

Departmental Invoice Reporting

Easy as 1-2-3

Please **DO NOT** use the clickers until you are instructed to do so.

Thank you!

March, 2009



Welcome to our class on Departmental Invoice Reporting.

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We've been joined by Jim McCarthy and Kim Smith from Purchasing who will be able to answer any detailed Purchasing process questions you might have.

For our session today, I'm going to tell you what processes will change and what additional information you will have now that we have electronic departmental invoice reports. Amy will come up after that and show you where the reports are located, how to run them, and what information is available to you on the reports.

To make things a little more interesting, though, we're going to try using the classroom response system. Please don't use your clickers until I instruct you to do so.

True or False:

The invoice reports will now be available electronically, and departments will also continue to receive paper copies of the invoices.

1. TRUE
2. FALSE

Our first three questions are true/false. After I read the question, please choose 1 for true and 2 for false. (READ THE QUESTION.) Comment on the responses...the answer is false because the departments will NOT continue to receive paper copies of the invoices.

TRUE or FALSE:

The Disbursements Department checks all invoices so that the departments do not need to reconcile their invoices.

1. TRUE
2. FALSE



Second question: (Read the question.) Please choose 1 for true and 2 for false. Comment on the response. The answer is False because Procurement and Disbursements does not receive the items so the departments must check the invoice against what they received.

TRUE or FALSE:

Since our vendors usually send the invoice when they send the goods, their invoices will probably be correct so we don't need to check them.

