
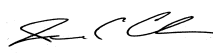


MANAGEMENT DIRECTIVE

Commonwealth of Pennsylvania Governor's Office

Subject: Purchase Order Receiving, Invoice Processing and Invoice Reconciliation Processes	Number: 310.31 Amended
Date: May 11, 2009	By Direction of:  Mary A. Soderberg, Secretary of the Budget  James P. Creedon, Secretary of General Services
Contact Agency: Office of the Budget, Office of Comptroller Operations, Bureau of Payable Services, Telephone 717-425-6538 Department of General Services, Bureau of Financial & Management Services, Telephone 717-787-5051.	

This directive outlines the roles and responsibilities of Commonwealth Goods Receivers, Invoice Reconcilers, Agency Purchase Order (PO) Line Item Reconcilers, and Invoice Processors/Exception Processors as well as the policies and procedures established to clear outstanding goods receipts/invoice receipts (GR/IR) account balances and to ensure prompt payment to vendors. Maintenance of PO balances in the enterprise-wide SAP/SRM software requires timely, accurate, and complete entry of receipts; processing of invoices; and reconciliation of PO line item goods receipts (GR) quantities to invoice receipts (IR) quantities. Marginal dots are excluded due to major changes.

- 1. PURPOSE.** To establish roles, responsibilities and policies for receiving, invoice processing, invoice reconciliation and the maintenance of PO balances.
- 2. SCOPE.** This directive applies to all departments, boards, and commissions, hereinafter referred to as agencies, under the Governor's jurisdiction that use SAP/SRM.
- 3. OBJECTIVES.** To establish responsibilities to clear outstanding GR/IR account balances and to ensure prompt payment to vendors.

4. DEFINITIONS.

- a. **Receiving Process.** Activities involved in the physical receipt of materials or the acknowledgment of services rendered and entry of the electronic GR/confirmation into the SAP/SRM system.
- b. **Invoice Reconciliation Process.** The comparison of PO line items, GRs/confirmations and IRs to confirm that quantities of materials or services ordered, received, and invoiced all match.
- c. **Invoice Entry Process.** Activities involved in the processing of invoices into SAP.
- d. **Purchase Order Line Item Reconciliation.** A process to confirm that PO line item GR and IR quantities match or, if different, the difference exists because activity continues on the line item and additional GR or IR activity is expected in the future. Agencies will receive notification of blocked items via workflow.

5. POLICY.

- a. Receivers and invoice processors shall ensure that the PO line item history reflects the actual quantities received and amounts paid.
- b. GRs/confirmations shall be entered into SAP/SRM within 48 hours of physical receipt of materials or completion of services rendered. GR's/confirmations shall be entered in the same month that goods or services are received. For additional information refer to the [*Manual 215.3, Procurement Handbook*](#).
- c. Invoices shall be submitted by the vendor to a centralized receiving and imaging unit. Upon receipt, the invoice will be scanned/imaged with index information which is passed via an interface to SAP in a 'held' document status. Any invoice that is received but cannot be scanned and indexed will be forwarded to the Bureau of Payable Services' Quality Control Unit for corrective action that may include returning the invoice to the vendor if necessary. Each 'held' SAP document will be routed via workflow to the Bureau of Payable Services' Purchase Order Invoice Processing Unit. The 'held' SAP documents shall be posted into SAP upon receipt or routed via workflow based on the rejection reason to the agency PO line item reconciler or the Bureau of Payable Services' Exceptions Processing Unit for further action.
- d. Agency line item reconcilers shall take the appropriate corrective action on any work items received via workflow from the Bureau of Payable Services.
- e. Bureau of Payable Services shall run reports to monitor XML blocked invoices and to monitor the timely processing of workflow items. The Bureau of Payable Services shall work with the respective agency and/or vendor as necessary for corrective action.

