

# Invoice Reconciliation

Control Item	Details
<b>Information Label</b>	<b>Restricted</b> This document contains information which is intended for widespread distribution within XX and to those having site access or access to computer systems.
<b>File Location</b>	Intranet - Documentation and Training Folder on Sharepoint.

<b>Process Owner:</b>	John Doe
<b>Process:</b>	Resolution of invoices for which Accounts Payable cannot authorize a payment due to goods receipt or purchase price issues.
<b>Systems involved:</b>	Oracle Financial, Crystal Reports Invoice Tracking System.
<b>Users:</b>	Buyer, Procurement, Accounts Payable/Receivable.
<b>Version:</b>	2.0
<b>Revision Date:</b>	mm-dd-yyyy
<b>Purpose:</b>	Provides instructions to the Buyer in resolving issues with invoices.
<b>Scope:</b>	This process is used to manage invoice issues for Purchase Orders placed in Oracle.
<b>Pre-requisites:</b>	Buyer must have the current un-paid invoices report.

# Invoice Reconciliation

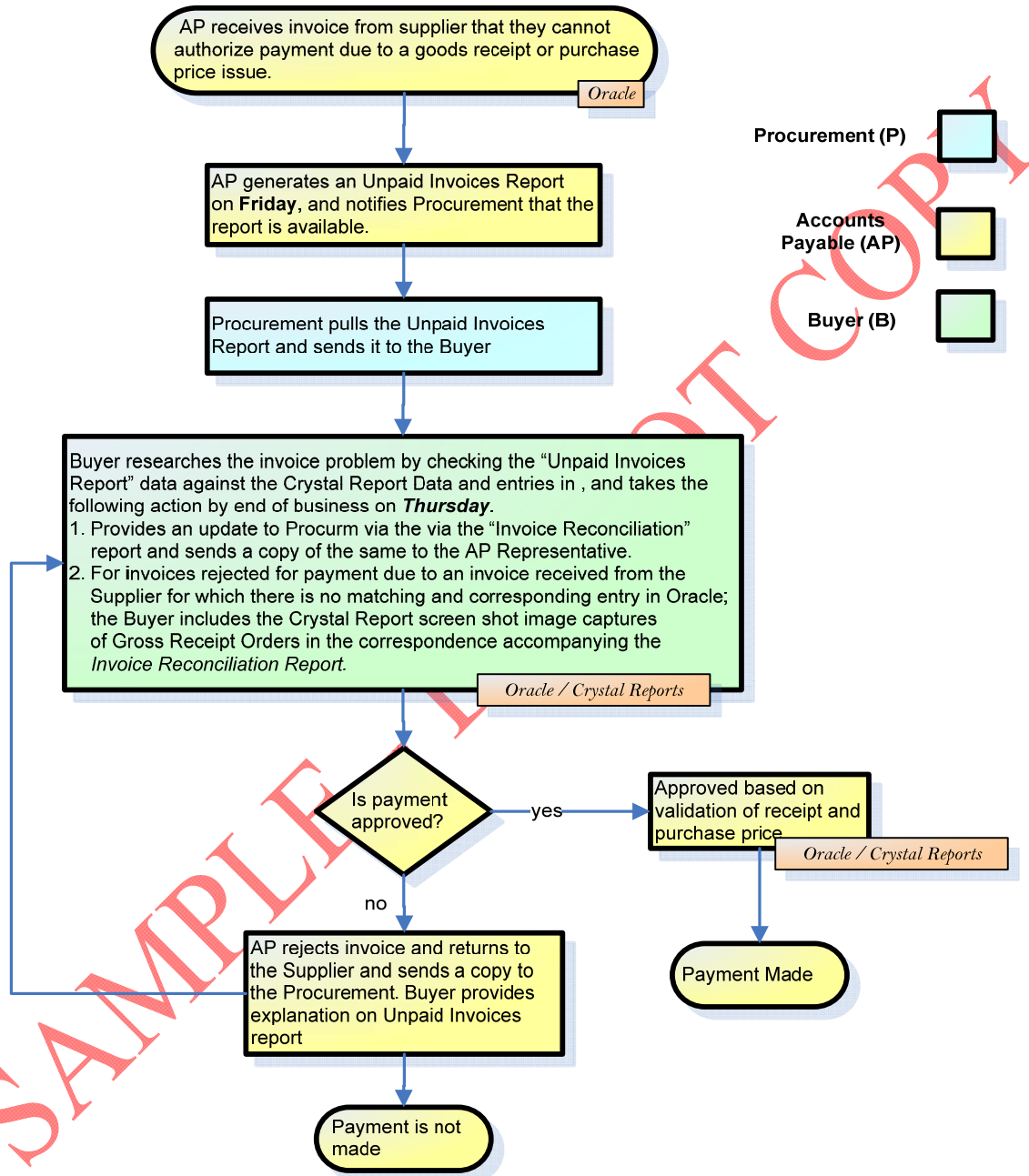


Figure 1: Invoice Reconciliation Process Flowchart

## Overview

The term “*Unpaid Invoices Report*” refers to invoices rejected for payment. An “*Unpaid Invoices Report*” report is generated every **Friday** by *Accounts Payable (AP) Dept.*, for invoices it is unable to authorize and remit payment to *Suppliers*.

