



Management Directive

Commonwealth of Pennsylvania

Governor's Office

Management Directive 310.31 Amended – Purchase Order Receiving, Invoice Processing and Invoice Reconciliation Processes

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By Direction of: 
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This directive establishes policy and responsibilities for Purchase Order (PO) Receiving, invoice processing and reconciliation, and the maintenance of PO balances. This amendment adds definitions, updates policy and responsibilities, and adds the link to the Bureau of Payable Services' Customer Service Portal for procedural manuals.

1. PURPOSE.

To establish policy and responsibilities for PO Receiving, invoice processing and reconciliation, and the maintenance of PO balances.

2. SCOPE.

This directive applies to all departments, offices, boards, commissions, and councils under the Governor's jurisdiction and to independent agencies that use the Commonwealth's SAP/Supplier Relationship Management (SRM) (hereinafter referred to as "agencies").

3. OBJECTIVES.

- a. To establish policy and responsibilities for PO Receiving, invoice processing and reconciliation, and the maintenance of PO balances.
- b. To establish responsibilities to ensure that outstanding Goods Receipt (GR) and Invoice Receipt (IR) account balances are cleared and that prompt payment to vendors is issued.

4. DEFINITIONS.

- a. **Goods Receipt (GR).** An electronic entry by an Agency Goods Receiver to confirm services or goods were received by the requesting agency in accordance with the terms and conditions of the PO.
- b. **Invoice Receipt (IR).** An electronic entry by the Bureau of Payable Services (BPS) Invoice Processor, based on the vendor's invoice, to generate payment to the vendor.
- c. **Purchase Order (PO) Line-Item Reconciliation.** The comparison of PO line-items, GRs and IRs to confirm that quantities of materials or services ordered, received, and invoiced all match.
- d. **Receiving.** Activities involved in the physical receipt of materials or the acknowledgement of services rendered and entry of the electronic GR into the SAP/SRM system.
- e. **Supplier Relationship Management (SRM).** The web-based procurement module that allows Procurement Vendors to register themselves for a Vendor number and maintain master Vendor data (excluding TIN and name) in SAP.

5. POLICY.

- a. Maintenance of PO balances in SAP/SRM requires timely, accurate, and complete entry of receipts; processing of invoices; and PO Line-Item Reconciliation of GRs to IRs.
- b. Agency Goods Receivers and BPS Invoice Processors shall ensure that the PO line-item history reflects the actual quantities received and amounts paid.
- c. GRs shall be entered into SAP/SRM within 48 hours of physical receipt of materials or completion of services rendered but not in advance of actual receipt. GRs shall be entered in the same month that goods or services are received. For additional information refer to the *Manual 215.03 Amended, Procurement Handbook*.
- d. GRs shall be entered independently of the invoice and based on items such as, but not limited to, time sheets, delivery tickets and bills of lading.
- e. Invoices shall be submitted by the vendor to a centralized receiving and imaging unit in accordance with the following:
 - (1) Upon receipt, the invoice will be scanned/imaged with index information which is passed via an interface to SAP in a 'held' document status.
 - (2) Any invoice that is received but cannot be scanned and indexed will be forwarded to the BPS for corrective action that may include returning the invoice to the vendor if necessary.
 - (3) Each 'held' SAP document will be routed via workflow to the BPS 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 BPS Exceptions Processing Unit for further action.

- f. Agencies will receive notification of blocked items via workflow from BPS. Agency PO Line-Item Reconcilers shall take the appropriate corrective action on any work items received via workflow from BPS.
- g. BPS shall run reports to monitor blocked invoices posted outside of workflow and to monitor the timely processing of workflow items. BPS shall work with the respective agency and/or vendor as necessary for corrective action.

6. RESPONSIBILITIES.

a. Agency Goods Receivers shall:

- (1) Verify receipt of all materials ordered and delivered and services ordered and rendered.
- (2) Enter GRs into SAP/SRM 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 Agency Goods Receivers shall enter the actual receipt date by overwriting, with the actual receipt date, the system default date in the document date field.
- (3) Respond to requests from Agency PO Line-Item Reconcilers, BPS Invoice Processors and Exception Processors and assist in the reconciliation of GRs to IRs.

b. Agency PO Line-Item Reconcilers shall:

- (1) Receive workflow rejected work items from BPS.
- (2) Perform PO Line-Item Reconciliation to investigate and correct discrepancies between GRs and IRs and any invoice issues. If the GR and IR quantities do not match, the difference exists because 1) activity continues on the PO line-item and additional GR or IR activity is expected in the future or 2) the agency is reviewing GR and IR postings for errors.
- (3) By the end of the same month that goods or services are received, contact the appropriate entities, and reconcile the differences if the GR does not match the IR.
- (4) Resolve rejections and add notes to the workflow items regarding how the issue was resolved or is to be resolved then approve the workflow items back to the BPS PO Invoice Processor to post.
- (5) Reject invoices that should not be paid or were posted incorrectly to the BPS Exception Processing Unit.

c. BPS 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. BPS 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.

7. PROCEDURES.

- a.** Agencies shall refer to the [Bureau of Payable Services' Customer Service Portal](#) for the *Agency PO Line-Item Reconciler Desk Procedures* and the *Resolving Invoice Documents Received at Incorrect Locations* guides, which are incorporated in this directive by reference.
- b.** BPS shall utilize the *PO Invoice Processing* and *PO Invoice Exception Processing* guides, which are incorporated in this directive by reference.

This directive replaces, in its entirety, Management Directive 310.31 Amended, dated May 11, 2009.