STANDARD OPERATING PROCEDURE:

7.0 INVOICING

This procedure is in accordance with Procurement and Payment Policy 20.1.11.

Introduction

University Procurement Services is responsible for processing the payment of invoices to suppliers in compliance with university policies and procedures. When suppliers provide a valid invoice(s), University Procurement Services will begin the invoicing process.

Procedure Outline

7.1 Intake and Preparation of Invoices
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Definition

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

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

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

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. University Procurement Services generally does not assist with these transactions, except in the event of an order change.

Interface: The visual part of a web application such as RU Marketplace through which a user can interact with the system to give instructions, enter data, or view information.

Kofax: An automated intelligent-capture program extracting invoice data for integration into RU Marketplace.
**Oracle:** A database that manages and processes data across wide and local area networks. The Oracle database has its own network component to allow communications across networks.

**Punch Out Supplier:** A contracted supplier set up through University Procurement Services for users to procure products by accessing their catalogue through the RU Marketplace portal. These suppliers are linked on the homepage for easy access.

**RU Marketplace:** RU Marketplace is the university online system that covers all stages of the procure-to-pay process. 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.

**University Facilities and Capital Planning (UFCP):** University Facilities and Capital Planning

**Validation Processor:** Accounts Payable staff who validates invoices before invoice processing can start.

### Procedures

#### 7.1 Intake and Preparation of Invoices

The invoicing process begins when a supplier provides an invoice, referencing a valid university purchase order (PO) number, allowing Accounts Payable within University Procurement Services to process the payment in the RU Marketplace system. See Invoice Approval Process Instructions.

Suppliers are instructed on the PO to send their invoices to University Procurement Services for payment. It is strongly encouraged that invoices be sent via email, preferably a PDF file as an attachment, for quicker processing. In rare circumstances, paper invoices may be accepted through regular postal or inter-office mail. Any invoice without a university-issued PO cannot be accepted for payment.

Invoices that are attached as back-up documentation to PO requisitions are not acceptable for payment, as this is in violation of University Procurement Services policy. Therefore, units should not order or receive goods/services without a valid PO. In addition, University Procurement Services does not review POs with attached invoices, as this is also a violation. Invoices must be sent through one of the preferred methods noted above.

For internal control purposes, the following documents are not considered valid and will not be accepted for processing/payment:
- Statements
- Estimates/proposals/quotations
- Acknowledgements/delivery tickets/packing lists
- Altered invoices

University Procurement Services can prepare a majority of invoices before they are entered into RU Marketplace for processing:

1) Any documents emailed by the supplier is automatically printed.

2) Printed documents and paper invoices mailed in are manually reviewed for validity. Invalid documents are discarded.

3) All invoices are batched according to criteria (single-paged, multi-paged).

In some circumstances or if a problem requires resolution, invoices are sent directly to the attention of an invoice processor or expeditor and will bypass the batching process. Additionally, invoices from punchout suppliers are sent to RU Marketplace directly via a file transfer.

7.2 Scanning and Validation in Kofax

After manual review, batched invoices are scanned into Kofax. University Procurement Services has the ability to validate invoices in Kofax to ensure all required fields have been captured correctly.

Below are requirements for invoices:

- 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

Scanned invoice images go through a validation process in Kofax:

1) A validation processor opens an invoice image. A corresponding table with required invoice fields opens alongside the image.

2) The processor compares data in table fields with the invoice image, checking for information that was not captured or was captured incorrectly and makes corrections. The processor may need to go into RU Marketplace to ensure that the PO is valid.
3) If an invoice cannot be validated due to missing required fields on the invoice image, the processor rejects the invoice. This action routes the invoice to a quality control processor, that either makes corrections and completes validation, or deletes the invoice.

4) Validated invoices are transmitted to RU Marketplace where they are routed to alphabetical queues according to the supplier name.

7.3 Invoice Processing

University Procurement Services 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 Kofax validation and/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** – When validated invoices are imported from Kofax, there may be errors on required fields found in RU Marketplace, such as duplicate invoices or invalid purchase orders. In this queue, only expeditors 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, University Procurement Services 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. It is very important that the processor reviews the request and selects the wire payment method before completing the invoice for payment.

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. See Invoice Approval Process Instructions.

