

Accounts Payable Invoice Handling

Effective Monday, April 28, 2008

In an effort to streamline the Accounts Payable (AP) process and to help minimize past due payments to our vendors, we are implementing some changes. It is our hope that these changes will not only be time savers, but will also allow for less confusion. As we work through our processes, policies, and procedures, we hope to find ways to better support you, as well as our vendors, and plan to make changes as necessary.

We welcome and value your input on any ideas that you may have to make the Accounts Payable process run smoothly for all parties involved. So please feel free to contact any one of us with any suggestions that you may have. We do understand that with change, there is some degree of "tweaking" involved, so please be patient and give us your input if something does or does not work well on your end.

You have probably seen the bright red half sheet of paper (often referred to as the "AP nasty gram") attached to invoices that we forward to you requesting authorization to pay. While this was not intended to be a nasty note, the wording used was important because of the time sensitivity of the invoices themselves. We are going to try to eliminate these by using a different process. Let us explain the process and then we will explain our reasoning on why this change is important.

The Process:

- 1) The invoice is received by the Accounts Payable office.
- 2) The invoice will be reviewed to determine the appropriate purchase order number.
- 3) If a purchase order is found, we will input the invoice into Banner and specify the day Banner should cut a check. The day will be determined by the due date of the invoice. A check will be scheduled to cut approximately 5 business days prior to the invoice due date to allow mail time (an effort will still be made to take advantage of any discounts made available by the vendors).
- 4) A copy of the invoice will be sent to the appropriate department with a stamp that states *"This invoice is being paid on xdate. If the amount IS NOT CORRECT or this invoice should NOT be paid, contact Accounts Payable immediately. Please retain this copy for your records."* **If the invoice is correct and ok to pay, we do not need any action from the department; however, if there is a problem with the invoice you will need to contact Accounts Payable immediately.** As long as contact is made before the check is cut, the Accounts Payable office can put a hold on any payment or amend any amount as necessary. Please keep in mind that no invoice will be paid without adequate time for the department to review it. Our hope is that the departments will have at least 2 weeks for review before the invoice is paid. If we do not receive the invoice with adequate time, we will contact the department and discuss the invoice specifically.
- 5) In the event that we cannot determine the correct purchase order number, we will send a copy of the invoice to the department and request that you give us the correct purchase order number. Unfortunately without a purchase order number, we cannot input the invoice before it is sent to the department.

The Reasoning:

- 1) Invoices will not be sent from AP to the department and back to AP. This not only saves time for invoice payment, but it also allows AP some traceability.
- 2) By inputting the invoice when received, AP can let the vendor and/or the departments know that AP did receive the invoice and payment is pending (allowing for some traceability).

What does this mean for each department?

- 1) It is **critical** that the appropriate procedures be followed when ordering from vendors. ***A purchase order should be obtained before ordering and the vendor should have the correct purchase order listed on each invoice.*** This will ensure that the AP personnel have the correct purchase order. Also, it will allow AP to input the invoice before it is sent to the department, providing some traceability.
- 2) When possible, receiving should receive in any merchandise received by the University. This gives the third check required to pay the invoice (The three checks are: the department has a purchase order set up through purchasing, receiving inputs a receipt entry, and vendor invoice is received and input by AP).
- 3) **When there is a problem with an invoice, it is imperative that the department contact AP as soon as possible.**
- 4) If you (the department) receive an invoice without the stamp on it, it is likely that AP has not seen it. If you do receive an invoice without the above noted stamp on it, please forward a copy to AP. If you are forwarding a copy to AP because you do not think we have seen it, please feel free to approve payment by initialing and noting the purchase order number on the invoice for payment.

Note: None of these department responsibilities are different from the current practices that should be used on campus currently.

Once again, the Accounts Payable department is committed to making our processes as effective and efficient as possible for the University and the vendors we use. Your ideas and opinions matter to us and we would like to hear what you have to offer to help make these processes work for all involved. Please keep in mind that we cannot guarantee that every idea will be implemented, but our hope is that we can all work together to make the process as painless as possible.

Thank You,

Accounts Payable Department

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