SECTION 12: INVOICE PROCESSING

SUBJECT: DISCREPANCY/UNAPPROVED Procedure #12.2.3 INVOICES

UNAPPROVED INVOICES:

When a department refuses to approve or returns an invoice unapproved, it is the responsibility of the Buyer to determine the problem and obtain a resolution. This may require calling or meeting with the department to determine the problem. Several things may have occurred:

A. Items invoiced have not been received: The Buyer should do a status check with the vendor to determine the delivery date. The vendor should be apprised goods cannot be paid for in advance of delivery. If the items are not scheduled to be delivered shortly, the invoice should be cancelled or returned to the vendor. The Buyer should inform Accounts Payable the action to be taken.

B. Incorrect materials received: If incorrect items were received, the Buyer needs to initiate the exchange process, determining where the mistake occurred, e.g. incorrect item requested, ordered or shipped which may determine whether a restocking charge is applicable.
The Buyer will obtain the vendor's authorization to return, information on the preferred method of return and insurance requirements. The Buyer should then apprise the department, who is responsible for packing the item and handling the physical return. (See Return Goods Memorandum procedure)

The Buyer should keep in mind that payment can legally be held on disputed items only. If there are several items on the invoice, we are obligated to pay for the undisputed items. We need to consider paying the invoice short and paying for disputed items after the problem has been resolved.

AUTHORITY TO ADJUST (ATA's):

ATA's are system generated when invoice input does not agree with the order information. These can occur for various reasons, quantity mismatch, unidentified item, item under quoted price, price is over Not to Exceed (NTE) limitation, etc. When an ATA is produced, the Fiscal Tech checks the information to insure their entry is correct, and forwards the ATA to the Buying Staff. The Buying Staff will confer with the department and the vendor to determine the problem and work out a resolution. The ATA should be returned to Accounts Payable as rapidly as possible. The Purchasing Managers receive a weekly report of outstanding ATA's which is a reminder of any unresolved problems.

The Buyer needs to be aware that timely handling of the problem is essential. The invoice is on hold while they are working the problem but the payment time frame has not stopped. Discounts may be lost and/or we may be liable for late payment charges. It is therefore essential that Buyers notify the vendor and Accounts Payable so the payment clock may be stopped. The payment clock will be restarted when the problem is resolved and the invoice is released for payment.