolved alongside the organizations we serve. This summer, that evolution continues with the launch of a redesigned broniec.com!

Visitors can expect expanded service pages, enhanced thought leadership content, improved navigation, and a clearer view of the solutions and expertise that have defined Broniec for more than 54 years.

Leadership Under Pressure: A Reflection

by: Frank Broniec
CEO, Broniec Associates, Inc.

Pressure has a way of revealing what matters most. In business, challenging periods often test more than processes and performance. They test communication, accountability, adaptability, and the ability to lead with consistency when circumstances are less than ideal.

One observation remains true regardless of industry, size, or market conditions: organizations rarely rise to the occasion. They rise to the level of preparation, culture, and leadership already in place. Strong leadership is not measured during easy periods. It is measured during moments of uncertainty, when decisions must be made with incomplete information, when teams need direction, and when maintaining focus becomes increasingly difficult.

The organizations that navigate pressure most effectively are often those that remain committed to clear communication, continuous improvement, and a long-term perspective. Challenges will always exist. The difference is how leaders respond to them.

As we move through another year of change and opportunity, I remain grateful for the clients, associates, and partners who continue to demonstrate resilience, professionalism, and commitment to excellence every day.

Pressure often reveals weaknesses, but it can also reveal strengths. It highlights the quality of our preparation, the strength of our relationships, and the character of our teams. When approached with the right mindset, challenging periods become opportunities to learn, improve, and emerge stronger than before.

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Since 1972, Broniec Associates has delivered the utmost value and benefit through the most comprehensive accounts payable audit in the industry. Our 21 offices serve clients globally across nearly every industry.

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