Listed below are the invoice statuses:

• **In Process** - An invoice with “In Process” status is ready for an invoice processor to initiate the payment process once it is routed to the appropriate queues.

• **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, and a check payment, for example, will not be printed until approximately a week before the due date on the invoice per regular net-45 payment terms.

• **Paid** - An invoice with “Paid” status has been paid per terms, and payment information should be available from Oracle and RU Marketplace.

• **Canceled** - An invoice with “Canceled” status has been canceled by University Procurement Services for reasons such as finding duplicate invoices. In addition, a unit may reach out to University Procurement Services 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.

**7.3.1 Invoice Review, Adjusting, and Completing**

Accounts Payable processes invoices when the processor accesses their designated alphabet queue, sorts the invoices by highest dollar amount and carefully verifies the amounts.

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

2) The scanned image of the invoice (via Kofax, 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).

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 Change Order 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. Please 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

Accounts Payable applies set tolerance rules as part of the exception process.

Three of the most common tolerances are:

1) Invoice total up to $100 over the amount on the purchase order. This is within tolerance and will be processed without question.

2) Invoice totals between $100.01 to $1,000 over the amount on the purchase order. This is considered outside of the tolerance and will trigger an exception. Accounts Payable will contact the unit and request authorization to pay, which can be done on the Comments tab.

3) Invoice total is in excess of $1,000 over the amount of the purchase order. This is considered outside of the tolerance and will route to exception queues. Accounts Payable will contact the unit and request an order modification via a Change Order form to increase the amount or a new purchase order to pay for the invoice.

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 – Matching exceptions generate when invoice processing is attempted on open purchase orders or lines. 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 Matching Exceptions:

- **Overbilled amount** – The total invoice amount is over tolerance on the purchase order amount. For example, the blanket purchase order calls for $500 total on ten boxes of custom envelopes. The supplier invoices the unit $610 due to extra production costs. The unit must Comment in RU Marketplace that the invoice is “okay to pay” in order for the invoice to be completely processed.

- **Overbilled quantity** – The purchase order calls for twenty binders at $10 each. The supplier invoices the unit forty binders at $5 each due to a price reduction from the original supplier quote. The first twenty binders can be invoiced which would expend the quantity fully and close the purchase order. Even though the total amount would match at $200, the remaining twenty binders cannot be paid on the purchase order and the unit would have to request a new purchase order if they chose to keep all the binders.
• **Overbilled amount and quantity** – The purchase order calls for ten desktop printers at $200 each, totaling $2000. The supplier invoices the unit for twelve printers at $205 each, totaling $2460. The quantity is expended at the first ten printers, which closes it, and overbills the total purchase order amount over tolerance. Since the quantity is closed, a new purchase order would be required to pay the remaining balance.

• **Closed Purchase Order Exceptions** – Purchase orders can be closed from invoice processing or closed/canceled by request from the unit via the Change Order form in RU Marketplace. Generally, closed or canceled purchase orders or lines cannot have any action done on them. Closed purchase orders or lines should not be reopened for additional expenses. However, Accounts Payable may reopen them strictly to process credit memos. Canceled purchase orders or lines cannot be reopened.

Types of Closed Purchase Order Exceptions:

• **Closed Purchase Order** – The purchase order has been fully expended and auto-closed during invoice processing. (E.g. A blanket purchase order was estimated at $1000 to pay for a year’s worth of monthly services. The first seven months’ invoices total $1150, expending the full amount over tolerance, and automatically closing the purchase order. The remaining five months’ invoices would need to be paid against a new purchase order).

• **Canceled Purchase Order** – The unit can request a purchase order to be canceled by University Procurement Services using a Change Order form. This action not only closes the purchase order, but also returns the encumbered funds back to the UDO. (E.g. The purchase order was created mistakenly and was no longer needed. If the unit finds the purchase order was needed, they would need to enter in a new requisition for a Purchase Order).

• **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. (E.g. A line calls for three boxes of pens and another line calls for five boxes of paper. An invoice comes in billing the unit for three boxes of pens only. That line is fully expended and closes, but the purchase order remains open for the five boxes of paper due to be invoiced).

• **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. (E.g. the line was opened for a specific item, but the item is no longer needed by the unit. If the unit then finds the item was actually needed, they would need to requisition it on a new purchase order. There are no longer any funds on the purchase order line).

