

Purchase to Pay Process

What to do if issues arise or you're not sure about the process

Helpful tips no. 5 – February 2014

The following tips highlight some of the queries / issues:

- you might come across as requisitioners or approvers
- Accounts Payable come across when processing invoices

The table in no. 2 below provides a number of scenarios and includes details of who needs to help and how. Where appropriate, we have also advised how certain issues can be avoided / reduced.

1. Example issues Accounts Payable come across when processing invoices

Below is a list of some of the main issues the Accounts Payable Team come across, when they are trying to process an invoice. The Accounts Payable Team will contact you if they come across these issues, so that you can help to address them promptly.

- Carriage / shipping / postage charges not included on PO
- POs not goods receipted by the time invoice received by Accounts Payable
- Waiting to goods receipt travel related POs until trip completed (should be GRN'd once requisition approved and PO created)
- Invalid PO quoted by supplier on invoice
- PO quoted by supplier on invoice has already been used & closed
- Budcode closed – invoice can't be posted against it
- Receiving duplicate invoices (email, post, from dept) – multiple handling before duplicate identified (approx. 2,300 in Oct 2013)
- Order in dispute with supplier but Accounts Payable not notified
- PO not raised net of VAT / incorrect VAT code used
- PO set up against the wrong supplier
- PO raised against one supplier but order and invoice received from sister company

Note:

Finance have requested some Agresso system developments, to enable workflow tasks to be generated in Agresso if:

- (1) an invoice received is out of tolerance by 5% or £50
- (2) the invoice received includes additional charges not on the original PO e.g. shipping costs omitted from the original order.

Once set up, the workflow tasks will replace the need for Accounts Payable to send off-system emails to requisitioners and approvers. We have also requested "alerts" to be set up, to flag if an invoice has been received but the Purchase order has yet to be goods receipted. We will issue further details about these changes, prior to them going live.

2. Purchase to Pay Process - what to do if issues arise or you're not sure about the process

Example Scenario	Action to resolve / reduce or avoid issues
<p>1. In dispute with supplier e.g. goods / service not received in line with Purchase order raised and you have contacted the supplier to address this</p>	<ul style="list-style-type: none"> • Contact supplier to agree resolution • Don't goods receipt PO if you do not wish the invoice to be paid until you have reached agreement with supplier (you can partially receipt if that's appropriate – this will depend on the situation) • Notify Accounts Payable Team quoting relevant PO, that order is in dispute and you haven't goods receipted, so that the AP Team can include a note on the Agresso system and don't try to process the invoice for payment until issue resolved • Let Accounts Payable Team know when issue has been resolved so that the invoice can be processed (and ensure you goods receipt once you are happy for the invoice to be processed and paid)
<p>2. Invoice received by Accounts Payable from supplier is out of tolerance to the Purchase order raised – AP Team contact you to approve or reject the out of tolerance value</p> <p>Note: this is done via an Agresso task being sent to the approver, so you need to ensure you act promptly if you receive an Agresso task to action.</p>	<ul style="list-style-type: none"> • If you want to approve the out of tolerance value – then confirm your approval through the Agresso task you receive. • If you reject – reject this through the Agresso task you receive. Let Accounts Payable Team know why you are rejecting the out of tolerance difference, so that this can be noted on the Agresso system, in the event of a query from the supplier. <p>Note:</p> <p>Depending on the reason for the out of tolerance, you might need to contact the supplier directly to discuss this with them and let them know you are going to reject the difference.</p>
<p>3. You have agreed with the supplier that they will send a credit note in relation to an order placed</p>	<ul style="list-style-type: none"> • Supplier should send the credit note to Accounts Payable quoting the original PO number (and invoice if an invoice has already been issued) • If supplier sends the credit note to your department by mistake, please pass on to the Accounts Payable Team as soon as possible (please ensure you make it clear to the AP team that the credit note was received by your department and you are forwarding it on to them), ensuring the credit note includes the PO number • Credit notes should be sent by suppliers directly to Accounts Payable: <p>Email - apinvoices@qmul.ac.uk</p> <p>Post - QMUL Accounts Payable, PO Box 68942, London E1W 9JD</p>
<p>4. Supplier contacts the department chasing for payment of invoice</p>	<ul style="list-style-type: none"> • Notify supplier that the central point of contact for queries related to invoice payments is Accounts Payable <p>Email – accountspayable@qmul.ac.uk Tel. 0207 882 7736</p>

