

STANDARD OPERATING PROCEDURE: 7.0 INVOICING

This procedure is in accordance with Procurement and Payment Policy [20.1.11](#).

Introduction

UPS is responsible for processing the payment of invoices to suppliers in compliance with university policies and procedures. When suppliers provide a [Valid Invoice\(s\)](#), UPS will begin the invoicing process.

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Definition

Accounts Payable Expeditor: Second tier AP processor with advanced roles and responsibilities who handles problem invoice queues and advises a team of processors on issues.

Accounts Payable Processor: First tier Accounts Payable Processor who processes invoices for payment.

Detailed Manual Entry: Option to view the invoice in more detail in RU Marketplace. This allows the AP processor to match the invoice to the purchase order and find possible discrepancies. This view is only available to AP.

Digital Mail Room (DMR): An automated incoming digital mail program that extracts and validates supplier invoice data for integration in RU Marketplace.

E-Invoicing: The preferred method of supplier invoice submission. Two options include 1) cXML where suppliers send invoice files via cXML format to Jaggaer directly, 2) Portal Invoicing where suppliers log in to the Rutgers Jaggaer Portal to convert purchase orders to Invoices.

Internal Purchase Order (IPO): An IPO is a purchase order for a good or service that is provided by a university unit to another university unit. Related costs are billed to the receiving unit using an approved recharge rate. UPS generally does not assist with these transactions, except in the event of a change order.

Optical Character Recognition (OCR): Used to populate fields in invoice template.



Oracle: A database that manages and processes financial data across wide and local area networks. The Oracle database has its own network component to allow communications across networks. This is the general ledger system that payments are issued from.

Punchout Supplier: A preferred supplier set up through UPS for users to procure products by accessing their catalog through the RU Marketplace portal. These suppliers are linked on the homepage for easy access.

Purchase Order (PO) – An official document that Rutgers sends to suppliers to document the sale of products and services.

RU Marketplace: RU Marketplace is the university online system that covers all stages of the procure-to-pay process excluding payments. This system provides a comprehensive approach to the provider and unit. The tool also allows for data analytics by measuring the effectiveness of contracts, transaction approval cycle times, and use of automated invoice processing.

Standard Operational Procedure (SOP): A controlled document that functionally describes the key procedures.

Unit/Division/Org (UDO): A unit's 10-segment ledger string used for charging expenses.

Procedures

7.1 Invoice Intake

The invoicing process begins when a supplier submits an invoice, referencing a valid university purchase order (PO) number, allowing Accounts Payable within UPS to process the payment in the [RU Marketplace](#) system. Rutgers accepts a variety of invoice submission types. These are agreed upon during the supplier set up:

- cXML
- Supplier Portal
- PDF

cXML Invoicing

cXML Invoicing is an electronic feed of an invoice that is available to our punchout catalog suppliers. cXML invoicing is automatically submitted by the supplier after a good is shipped. These invoices are automatically processed.

Supplier Portal Invoicing

These suppliers are manually invited to the Jaggaer supplier portal via our eTeam and are provided an invoices submission guide upon registration. A valid PO must be used in order to submit the invoice. Once it is time to invoice, a supplier will log in to the portal, find their PO and convert this to an invoice.



PDF Invoicing

For PDF invoice submission, Suppliers are instructed on the PO to send their invoices to Accounts Payable at accountspayable@finance.rutgers.edu. It is strongly encouraged that invoices be sent via email, preferably as a PDF file attachment, for quicker processing. If a vendor is unable to email their invoice, they can mail it directly to Rutgers University, PO Box 3207, Scranton, PA 18505. Paper invoices should not be sent to any other address at Rutgers. All mail received at UPS is forwarded to the DMR at the above address.

Any invoice not referencing a university-issued PO cannot be processed for payment. Invoices that are attached as back-up documentation to PO requisitions are not acceptable for payment, as this is in violation of UPS [Policy](#). In addition, UPS does not review POs for attached invoices, as this is also a violation. Therefore, units should not order or receive goods/services without a valid PO issued prior to receipt of said goods/services. Invoices must be sent through one of the preferred methods noted above. For internal control purposes, the following documents are not considered valid or acceptable for processing and are therefore discarded:

- Statements
- Estimates/proposals/quotations
- Acknowledgements/delivery tickets/packing lists
- Altered invoices
- Proforma invoices

7.2 Invoice Review and Validation

Invoices are routed to the Digital Mail Room (DMR) for automated validation and then integrated into RU Marketplace. These automated systems use OCR to review the following requirements:

- Purchase order number
- Supplier name as shown on purchase order
- Invoice that corresponds to an open purchase order
- Invoice number
- Invoice date is the same as or later than purchase order date
- Payment terms
- Rutgers University as the "Bill To"
- Supplier "Remit To" address
- Billing details
- Line detail to enable purchase order line matching

Digital Mail Room –If an invoice is found to be invalid or missing required fields, it is returned to the DMR Portal for AP review (exception- if there is an invalid/missing PO, the invoice is auto-rejected by the DMR with a message stating such).