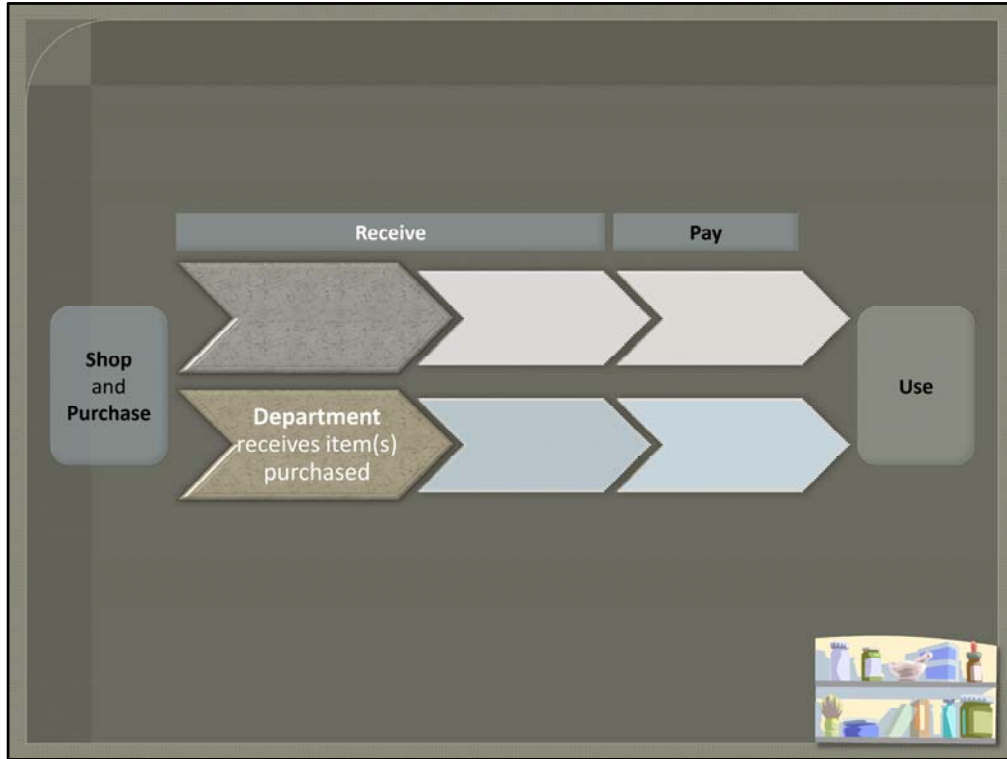
1. TRUE
2. FALSE



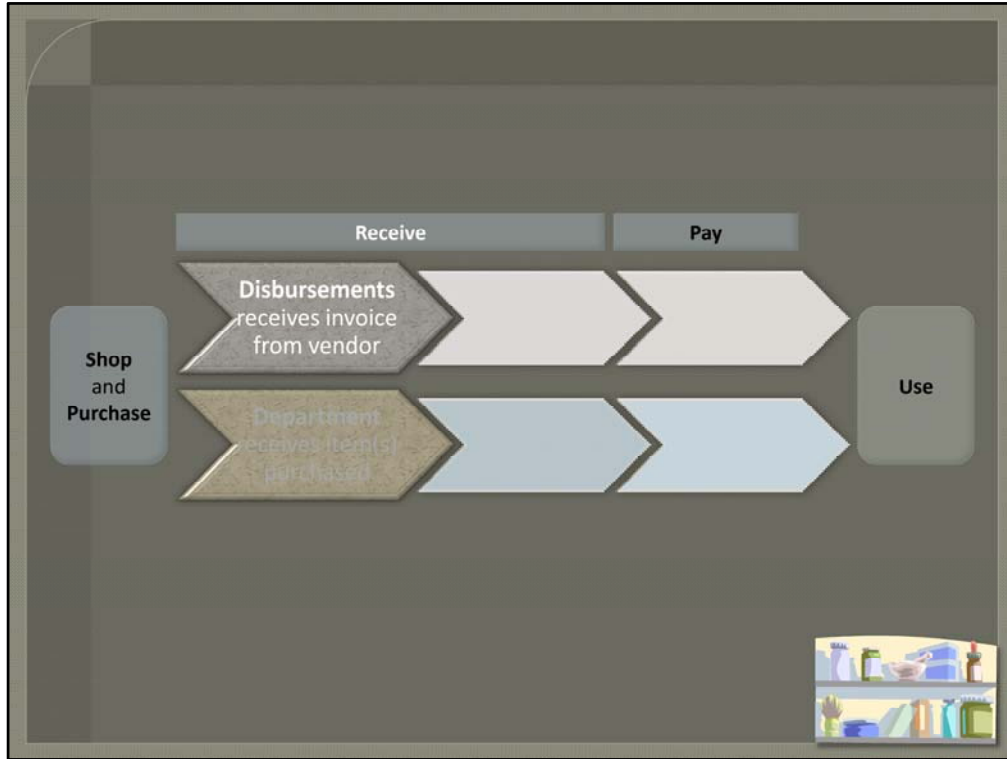
Last question: (Read the question.) Comment on the question. The answer is False because the vendors can make mistakes either on the invoice or on what they send.



Now we're going to talk a little more about the Procurement and Disbursements process so that you'll understand the answers to these questions a little better and you'll know what your responsibilities are for the things you buy. We'll start off by assuming that you (or someone in your department) has already decided what they wanted to buy. You have purchased the item using one of the several purchasing methods at Vanderbilt. Please note that for this presentation, we aren't going to focus on HOW the item was purchased, but on rather what happens after the item is sent to Vanderbilt.



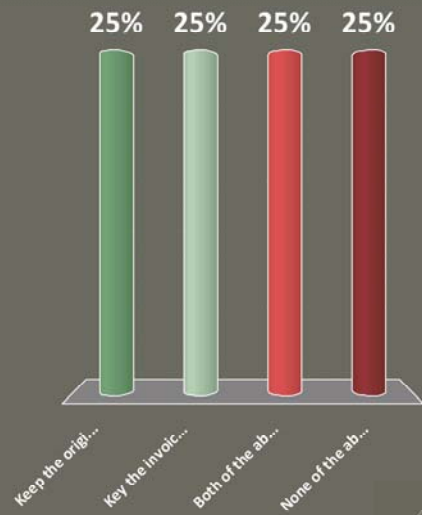
On the following slides on the top row, you will see what happens in Procurement and Disbursements after an item is sent to Vanderbilt. On the bottom row you will see what your departmental responsibilities are. This slide shows that a department has received the items which they ordered.



