Invoice Training: How to Process an Invoice for Payment

What is an invoice?

An invoice is a document generated by a vendor detailing the goods and/or services provided to a buyer. It is a request for payment and serves as a record of the transaction. Typically, an invoice will include the vendor information, buyer information, invoice number, invoice date, purchase order (PO) number, description of goods and/or services, number of units for each item, unit price, total cost of all items and/or services, tax information, and payment terms/due date.

Invoice Process Workflow

Steps: Receipt of invoice -> Review for accuracy -> Obtain approval -> Submit to Accounts Payable (AP) for payment processing

Step 1: Receipt of Invoice

Vendors can submit invoices via mail, email, fax, or other methods, e.g., online portals. Invoices are generally sent to the respective point of contact. Occasionally, invoices are sent to the District Office, which are then forwarded to the respective division/department for invoice processing.

Sometimes, the vendor will send a proforma invoice, which estimates the cost. Contact the vendor for a copy of the actual invoice if a proforma invoice is sent.

Save the invoice as a **PDF document** and **rename** the file per the naming convention.

<u>Naming Convention (one invoice):</u> Vendor Name_Invoice number_Purchase Order number_Requestor's initials
Example: Office Depot_100023_P2400003_CS.

<u>Naming Convention (multiple invoices):</u> If multiple invoices are sent from the same vendor, combine them into one PDF document.
Example: Office Depot_100023_100024_100025_P2400003_CS.

Step 2: Review for Accuracy

- Review the invoice for accuracy.

  Verify the information on the invoice, such as the vendor and buyer information, invoice date, description of goods and/or services, quantity of the items ordered, unit price, sales tax, and total amount. If there are any discrepancies on the invoice, contact the vendor to resolve the issue before submitting the invoice to Accounts Payable for payment processing.

  Ask the vendor for a revised invoice, if applicable. Obtaining an accurate invoice for future reference and audit purposes is important.

- Purchase Order (PO) Matching.

  A Requisition should have been submitted in Banner for the goods and/or services. A fully completed and approved Requisition is converted to a Purchase Order. Compare the invoice to the PO to verify the accuracy of the information to ensure that the correct goods and/or services have been received.

  The PO must have enough funds encumbered to fully pay the invoice. Accounts Payable cannot process payment if the invoice amount exceeds the amount of the PO.

  To modify an existing PO, submit a Change Order. The Change Order must be fully approved before the invoice can be processed for payment.

  Accounts Payable will not process payment without the PO number on the invoice. Ensure to reference the PO number on the invoice, if not stated.

  Note: It is the responsibility of the ordering division/department to complete the Requisition and to ensure the Requisition has been fully approved in Banner. Once approved, the General Services Department will convert the Requisition into a Purchase Order. General Services will send a copy of the PO to the vendor.

Step 3: Obtain Approval

Obtain the signature of an org administrator for the division/department on the invoice. The administrator should review the invoice for accuracy and give approval by signing and dating the invoice.

Step 4: Submit to Accounts Payable

Submit the approved invoice as a PDF document to Accounts Payable for payment processing through the AP shared folder, \\smccd.net\GA\AP Mail Box - CAN\TO BE PROCESSED. Other methods of submittal will not be accepted.

Accounts Payable schedule: The invoice will be scheduled for payment according to the AP check run schedule. Checks are cut every Tuesday. Invoices must be submitted to AP by the preceding Friday to meet Tuesday check run.

Invoice Submittal Checklist

Reference the below list to ensure the following before submitting the invoice to AP.

- ☐ Convert invoice to a PDF File.
- ☐ Rename the file per the naming convention.
- ☐ Review for accuracy.
- ☐ Ensure the PO number is referenced on the invoice and check the PO balance, use Banner report FGIENCD.
- ☐ Obtain the org administrator's electronic signature.
- ☐ Check with the Business Office if the current W-9 form is on file. An updated W-9 form should be requested at the beginning of every calendar year.
- ☐ Submit to Accounts Payable via the shared folder.

Additional Training Resources

For additional training on Requisition, Purchase Orders, and related materials, please see the following links.

- How to enter a Requisition – Step-by-step instructions.
- Document History (FOIDOCH) – Provides a complete history of the purchase. Use this report to look up the PO number, paid invoices, and checks issued for your requisition.
- Encumbrance Status (Open Encumbrance Status Report(FWBENS2)) – Provides a comprehensive list of POs. Use this report to view a list of all your POs.
- Change Orders – Instructions on how to modify an existing Purchase Order.
- E-signature block – Instructions on how to create an e-signature block on a PDF document.