6. RESPONSIBILITIES.

a. Receivers shall:

- (1)** Verify receipt of all materials ordered and delivered and services ordered and rendered.
- (2)** Enter GRs/confirmations into the SAP/SRM system within 48 hours of receipt of materials and/or services. If entry is not posted within 48 hours and if posting is delayed until the following month, the receivers shall enter the actual receipt date by overwriting, with the actual receipt date, the system default date in the document date field. GRs/confirmations shall not be entered in advance of actual receipt.
- (3)** Respond to requests from agency PO line item reconcilers, Bureau of Payable Services' Invoice Processors and Bureau of Payable Services' Exception Processors and assist in the reconciliation of GRs/confirmations to IRs.

b. Agency PO Line Item Reconcilers shall:

- (1)** Receive workflow rejected work items from the Bureau of Payable Services. See Enclosure 1 for List of Rejections and Routing. Investigate and correct discrepancies between GRs/confirmations and IRs and any invoice errors relative to pricing.
 - (a)** If the GR/confirmation does not match the IR, contact shall be made with the appropriate parties to reconcile the differences by the end of the current month.
 - (b)** If invoice pricing does not match the PO and invoice pricing is in error, contact shall be made with the appropriate parties to request a corrected invoice. Reconciliation shall occur by the end of the current month.
 - (c)** If invoice pricing does not match the PO and PO pricing is in error, contact shall be made with the purchasing agent to request a corrected PO. Reconciliation shall occur by the end of the current month.
 - (d)** SAP transactions MR11, MR11Show & Y_DC1_32000674 are available to assist in monitoring the GR/IR discrepancies on an as needed basis.
- (2)** Resolve rejections/exceptions and route information regarding how the issue was resolved or is to be resolved to the Comptroller PO Invoice Processor to adjust, approve and post an invoice.
- (3)** Reject invoices where exceptions cannot be resolved to the Bureau of Payable Services Exception Processing Unit.
- (4)** Send a Return/Reject Form Letter to the vendor, as necessary.

c. Bureau of Payable Services, Invoice Processors shall:

- (1) Access invoices in SAP.
- (2) Conduct pre-audit review of invoices for completeness and accuracy.
- (3) Post invoices into SAP.
- (4) Reject invoices for corrective action, as necessary.

d. Bureau of Payable Services Exception Processing Unit shall:

- (1) Resolve exceptions/rejections by working with the agency PO line item reconcilers as necessary.
- (2) Post invoices.
- (3) Reverse post-blocked invoices in SAP in accordance with established procedures.
- (4) Reject invoices.
- (5) Send a return/reject form letter to the vendor, as necessary
- (6) Review open items in the workflow monitoring report and follow-up with the appropriate agency PO line item reconcilers for corrective action.

7. PROCEDURES. The following manuals have been created for the above activities and are hereby incorporated by reference:

- a. Department of Revenue (DOR) Procedures for Receipt, Sorting, Scanning and Indexing
- b. Resolving Invoice Documents Received at Incorrect Locations
- c. Quality Control Unit Procedures
- d. Agency PO Line Item Reconciler Desk Procedures
- e. PO Invoice Processing
- f. PO Invoice Exception Processing

Enclosure 1 – List of Rejections and Routing

This directive replaces, in its entirety, *Management Directive 310.31*, dated March 14, 2008.

List of Rejections and Routing

Pennsylvania Finance Transformation

Priority and Routing of Rejected Invoices



Priority	Rejection Reason	Rejection Code	Routing
1	Duplicate Invoice	C10	Comptroller Exception Processing Unit
2	Market-Based - No GR	C15	Agency
3	Multiple Account Assignment - No GR	C20	Agency
4	Incorrect Vendor Number	C25	Comptroller Exception Processing Unit
5	Incorrect Vendor Remit to Address	C30	Comptroller Exception Processing Unit
6	Incorrect Purchase Order Number	C35	Comptroller Exception Processing Unit
7	Incorrect Line Item Data	C40	Comptroller Exception Processing Unit
8	Letter of Payment Assignment	C45	Agency
9	Dates of Service/Delivery Date Missing	C50	Agency
10	Invoice Outside of Validity Date	C55	Agency
11	State-Wide Contract Issue	C60	Agency
12	Incorrect Account Assignment	C65	Agency
13	Budget Error	C70	Agency
14	Other	C99	Comptroller Exception Processing Unit

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