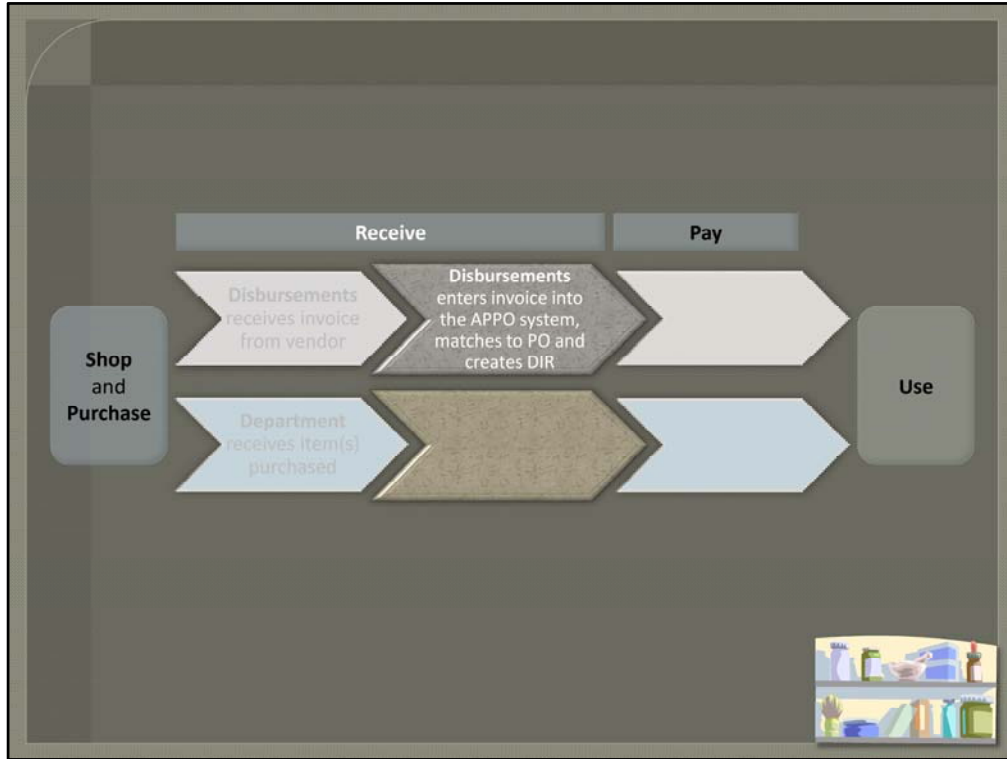
When vendors send items to Vanderbilt departments, they usually send the invoice to Disbursements.

When Disbursements receives an invoice they...

1. Keep the original and send a copy to the department
2. Key the invoice into the APPO system
3. Both of the above
4. None of the above



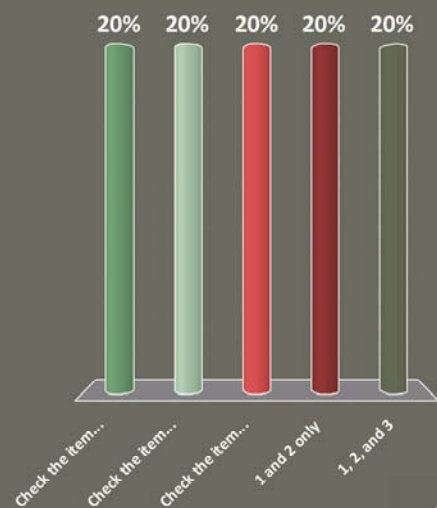
Using your clickers, see if you know what Disbursements does after they receive the invoice. (Read the question.) The answer is #2 because the departments will no longer receive a copy in their department. Emphasize that the departments will no longer be receiving paper copies of the invoice reports and that these reports will now be created and available electronically.



