

## The Breaking Point: Hidden Risk in Modern Accounts Payable

### Introduction

Once viewed primarily as a transactional back-office function, accounts payable departments have evolved into a critical operational and financial control center.

Organizations no longer expect AP teams simply to process invoices efficiently but are now also increasingly expected to support cash management, contribute analytical insight, strengthen fraud controls, improve the supplier experience, and help drive operational visibility. As a result, AP leaders increasingly view their function as a strategic contributor to working capital management and organizational integrity.

Simultaneously, AP teams are navigating one of the most significant periods of operational change in recent history with ERP and cloud migrations, AI implementation, self-service vendor onboarding, vendor verification, ACH expansion, staffing shortages, and evolving fraud risks. Industry research continues to show that large-scale financial transformation initiatives frequently introduce temporary process fragmentation, governance complexity, and operational inconsistencies as organizations adapt workflows, controls, and approval structures to new environments.<sup>1,2</sup>

This paper explores why modernization alone does not eliminate AP risk - and may, in some cases, make hidden exposure harder to detect.

### Automation and the Rise of Operational Drift

Automation has undoubtedly improved scalability and processing efficiency. Intelligent invoice capture, workflow orchestration, and AI-enabled routing tools now process

transaction volumes that once required significantly larger teams and extensive manual oversight. Recent finance and AP surveys indicate that AI adoption continues to accelerate rapidly as organizations pursue greater efficiency, scalability, and analytical capability within finance operations.<sup>1</sup>

Today, AP exposure rarely emerges through system failure or highly visible breakdowns but instead develops gradually through what is often described as operational drift. This misalignment may take the form of:

- Duplicate vendor records created during system migrations
- Payment terms updated within contracts, but not reflected within AP systems
- Onboarding inconsistencies between procurement and finance
- Workflow exceptions bypassing intended review layers
- Banking changes processed under compressed timelines

Industry studies identify duplicate vendor records and fragmented supplier master governance as persistent contributors to hidden financial leakage within automated AP environments.<sup>3</sup> Individually, these issues may appear manageable or operationally insignificant; collectively, they create environments where financial loss, control gaps, and fraud exposure can remain undetected. For example, a vendor's terms may be renegotiated within procurement during a working capital initiative, yet not updated consistently across AP systems, approval workflows, or supplier communications. Invoices may continue processing successfully, but outdated assumptions create disputes, inconsistent payment timing, and operational friction.

A photograph of a large iceberg floating in the ocean. The tip of the iceberg is visible above the water, while a much larger, submerged portion is visible below the surface, illustrating the concept of hidden risk.

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Organizations continue facing ongoing challenges surrounding onboarding consistency, payment-term alignment, and banking-change verification processes. These concerns are particularly relevant as fraud attempts continue evolving. According to the Association for Financial Professionals, business email compromise and payment redirection schemes remain among the most common payment fraud threats impacting organizations today, frequently exploiting vendor onboarding activity, banking-change requests, and gaps between procurement, treasury, and AP verification procedures.<sup>4</sup>



“The greatest risk in a modern AP environment is not that controls are absent, it’s that organizations assume efficiency automatically means visibility.”

- Frank Broniec, CEO, Broniec Associates, Inc.

## The Human Layer Under Pressure

Finance leaders increasingly expect AP departments to contribute more while simultaneously operating under leaner staffing models. A 2024 Avalara survey found that 84% of CFOs reported significant finance and accounting talent shortages impacting their organizations.<sup>5</sup> Reports continue citing burnout, recruitment challenges, and increasing demand for analytical skill sets as ongoing concerns across accounting and finance functions.

Increasing pressure, employers are placing greater emphasis on analytical capability, process management, and cross-functional collaboration within the AP role. Recent finance workforce and digital transformation studies suggest that accounting and finance professionals are increasingly expected to support data-driven decision-making and operational strategy in addition to traditional transactional responsibilities.<sup>2,6</sup> There is also an ever-present need for experienced “exception handlers” to interpret unusual vendor behavior, resolve workflow inconsistencies, and identify anomalies that automated systems alone cannot fully evaluate. This challenge becomes even more significant during periods of organizational transformation.

Further complicating scenarios, organizations are more often extending supplier payment terms from net 30 to 90 or 120 to improve working capital performance. Yet when payment terms are not aligned consistently across contracts, procurement systems, and AP workflows, the result can be vendor confusion, invoice discrepancies, and operational friction.<sup>7</sup> In these environments, the issue is rarely the complete absence of controls. More often, controls continue operating exactly as designed despite the operational environment around them having materially changed.