7.3 Invoice Processing

UPS has subgroups of invoice processors and expeditors who are tasked with handling invoices for payment processing, using RU Marketplace queues where invoices are routinely integrated through DMR or routed after invoice approval and matching processes.

Below are relevant queues that can be sorted and filtered to maximize processing:

- **Invoice Import Approval** – This is a general queue where all validated invoices are routed, accessible to all invoice processors and expeditors.
 - Suppliers by alphabet (including numeric) queues – These queues are filtered from Invoice Import Approval for responsible processor groups.
- **Invoice Import Notification** – Imported invoices may have errors when transmitted to RU Marketplace, such as duplicate invoices or invalid purchase orders. In this queue, only processors can make the necessary adjustments to the invoices in the interface and push them to the general Invoice Import Approval queue when ready for processing.
- **Matching Exceptions** – Tolerances are allowable variances between an invoice and a purchase order, such as very low dollar amounts. In many cases, UPS will approve an invoice if a variance is small and does not significantly impact a unit’s purchase order funding. Matching exceptions are generated by the system when the variance is beyond allowable tolerances. The expeditor must review before processing can be completed.
- **Closed Purchase Order Exceptions** – Invoices cannot be processed against a closed or canceled blanket purchase order or closed or canceled lines on a quantity-based purchase order. Action cannot be taken on a canceled purchase order or line. The expeditor must review before processing can be completed.
- **Accounts Payable Prepayment Review** – Only expeditors handle prepayment requests and have access to this queue. This is where unit requisitions via the Pre-Payment Request Form are routed to.
- **Wire Invoice Processing Review and Approval** – Invoices with a request to use a wire transfer for the payment method are handled by expeditors, supervisors, or managers. Domestic wires are only done with the approval of the Treasury Department.

RU Marketplace provides a number of invoice statuses available for units’ viewing. It is important to understand the status of an invoice in RU Marketplace. This information is visible to the unit under the “Invoice tab”. If the unit has additional questions, they may contact the [University Procurement Services Help Desk](#).

Listed below are the invoice statuses:

- **In Process** - An invoice with “In Process” status is ready for an AP processor to initiate the payment process (as long as the invoice is under \$5K and is not a sub-award nor an invoice in the exception queue).

- **Payable** - An invoice with “Payable” status has been completely processed through invoicing and is in queue for payment to be issued per terms. This means that an invoice will reside in the system with “Payable” status until payment is issued according to the contract terms.
- **Paid** - An invoice with “Paid” status has been paid per terms, and payment information is available from Oracle and RU Marketplace.
- **Canceled** - An invoice with “Canceled” status has been canceled by UPS for reasons such as finding duplicate invoices. In addition, a unit may reach out to UPS and request an invoice be canceled if they know it was issued incorrectly, such as from a dispute. Canceled invoices are edited with an X, XX, etc. to differentiate with the true valid invoice that should be processed. For example, a duplicate would be marked “INV1982X” and “INV1982” would be paid. Once canceled, an invoice cannot be processed unless resubmitted with a unique invoice number.

7.3.1 Invoice Review, Adjusting, and Completing

Accounts Payable processes invoices when the processor accesses their designated alphabet queue, sorts the invoices by invoices over \$5K first and then by folder entry date (oldest first) and carefully verifies the amounts.

Three different screens are opened in RU Marketplace order to review line by line:

- 1) The invoice in “Detailed Manual Entry” view in the interface.
- 2) The scanned image of the invoice (via DMR, etc.).
- 3) The purchase order referenced on the invoice.

The requirements for invoices on the invoice interface must be matched exactly to the corresponding information on the supplier invoice image. This is another check for accuracy. The processor can make adjustments directly on the interface. For example, if a supplier address is not captured correctly through validation, the processor can correct that field.

The processor then compares the corrected invoice and the purchase order, checking that all requirements for invoices (date, remit to address, invoice number, etc.) accurately match. The invoice is reviewed for discrepancies and adjustments can be made on the amount or quantity, line by line where applicable, within tolerances (See [7.3.2 Invoice Matching and Resolution](#)).

Common issues may surface during review and can be resolved before completing the invoicing process:

- The purchase order or a line has insufficient funds. Accounts Payable can contact the unit via the Comments tab, and request an order modification. This is done through the PO Modification form in [RU Marketplace](#). Units are responsible for ensuring that their purchase order has sufficient funds. In some cases, a new purchase order may be needed to apply to an invoice for payment. The new purchase order should reference the old purchase order to assist in resolving any issues.