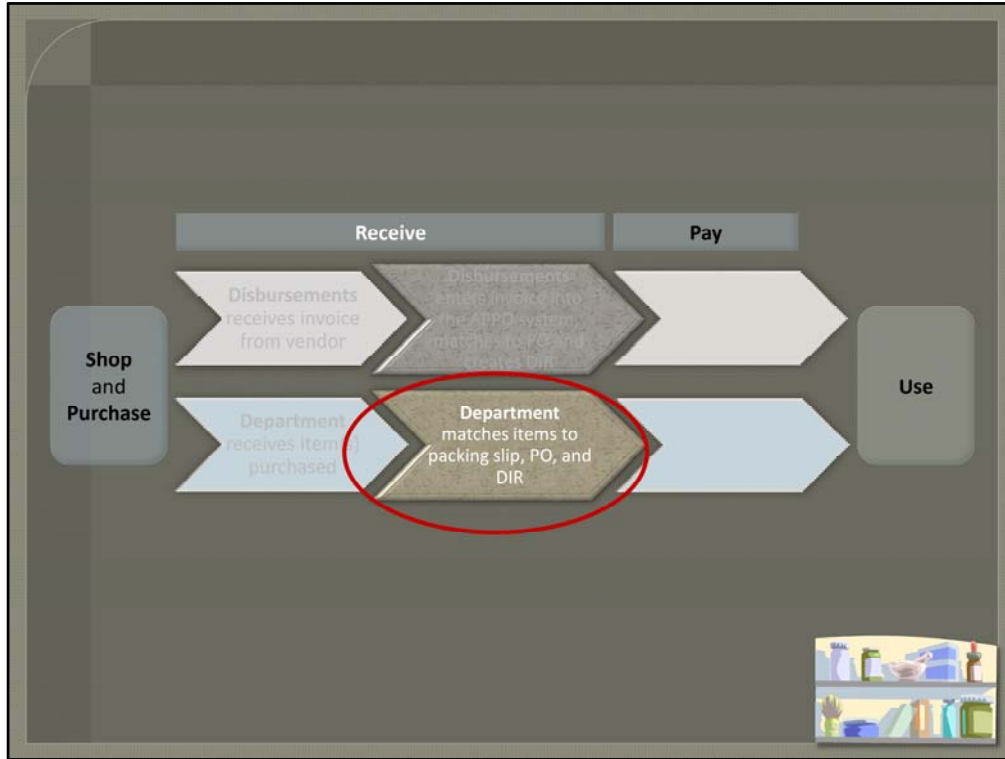
As you can see, Disbursements enters the invoices into the APPO system where they are matched against the PO so that the system can create the electronic Departmental Invoice Reports.

When a department receives the items they purchased, they should...