*AP Dept.* may receive a hard copy invoice from the *Supplier* or in electronic format which is commonly referred to as an *e-invoice*.

*AP Dept.* is set-up on ORACLE. In instances, where the ORACLE invoice payable data is unable to match and reconcile invoices received from the *Supplier* an “*Unpaid Invoices Report*” is generated.

In general, “*Unpaid Invoices Report*” is generated due to any single or combination of the following reason(s):

1. *Quantity Invoiced vs. PO (Purchase Order) Quantity Discrepancy*: The *PO (Purchase Order) Quantity* received is greater or less than the *Invoiced Quantity* received from the *Supplier*.
2. *Invoice Price vs. PO Price Discrepancy*: The gross total of the invoice received from the supplier reflects a different total from the amount owed compared with the total in ORACLE.
3. *Invoice Received, No Goods (a.k.a. Zero goods) Receipt Processed*: In this case, ORACLE invoicing system is reflecting that no goods have been received; however, invoice form the *Supplier* is indicating goods have been delivered.

In the event an “*Unpaid Invoices Report*” is generated, *AP Representative* sends an email notification with a link to the “*Unpaid Invoices Report*” on the shared drive to the *Procurement Representative* for further action.

The *Procurement Representative* relays this information to the *Buyer* for research and resolution. *Buyer* conveys the outcome of the research and resolution efforts back to the *Procurement Representative* by an “*Invoice Resolution Report*”, who in turn informs *AP Representative* of the findings. Based on the research and resolution effort outcome of the “*Invoice Resolution Report*”, a payment is either made or denied to the *Supplier*.

**Note:**

Once the *Buyer* fills in the “*Buyer’s Comment*” section of the “*Unpaid Invoices Report*”, the “*Unpaid Invoices Report*” is referred to as the “*Invoice Reconciliation Report*”.

### Invoice Reconciliation Process

1. Every **Friday**, Accounts Payable (AP) sends out a notification to the *Procurement Representative* that a new “*Unpaid Invoices Report Report*”, i.e. invoice(s) that cannot be paid, has been posted on the SharePoint.
2. *Procurement Representative* pulls the new “*Unpaid Invoices Report*” and sends it to the Buyer. The report consists of outstanding supplier invoices that are due or past due for the current period.
3. Buyer receives the “*Unpaid Invoices Report*” and reviews their product line part invoices that need to be reconciled.
4. As part of the research and review, the Buyer checks the “Unpaid Invoices Report” data against the Purchase Order and/or the Crystal Reports entries, and takes the following action by end of business on **Thursday** of the following week.
  - 4.1. Provide an “*Invoice Reconciliation*” status update report with an explanation of the research and review findings to the *Procurement Representative* and send a copy of the same to AP Representative.
  - 4.2. Based on the findings of the *Invoice Reconciliation Report*, AP will either make or deny payment to a Supplier.

**Note:**

For “Unpaid Invoices Report” or invoices rejected for payment due to an invoice received from the Supplier for which there is no matching and corresponding entry in ORACLE; the Buyer includes the Oracle screen shot image captures of Gross Receipt (GR) Orders in the correspondence accompanying the *Invoice Reconciliation Report*.

For “Unpaid Invoices Report” or invoices rejected for payment due to either *Pricing* and/or *Quantity* discrepancy, screen shot image captures from Oracle are not required. Only the “*Buyer’s Comment*” (see Figure 2 below) section of the *Invoice Reconciliation Report* needs to be completed and sent to the *Procurement Representative* with a copy sent to AP Representative.