Example Scenario	Action to resolve / reduce or avoid issues
	<ul style="list-style-type: none"> Suppliers should quote the PO number and invoice number and make it clear that they are chasing up an invoice payment. Accounts Payable will request a copy of the invoice from the supplier if they haven't received the original.
<p>5. Accounts Payable Team contact you because they have received an invoice from a supplier but the Purchase order hasn't been goods receipted yet.</p>	<ul style="list-style-type: none"> If you have confirmation that the goods / service have been received in line with the order, ensure the PO is goods receipted so that the invoice can be processed for payment. <p>Note: goods receipting the PO confirms you are happy for the invoice to be paid, so only goods receipt if you are happy the order has been fulfilled. You can partially goods receipt if appropriate.</p> <ul style="list-style-type: none"> If the goods / service not yet received, let Accounts Payable know, so that they can note it on the system in the event they are chased for payment. Travel related POs should be goods receipted at the time they are raised and not after the trip has been completed. <p>Note:</p> <p>All requisitioners should be receiving an Open PO report every Monday, to help track open POs which might need to be goods receipted. If you need any advice on how to use this report, please contact the Financial Systems Team</p>
<p>6. Accounts Payable contact you because they are trying to process the invoice and the budcode used on the Purchase order has been closed.</p>	<p>Accounts Payable will inform you that the budcode is closed and if –</p> <ul style="list-style-type: none"> Research Grant related - you need to contact Jan Clarke, Joint Research Management Office to ask if the budcode can be re-opened so that the invoice can be processed. If the budcode cannot be re-opened, you will need to provide Accounts Payable with an alternative budcode so that the invoice can be processed. Non-research related - you need to provide Accounts Payable with an alternative budcode, so that the invoice can be processed
<p>7. Accounts Payable receive an invoice from the supplier which includes a shipping / carriage charge but the original Purchase Order doesn't</p>	<ul style="list-style-type: none"> Accounts Payable will contact you to confirm if the shipping / carriage charges are correct, so that the invoice can be processed. <p>Note:</p> <p>You should always ensure that suppliers provide quotes with shipping / carriage charges where these are to be incurred. Purchase Orders should be raised to include any shipping / carriage charges (as a separate line on the PO), where the supplier has confirmed the charges will be incurred.</p> <ul style="list-style-type: none"> If the supplier's quote did not include shipping / carriage charges, any

Example Scenario	Action to resolve / reduce or avoid issues
	<p>such charges included on the invoice should be disputed with the supplier by the person placing the order, so that the charge can be removed.</p>
<p>8. Supplier quotes an invalid Purchase Order number on the invoice / PO number has already been used and closed</p>	<ul style="list-style-type: none"> Accounts Payable will contact the supplier to let them know the PO quoted is invalid / has already been used and that they need to provide a valid PO. This may require the supplier to contact the department, depending on the reason for quoting the invalid / used PO number.
<p>9. You receive the invoice directly from the supplier</p>	<ul style="list-style-type: none"> Forward the invoice to Accounts Payable Team and flag that you received the invoice from the supplier. If forwarding the invoice electronically, please use the following email address and flag in the email subject – Invoice received from supplier. This will ensure Accounts Payable look out for potential duplicates when they receive your email. accountspayable@qmul.ac.uk If sending a hardcopy of the invoice in the internal mail, please send to: Accounts Payable - Room W117, Queens Building, Mile End E1 4NS Accounts Payable will send a letter to the supplier to re-confirm that all invoices should be sent directly to Accounts Payable.
<p>10. Accounts Payable try to process the invoice and find that the PO was raised against the wrong supplier</p>	<p>In theory, this should not happen very often. If a PO is raised against the incorrect supplier, hopefully the supplier will let us know if they have received a PO in error. However, this depends on the supplier and may also depend on the scenario e.g. supplier is set up in different locations e.g. division in UK, USA, Far East etc and the PO was set up against the wrong division. Or the wrong supplier was selected in error, and they have nothing to do with the actual order being placed.</p> <p>Note:</p> <p>If you are creating the Purchase Order and you're not sure which supplier to use, please contact the Procurement Department for advice.</p> <ul style="list-style-type: none"> If the supplier notifies you that they have received the PO in error (i.e. the PO was raised against their details in error), you should arrange for the incorrect PO to be closed and set up a PO against the correct supplier and ensure the correct supplier receives the new PO. If Accounts Payable receive an invoice from the supplier but the PO was set up against the wrong division (e.g. US division bank details instead of UK division bank details and this wasn't flagged by the