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 Kofax 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** – Invoices $5,000 and over 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:

1) The invoice goes into a queue for Invoice Review/Approval.

2) The system recognizes when the amount of a processed invoice is over $5,000 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.

4) Once online approval is complete, the invoice changes to “Payable” status, and payment is issued per supplier terms.

5) Accounts Payable runs monthly clean up reports to identify invoices still requiring online approval from the unit. Designated approvers 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.

- **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 project. 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 be routed to the AP Prepayment Review Queue, where expeditors review their validity. If they do not qualify as true pre-payments, the requisition is rejected.

3) If the requisition is valid, the expeditor assigns it to themselves in order to continue the requisitioning process. An invoice number is created using the naming convention “POxxxxxx [space] Prepayment” so that the required field invoice number field is complete. This is due to the fact that generally, supporting documentation submitted with the purchase order and prepayment form are not finalized invoices (quotes, estimates). The expeditor checks for any special instructions and ensures terms are immediate.

4) The expeditor submits the requisition for approval. This action moves the requisition out of the pre-payment queue as an “Invoice” for payment processing.

5) The expeditor may continue the regular approval process and complete the invoice to “Payable” status.

- **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 field). 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 as opposed to the Check Request method. Accounts Payable works with University Facilities and Capital Planning to handle processing payment on these invoices. Utility payment terms are immediate. Note, other utility invoices can go through regular invoice processing in RU Marketplace, and are not handled by UFCP.

  1) UFCP receives paper invoices from the utilities supplier, completes their accounting process, and notes the purchase order number for each invoice. The invoices are then delivered to Accounts Payable.

  2) The invoice processor scans all paper invoices to an accessible drive in preparation for attaching to the interface invoices in RU Marketplace.

  3) A manual entry invoice is created in the interface. When the purchase order is entered into the corresponding field, the system will populate supplier information. If there is no invoice number, such as for PSE&G, the processor will add one in the required field, using the naming convention “account number [space] date” to ensure the supplier can apply payment properly. The scanned invoice is uploaded to the interface. Regular processing is done until completed to “Payable” status.
4) If the utility supplier requires, an invoice stub or other documentation may be mailed with the paper checks.

- **Wire Transfers** – A [wire transfer](#) is an electronic payment for an invoice that has been submitted for processing. Accounts Payable processes invoices with wire transfer forms with the assistance of University Treasury.

To initiate a wire transfer payment:

1) The form is routed to the Wire Review Approval Queue for an expeditor, supervisor, or manager to sort and review by date submitted.

2) The 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
   - Confirms the invoice has not been paid; Invoice status should show as “In Process”. Once confirmed, the requisition is forwarded to University Treasury.

3) University Treasury reviews the request for valid banking information and sends the wire payment to the supplier’s bank. The requisition is sent back to Accounts Payable to book the expense through RU Marketplace, since the wire payment was done outside of the system.

4) The returned requisition will be routed to the Wire Invoice Processing Approval queue. A requisition must be approved to move it out of the workflow.

5) The invoice can be processed regularly against the purchase order.

   a. The invoice number entered can be the invoice number referenced on the wire transfer form.

   b. Terms are changed to “Immediate”.

   c. The wire requisition is attached to the interface invoice by pasting the URL into the attachment dialogue box.

   d. Payment method must be changed to “Wire”. This is critical to ensure a paper check is not produced.

   e. A US dollar amount must be entered. For international wires, the amount must be verified from University Treasury comments on the requisition.
f. If the amount is $5,000.00 and over, the expeditor can bypass Invoice Review/Approval and include a note that the invoice was “Paid by Wire.” The entry is completed and the invoice status changes to “Payable”. Since it is selected for wire payment, a check will not be issued, but the expense will be booked in Oracle. Wires should be accounted for in the correct open period.

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” unit.

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 an Accounts Payable manager 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 check number routes to RU Marketplace from Oracle and is located in the Invoice tab.
References

Campus Instructions
Invoice Approval Process Instructions
Approve an Invoice
Pre-Payment Request Process Instructions
Submit a Goods Request
Submit a Service Request

Process Flowchart
Invoicing Process

Revisions

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