Reason for blocking pagm	Comment/Remarks	Material Number	Material Discription	ICPLA approve	Buyer's comments
Quantity approval	PO QTY 15 units,GR QTY 0 unit,IR QTY 15 units, This line is blocked for 15 units.	TNPA3557-PA	SCAN DRIVE		Received in Full on Promis (See screen print) OK TO PAY when due
Quantity approval	PO QTY 25 units,GR QTY 9 unit,IR QTY 25 units, This line is blocked for 15 units.	TNP A3643AC-PA	CIRCUIT BOARD PB (FOR AUDIO)		Received in Full on Promis (See screen print) OK TO PAY when due

Buyer's comments

Received in Full on Promis (See screen print) OK TO PAY when due

Received in Full on Promis (See screen print) OK TO PAY when due

Figure 2: Invoice Reconciliation – Buyer’s Comment Section

5. If a payment is approved, then no further action is required. However, if a payment is not approved, then the Buyer conducts further research and works with the Supplier for a resolution, while keeping *Procurement* Representative and AP Representative informed via appropriate status report updates.

## Unpaid Invoices Report Research and Resolution

As mentioned previously, in general, "Unpaid Invoices Report" is generated due to any single or combination of the following reason(s):

1. Quantity Invoiced vs. PO (Purchase Order) Quantity Discrepancy: The *PO (Purchase Order) Quantity* received is greater or less than the *Invoiced Quantity* received from the *Supplier*.
  2. Invoice Price vs. PO Price Discrepancy: The gross total of the invoice received from the supplier reflects a different total from the amount owed compared with the total in ORACLE.
  3. Invoice Received, No Goods (a.k.a. Zero goods) Receipt Processed: In this case, ORACLE invoicing system is reflecting that no goods have been received; however, invoice form the Supplier is indicating goods have been delivered.
6. If the Unpaid Invoice (invoice rejected for payment) is due to Quantity Invoiced vs. PO (Purchase Order) Quantity Discrepancy, i.e., If it is an over shipment or under shipment of quantity, then:
    - 6.1. *Over Shipment* – Obtain POD (Proof of Delivery) and request approval from *Procurement* Representative to pay the invoice.
      - 6.1.1. Adjust PO quantity, if required.
      - 6.1.2. If invoiced quantity is approved, approve payment for invoice amount. If invoiced quantity is not approved, work with the supplier for a resolution.
    - 6.2. *Under Shipment* – Obtain POD (Proof of Delivery) to validate shipment and receipt.
      - 6.2.1. Adjust PO quantity, if required.
      - 6.2.2. If invoiced quantity is approved, approve payment for invoice amount. If invoiced quantity is not approved, work with the supplier for a resolution.
  7. If the Unpaid Invoice (invoice rejected for payment) is due to Invoice Price vs. PO Price Discrepancy, i.e., the gross total of the invoice received from the supplier reflects a different total from the amount owed compared with the total in ORACLE, then:
    - 7.1. Buyer must clarify reason for difference, and resolve (either Buyer or supplier makes correction to invoice price or purchase price, as required).
    - 7.2. Buyer initiates a change order to correct the PO price. If the price is incorrect, and submit a Standard Cost Change in the Invoice Tracking System, if necessary.

8. If the Unpaid Invoice (invoice rejected for payment) is due to Invoice Received, No Goods (a.k.a. Zero goods) Receipt Processed, i.e., ORACLE invoicing system reflects that no goods have been received; however, invoice form the Supplier indicates that the goods have been delivered, then:
  - 8.1. If goods have not been received in the system, get POD (Proof of Delivery) from the supplier and initiate receipt research with the providers, or:
  - 8.2. If a shipment is lost, after all research has been completed with the providers, initiate a claim for a lost shipment with the carrier or provider.

**Note:**

For “Unpaid Invoices Report” or invoices rejected for payment due to an invoice received from the Supplier for which there is no matching and corresponding entry in ORACLE; the Buyer includes the Oracle screen shot image captures of Gross Receipt (GR) Orders in the correspondence accompanying the *Invoice Reconciliation Report* to the *Procurement Representative* and sends a copy of the same to AP Representative as well.

9. Based on the findings of the *Invoice Reconciliation Report*, the following may occur:
  - 9.1. If the *Procurement Representative* agrees with the findings of the *Invoice Reconciliation Report*, no further action is required of the Buyer and AP Representative can issue invoice payment if approved, payment is made.
  - 9.2. If AP rejects the invoice, AP returns the invoice to the Buyer for further explanation and sends a copy of the same to the *Procurement Representative*.

**Escalation Process**

10. Buyer has the responsibility to resolve issues with AP (Finance) Dept. If after **three** attempts the outstanding issues are not resolved, then the Buyer escalates the issue to the *Procurement Representative* for resolution.
11. If Buyer does not respond to the Unpaid Invoices Report within two business days, Finance escalates the issue to the *Procurement Representative* for resolution. The *Procurement Representative* works with the Buyer for a resolution.