## Operational Drift and Fraud Exposure

Fraud rarely depends on complete control failure, but rather exploits operational fragmentation, inconsistent verification procedures, and gaps created during periods of transformation. Business email compromise, vendor impersonation schemes, and fraudulent banking-change requests often succeed not because organizations lack controls entirely, but because workflows, systems, and approval responsibilities become temporarily misaligned.

As organizations accelerate ACH adoption, automate onboarding workflows, and reduce manual verification processes, upstream control integrity becomes increasingly important. A banking update submitted during an ERP migration or supplier onboarding transition may pass through multiple disconnected workflows without triggering the same level of scrutiny applied under normal operating conditions. In highly automated environments, erroneous or fraudulent payment activity can move through systems quickly once verification controls weaken.

The FBI’s Internet Crime Complaint Center continues to identify vendor impersonation and business email compromise among the most financially damaging forms of cyber-enabled fraud affecting organizations globally, reporting that cyber-enabled fraud and internet crimes cost Americans nearly \$21 billion in 2025.<sup>8</sup> Increasingly, the issue is not whether organizations have implemented automation, but whether controls, vendor governance, and verification procedures continue evolving alongside the speed and complexity of modern AP operations.



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## Visibility During Transformation

Maintaining visibility requires more than automation alone. It requires ongoing validation that systems, workflows, vendor governance, and operational controls remain aligned as organizational processes continue evolving.

As AP environments continue evolving, organizations increasingly need to evaluate not only the efficiency of their processes, but whether operational controls, vendor governance, and oversight structures remain aligned with changing business realities. Maintaining visibility during periods of transformation requires ongoing coordination across departments. Key considerations for AP leaders may include:

- Regularly validating vendor master integrity and onboarding consistency
- Reassessing approval structures following major system changes
- Aligning procurement, treasury, and AP teams around payment terms and supplier communication
- Reviewing bank account change controls and vendor verification procedures regularly
- Conducting independent reviews during and after ERP migrations, payment modernization efforts, or workflow redesigns

## The Expanding Role of AP Audits

All this complexity creates a growing need for independent visibility. Traditionally, AP audits were viewed primarily as recovery exercises focused on identifying duplicate payments or isolated transactional errors after they occurred.

Increasingly, AP audits serve a broader operational purpose, providing organizations with independent visibility into whether operational reality remains aligned with internal controls, vendor practices, system configurations, and evolving business processes. This visibility becomes particularly valuable during periods of transformation, as independent reviews increasingly examine:

- Vendor master integrity and duplicate vendor detection
- Payment term alignment across procurement, contract, and AP systems

- Bank account change controls and payment authorization procedures
- Post-migration validation of controls following ERP or workflow transformations

Increasingly, the objective is not simply identifying isolated transactional errors but validating that operational controls remain aligned with evolving business processes and system environments. Equally important, audits provide context. They help organizations understand not only where discrepancies occurred, but why they emerged and what operational conditions allowed them to persist. In increasingly complex AP environments, that insight becomes as valuable as the recovery itself.

## Conclusion

The challenge facing AP departments is not simply processing invoices more efficiently, but maintaining visibility, alignment, and control while the environment itself evolves. Today's AP teams are capable of processing enormous transaction volumes with speed and consistency, yet remain vulnerable to hidden exposure when workflows, vendor relationships, system configurations, and operational realities become misaligned. In many cases, these issues do not emerge through obvious breakdowns, but through subtle inconsistencies that persist unnoticed beneath otherwise functional processes.

This reality is reshaping the role of oversight within accounts payable. Independent visibility is becoming increasingly important not simply to identify overpayments, but to help validate their controls, vendor practices, and operational processes remain aligned as business environments continue evolving. As AP continues its transition from a transactional support function to a strategic operational partner, organizations will increasingly need to balance efficiency with visibility, automation with governance, and speed with control. The organizations most successful in navigating this shift will not necessarily be those with the most automation, but those with the clearest understanding of how their processes, systems, vendors, and controls function together.

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## About Broniec Associates

Broniec Associates helps organizations gain independent visibility into the effectiveness of their accounts payable controls, vendor management practices, and financial processes. For 54 years, organizations have relied on Broniec to identify hidden financial risk, validate operational controls, and uncover opportunities for process improvement through independent audit and review services.

Serving organizations across healthcare, higher education, manufacturing, hospitality, retail, and other industries, Broniec combines experienced professionals, proprietary technology, and proven methodologies to help clients strengthen financial oversight in increasingly complex operational environments.

Broniec Associates is a SOC 2 Type II certified, Veteran-Owned Small Business and a three-time Great Place to Work® recipient.

Learn more at [broniec.com](https://www.broniec.com).