- Invoice disputes arise when a supplier invoices the unit for items that either do not match the items requested on the purchase order, or the goods/services delivered to the unit are not correct. Units are responsible for resolving invoice disputes with the supplier and will notify Accounts Payable if invoice processing can continue as needed.
- Internal supplier invoices can also come through RU Marketplace queues to Accounts Payable. If an invoice does not match an internal purchase order (IPO), an expeditor may contact the internal units for resolution, particularly for high dollar amounts.
- Electronic invoices from punchout supplier file transfers may not be matched to a purchase order. Accounts Payable may reach out to the supplier for resolution.
- Non-standard invoices may require a different process for payment and accounting purposes outside of RU Marketplace. See [8.0 Payments](#).

When all required fields match on the invoice and purchase order, the processor completes the process from the interface. This will change the invoice status to “Payable” and move it to a system queue for payment.

7.3.2 Invoice Matching and Resolution

Invoices are subject to an internal system matching process once they are fully accounted for by a processor. This process may generate exceptions and route invoices to exception queues.

The two most common exceptions:

- Matching Exceptions, which apply to open purchase orders
- Closed Purchase Order Exceptions, which apply to closed or partially closed purchase orders

Tolerance Thresholds

Marketplace has built-in tolerance thresholds that prevent invoices from exceeding the purchase order amount without AP review. These tolerance thresholds are designed to allow for incidental expenses that may not have been quoted when the PO was established. Examples include: setup charges, mailing/shipping expenses etc. Reasonable expenses applying these tolerances may be approved by the AP Associate Director. They are not intended for offsetting PO overages (more Goods Delivered than the Purchase Order stated).

Accounts Payable expeditors are responsible for researching and resolving these invoice issues. The unit can be contacted for resolution assistance. The unit must update Accounts Payable via the Comments tab in RU Marketplace if they are taking action. It is critical that the unit selects the specific expeditor/processor’s name on the interface to notify them of any change. Until action is taken to complete processing, invoices will remain in these exception queues.

- **Matching Exceptions** – A matching exception occurs when the invoice overbills the PO by quantity or amount. Usually the unit would have to take action per the request of Accounts Payable, such as doing an order modification on the purchase order.

Types of Closed Purchase Order Exceptions:

- **Closed Purchase Order** – The purchase order has been fully expended and auto-closed during invoice processing.
- **Canceled Purchase Order** – The unit can request a purchase order to be canceled by UPS using a PO modification form. This action not only closes the purchase order, but also returns the encumbered funds back to the UDO
- **Closed Line** – A specific line on a purchase order can be fully expended and consequently closed. However, this does not mean the full purchase order is closed, and other lines may be open for invoice processing.
- **Canceled line** – A specific line on a quantity-based purchase order has been canceled as requested by the unit using a Change Order form. The line would be closed and encumbered funds would be returned to the UDO.

7.4 Invoices with Special Considerations

Accounts Payable may receive other types of invoices for processing. These invoices result when there is a need to process a credit to Rutgers, recurring payments, pre-payments or invoices that fall outside the general invoicing structure, amongst others.

- **Credit Memos** – Credit memos are issued by the supplier to return funds owed to the University, generated from duplicate payments, overpayments, or incorrectly issued payments. They will be scanned and validated through DMR and go through the regular invoicing process in RU Marketplace, including routing to exception queues. A purchase order must be open in order for a credit to be processed against it. Accounts Payable may re-open a closed purchase order or line in RU Marketplace and Finance Management in order to apply owed funds to the purchase order and the UDO.
- **Invoices \$5,000 and over and all subawards**– Invoices \$5,000 and over and all subawards require online approval in RU Marketplace based on the unit’s approval hierarchy. See [Approve an Invoice](#).

To process an invoice \$5,000 and over and subawards:

- 1) The invoice goes into a queue for Invoice Review/Approval.
- 2) The system recognizes when the amount of a processed invoice is \$5,000 and over and subawards and sends the designated unit approver a notification to take action.