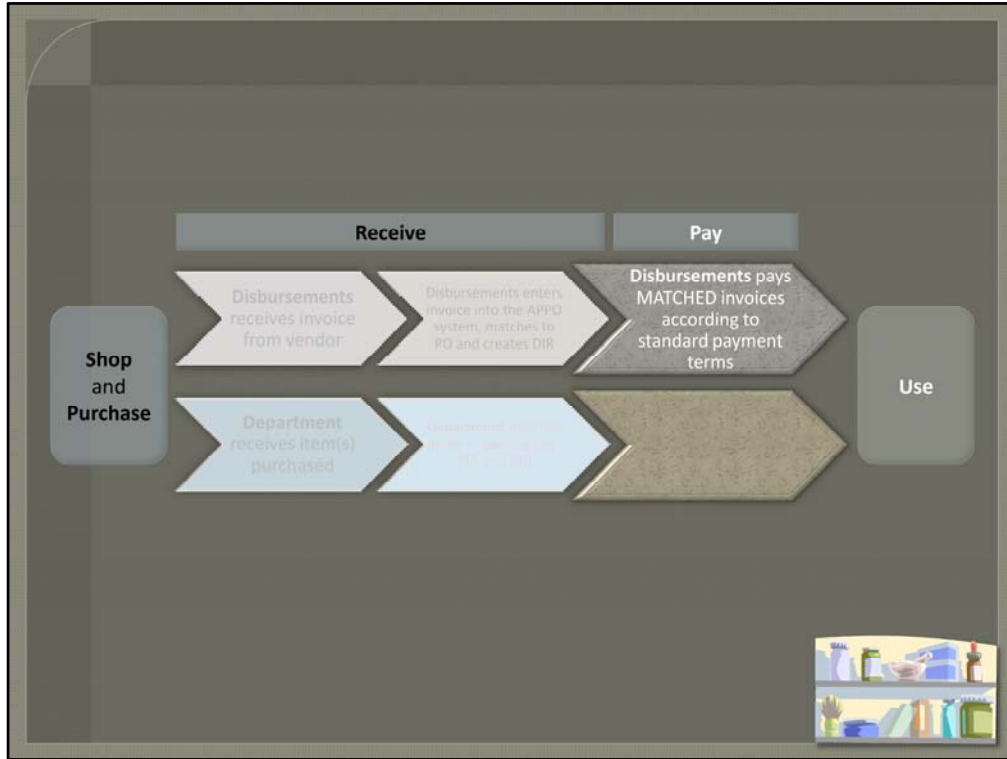
1. Check the items against the packing slip
2. Check the items against their Purchase Order
3. Check the items against the DIR
4. 1 and 2 only
5. 1, 2, and 3



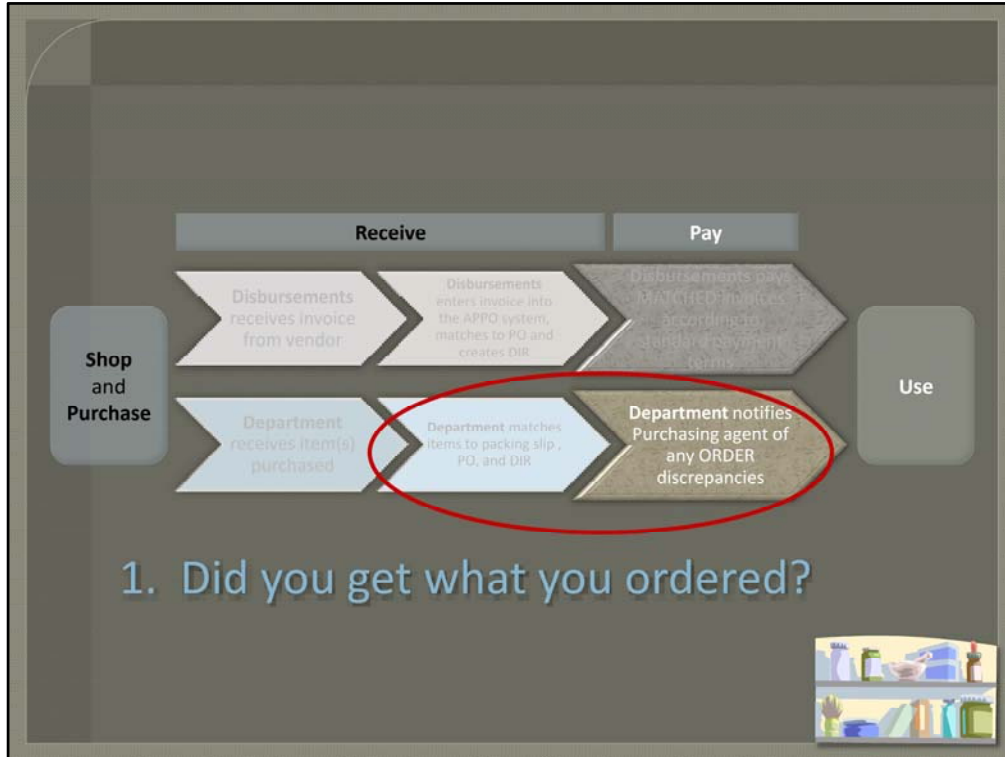
On the departmental side, see if you know what a department should do when they receive the items they have purchased. Should they... (read the answers) Discuss the correct answer (#5) – Departments must check against all three because vendor may send an incomplete order. The department would need to remember to make sure they receive the remaining items in the future.