Example Scenario	Action to resolve / reduce or avoid issues
	<p>supplier), Accounts Payable will contact you and ask you to raise a new PO against the correct supplier details. The PO set up against the incorrect supplier details should be closed.</p>
<p>11. Accounts Payable try to process the invoice and find that the PO was raised against one supplier (e.g. parent Company A) but the order was fulfilled and the invoice received from sister Company B</p>	<ul style="list-style-type: none"> • If the PO was raised for parent Company A and they accepted the order, our contract is with the parent company and we should receive an invoice from parent Company A, even if Sister Company B fulfils the order on their behalf. • If the supplier knows that they will be asking their sister company to fulfil the order and they will also need to invoice us, they should inform the requisitioner, so that a new PO can be raised to the sister company. The original PO should be closed. • If the supplier does not inform us of any changes at the Purchase Order stage and Accounts Payable receive an invoice from the sister company, Accounts Payable will contact them to say that the order was placed with the parent Company and that the invoice should relate to the parent company. This is for the supplier to resolve internally. The parent Company should issue an invoice in line with the original PO. • If the supplier is unable to resolve the issue internally and they are unable to issue an invoice from the parent company, Accounts Payable should consult with Procurement to agree a resolution with the supplier, to ensure QM is still covered by appropriate terms and conditions.
<p>12. Accounts Payable try to process the invoice and find that the PO was raised gross of VAT (not net) or the incorrect VAT code was used</p>	<ul style="list-style-type: none"> • All PO's should be raised NET of VAT with the appropriate VAT code being used <p>You can find further guidance about VAT and which codes to use here</p> <p>http://qm-web.finance.qmul.ac.uk/financialaccounting/VAT/index.html</p> <ul style="list-style-type: none"> • Accounts Payable will email the department and ask for permission to process / reject the invoice in line with the correct VAT treatment
<p>13. You need to escalate an invoice payment related query (e.g. you have been made aware that the invoice is overdue for payment)</p>	<ul style="list-style-type: none"> • Payment related queries should be escalated to the Accounts Payable Team for investigation: accountspayable@qmul.ac.uk <p>Please also copy in:</p> <p>Esther Chambers, Head of Accounts Payable – e.chambers@qmul.ac.uk Solomon Sargeant, Accounts Payable Supervisor – s.sargeant@qmul.ac.uk</p>

Example Scenario	Action to resolve / reduce or avoid issues
	<ul style="list-style-type: none"> Any further payment query escalations should be directed to: Janice Trounson, Deputy Director Financial Control j.trounson@qmul.ac.uk
<p>14. If you're not sure which type of Purchase Order to set up (e.g. quantity order or a value order)</p>	<ul style="list-style-type: none"> You can contact the Procurement Team to discuss the scenario and agree the best approach. Contact Procurement Team via Chris Hallahan c.hallahan@qmul.ac.uk Tel. 020 7882 3240 <p>Note:</p> <p>It's important to set up the purchase order correctly at the start, as this will help you when it comes to goods receipting and will also help Accounts Payable when they come to process the invoice.</p>