- 3) The unit approver must open the invoice and approve it from their actions menu. Until this is done, the invoice remains with “In Process” status and cannot route for payment. The expense is not reflected in Oracle until the invoice is approved in RU Marketplace.
 - 4) Additionally, any invoice valued at \$1M or greater shall be approved at the invoice level by the Executive Vice President-Chief Financial Officer and University Treasurer and, in addition, by any one (1) of the following University Officers: the Chair of the Board of Governors, President, Executive Vice President for Academic Affairs, Executive Vice President for Strategic Planning and Operations and Executive Vice President- Chief Operating Officer, or Secretary of the University
 - 5) Once online approval is complete, the invoice changes to “Payable” status, and is passed to Oracle for further validation for accounting/payment. Payment is issued in Oracle based on invoice due date and supplier terms.
 - 6) Accounts Payable runs weekly clean-up reports to identify invoices still requiring online approval from the unit. Designated approvers and business managers are contacted to take action. This helps accounting processes to post expenses in appropriate open periods. In cases when the designated approver has changed, Accounts Payable could forward the invoice to the new authorized approver so that they may see approval actions in RU Marketplace. If an approver has permanently changed, the unit should contact the UPS Help Desk to update the approver information.
- **Pre-payments** – Pre-payments are payments that a supplier may need before the goods or services are delivered, such as a deposit to start work on a project. The supplier must provide an invoice which should be attached to the pre-payment request. These payments have immediate payment terms and Accounts Payable expeditors process pre-payments as acknowledgements to the unit that their request is acceptable. See [Pre-Payment Request Process Instructions](#).

To initiate a pre-payment:

- 1) In [RU Marketplace](#), the unit will complete the pre-payment request under Forms/Supplemental Forms. The request must include a valid a purchase order number.
 - 2) The requisitions will route to the AP Prepayment Review Queue, where expeditors review. Pre-payment terms must be reflected on the contract or the supplier’s invoice to constitute a valid pre-payment. If they do not qualify, the requisition will be rejected and the invoice must submitted thru the normal channels.
- **Small Businesses** – Some suppliers are small businesses and by nature may not be equipped to produce generic invoices that would be valid for Accounts Payable processing. (e.g. A local pizza store may issue a handwritten receipt without an invoice number). An invoice processor can then add an invoice number following a naming convention when processing in the interface. Additionally, small businesses depend heavily on quick payments, therefore payment terms can be adjusted as needed.

- **Utilities** – Some regularly recurring invoices for utilities, (e.g. PSE&G, municipal water) can go through a purchase order or a [Check Request](#). Utility payment terms are immediate.
- **Wire Transfers** – A wire transfer is an electronic payment for an invoice that has been submitted for processing. Wire payments are only for international payments. Accounts Payable processes invoices with wire transfer forms with the assistance of University Treasury. **All domestic wires must be approved by the Treasury Department.** Selection of wire payment does not initiate a wire payment. The appropriate wire requisition form must be completed.

To initiate a wire transfer payment:

- 1) The domestic or international wire form can be found in the form repository in RU Marketplace and is routed to the Wire Review Approval Queue for an AP Expeditor, Supervisor, or Manager to sort and review by date submitted.
- 2) The AP Expeditor reviews the requisition to ensure the following items have been provided or that the invoice has not been paid before approving:
 - A valid purchase order number
 - Matching invoice amount between the attached back up documentation and the requisition
 - Confirmation that the invoice has not been paid; Invoice status should show as “In Process”. Once confirmed, the requisition is forwarded to University Treasury
- 3) Accounts Payable reviews the request for valid banking information, approves and routes to Treasury for their review and processing.
- 4) The approved requisition will be routed to the Wire Invoice Processing Approval queue, and then AP will book the expense through RU Marketplace.

7.5 Approved and Completed Invoices

After Accounts Payable completes invoice processing, the invoice status changes to “Payable” and is queued for payment.

- 1) An email notification is sent to the Requestor unit indicated as the “Prepared for” on the requisition, or individual to whom the purchase order has been reassigned (owner). This notifies units that their invoice is in process and payment can be expected to issue according to terms. If the “Prepared For” field was left blank, the notification is routed to the “Prepared By” user.
- 2) System processes run multiple times on a daily basis and invoices with “Payable” status are exported by Oracle from RU Marketplace to the Finance Management module.

- 3) Once in Oracle, invoices are in queue for validation. Daily validation processes are run by the system, searching and batching according to payment methods and due dates. Validation can also be run by the Accounts Payable Associate Director for special circumstances.
- 4) Payments are issued through Oracle in Finance Management and payment information is exported back to RU Marketplace.
- 5) The invoice status changes to “Paid” in RU Marketplace. The payment number routes to RU Marketplace from Oracle in batch processing and is located in the Invoice tab. The payment date can be viewed under the Invoice History tab or on the invoice summary screen itself.

References

Campus Instructions

[Invoice Approval Process Instructions](#)

[Approve an Invoice](#)

[Pre-Payment Request Process Instructions](#)

[Submit a Goods Request](#)

[Submit a Service Request](#)

Revisions

| Effective Date | Approver | Change Reference | Issue # |
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