
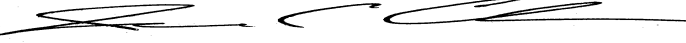


MANAGEMENT DIRECTIVE

Commonwealth of Pennsylvania Governor's Office

Subject: Processing Electronic Invoices in SAP	Number: 310.33
Date: August 21, 2009	By Direction of:  Mary A. Soderberg, Secretary of the Budget  James P. Creedon, Secretary of General Services
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This directive establishes policy, responsibilities, and procedures to allow the receipt and processing of electronic invoices from vendors in SAP.

1. **PURPOSE.** To establish policy, responsibilities, and procedures to allow the receipt and processing of electronic invoices from vendors in SAP.
2. **SCOPE.** This directive applies to all departments, boards, commissions and councils (hereinafter referred to as "agencies") under the Governor's jurisdiction. It is recommended that agencies not under the Governor's jurisdiction adopt and implement similar policies and procedures.
3. **OBJECTIVES.**
 - a. To allow the receipt of electronic invoices by the commonwealth.
 - b. To ensure proper protocols and procedures are established to process electronic invoices timely and accurately in SAP.
4. **DEFINITIONS.**
 - a. **Electronic Data Interchange (EDI).** EDI is a standard format for exchanging business data.
 - b. **Electronic Invoice.** Vendor billing information submitted to the commonwealth in an acceptable electronic format, posted to SAP through an interface, and sent to the Treasury Department for payment.

- c. **Extensible Markup Language (XML).** XML is a flexible way to create common information formats and share both the format and the data on the World Wide Web, intranets, and elsewhere.
- d. **Three way match.** An internal control within SAP that requires an invoice, purchase order, and receiving report agree prior to releasing the invoice for payment.

5. POLICY.

- a. Electronic invoices from vendors are an acceptable form of invoicing the commonwealth. Acceptable formats for electronic invoices include, but are not limited to EDI and XML.
- b. Protocols and procedures must be established to ensure accurate SAP accounting codes and other billing information are received and can be processed in SAP prior to receiving electronic invoices from a vendor.
- c. SAP accounting code and other billing information required to pay electronic invoices must be current in SAP. All new accounts, and deactivations to existing accounts, must be processed in SAP within five business days of account establishment or account closure.
- d. Authorization to pay electronic invoices not associated with a purchase order is granted when the agency being invoiced provides the necessary SAP accounting code to which the invoiced costs will be charged.
- e. Electronic invoices posted against a purchase order will be released for payment subject to the three way match requirements within SAP.

6. RESPONSIBILITIES.

a. Purchase Order Related Invoices.

(1) The Department of General Services (DGS) shall:

- (a) Incorporate language encouraging electronic invoicing into bids.
- (b) Establish protocols and procedures to ensure accurate account information is received and processed correctly.
- (c) Work with agencies and the Office of the Budget, Office of Comptroller Operations, Bureau of Planning and Management to identify vendors to target for electronic invoicing.
- (d) Provide the proper format to vendors interested in submitting electronic invoices.
- (e) Coordinate testing of the electronic invoicing process with vendors, the Office of Administration, Office for Information Technology, Bureau of Integrated Enterprise System (IES), and the Bureau of Planning and Management.

- (f) Work with vendors, BFM, the Office of the Budget, Office of Comptroller Operations, Bureau of Payable Services (BPS), and IES to resolve issues with electronic invoicing.
- (2) **Agencies** shall:
- (a) Enter goods receipts in SAP in accordance with *Management Directive 310.31, Purchase Order Receiving, Invoice Processing, and Invoice Reconciliation Processes*, to ensure the three way match is met and electronic invoices are processed timely for payment.
 - (b) Provide valid SAP accounting code to which costs submitted on electronic invoices should be charged.
 - (c) Notify BFM when an agency account with a vendor is closed and no further payments should be made.
 - (d) Review posted payment invoices in SAP and dispute any erroneous charges in accordance with established procedures.
 - (e) Work with DGS and the Bureau of Planning and Management to identify vendors to target for electronic invoicing.
- (3) **Office of the Budget, Office of Comptroller Operations, Bureau of Financial Management** shall:
- (a) Maintain the SAP table used to code incoming electronic invoices.
 - (b) Work with vendors, BPS, IES, and DGS to resolve issues with electronic invoices.
- (4) **Office of Administration, Office for Information Technology, Bureau of Integrated Enterprise System** shall:
- (a) Coordinate testing of the electronic invoicing process with vendors and DGS.
 - (b) Work with vendors, BFM, BPS, and DGS to resolve issues with electronic invoicing.
- (5) **Office of the Budget, Office of Comptroller Operations, Bureau of Quality Assurance** shall review and correct intermediate document (IDOC) errors created when an invalid SAP accounting code causes the interface posting of electronic invoices to fail in SAP.
- (6) **Office of the Budget, Office of Comptroller Operations, Bureau of Payable Services** shall:
- (a) Monitor blocked electronic invoices and process workflow items, in accordance with *Management Directive 310.31, Purchase Order Receiving, Invoice Processing, and Invoice Reconciliation Processes*.

(b) Work with vendors, BFM, IES, and DGS to resolve issues with electronic invoicing.

(7) **Office of the Budget, Office of Comptroller Operations, Bureau of Planning and Management** shall:

(a) Work with DGS and agencies to identify vendors to target for electronic invoicing.

(b) Work with vendors, DGS, and IES to test the electronic invoicing process.

b. Non Purchase Order Related Invoices.

(1) **Department of General Services** shall work with agencies and vendors to resolve disputes.

(2) **Agencies** shall:

(a) Provide valid SAP accounting code to which costs submitted on electronic invoices should be charged.

(b) Notify BFM when an agency account with a vendor is closed and no further payments should be made.

(c) Review posted payment invoices in SAP and dispute any erroneous charges in accordance with established procedures.

(d) Work with the Bureau of Planning and Management to identify vendors to target for electronic invoicing.

(3) **Office of the Budget, Office of Comptroller Operations, Bureau of Financial Management** shall:

(a) Work with IES to develop a process for accepting and processing electronic invoices from vendors not currently using electronic invoices.

(b) Establish protocols and procedures to ensure accurate account information is received from agencies and processed correctly.

(c) Notify agencies of the process to dispute vendor charges with DGS, when necessary.

(d) Maintain the SAP table used to code incoming electronic invoices.

(4) **Office of Administration, Office for Information Technology, Bureau of Integrated Enterprise System** shall work with BFM to develop a process for accepting and processing electronic invoices from vendors not currently using electronic invoices.

- (5) **Office of the Budget, Office of Comptroller Operations, Bureau of Quality Assurance** shall review and correct IDOC errors created when an invalid SAP accounting code causes the interface posting of electronic invoices to fail in SAP.
 - (6) **Office of the Budget, Office of Comptroller Operations, Bureau of Planning and Management** shall work with agencies to identify vendors to target for electronic invoicing.
7. **PROCEDURES.** The following manuals are incorporated by reference and are available to authorized users on the [Office of Comptroller Operations](#) Web site:
- a. Purchase Order Invoice Processing Desk Procedure Manual.
 - b. Agency Non Purchase Order Invoice Processing Desk Procedure Manual.