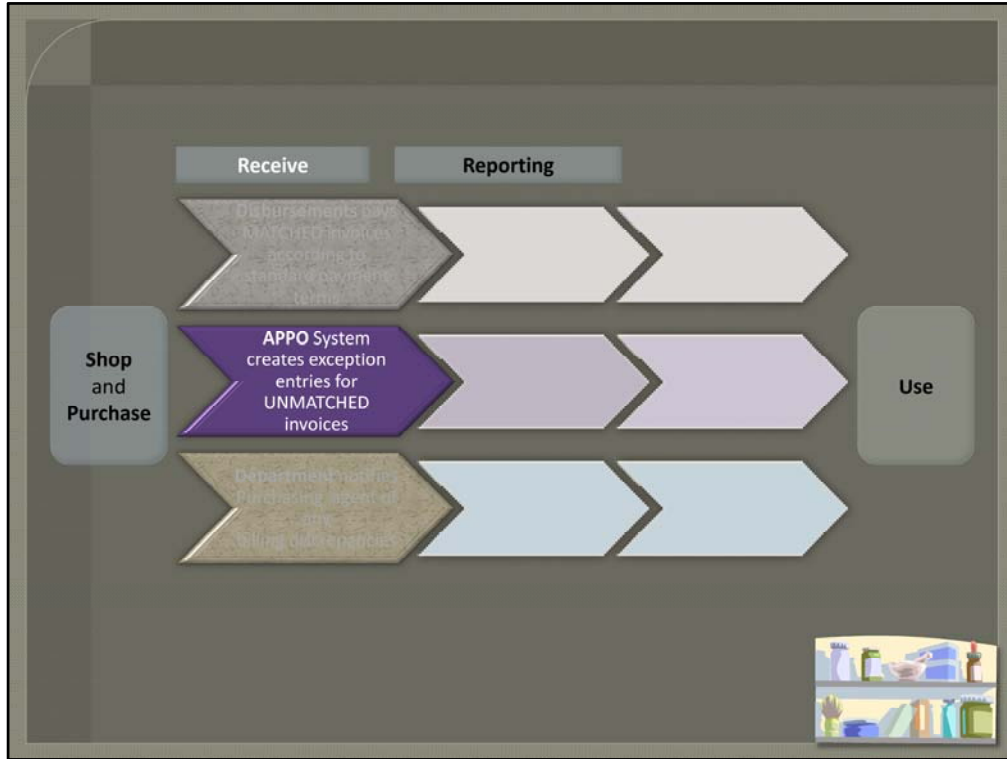
As you can see, the department's responsibility is to match the items they receive to the packing slip, to the Purchase order, and the Departmental Invoice Report. If the APPO system matches the invoices to the Pos, why do the departments need to match what they ordered to the PO and DIR? They need to check because the quantity sent might be less than quantity ordered. Also, they need to check that they were invoiced only for what was sent. Folks in Disbursements don't see the ordered items so they can't check that. Only the departments can. Departments are responsible for the receiving function and should also check items for quality.



Disbursements has a process to match invoices against the PO. If the invoices match, they are paid according to standard payment terms (usually 45 days after the invoice date) on Tuesdays.



As the departments check the items they receive against the packing slip, the PO and Departmental Invoice Report, they need to notify the Purchasing agent listed on the PO of any ORDER discrepancies. So the first thing you need to think about is, “Did you get what you ordered?”



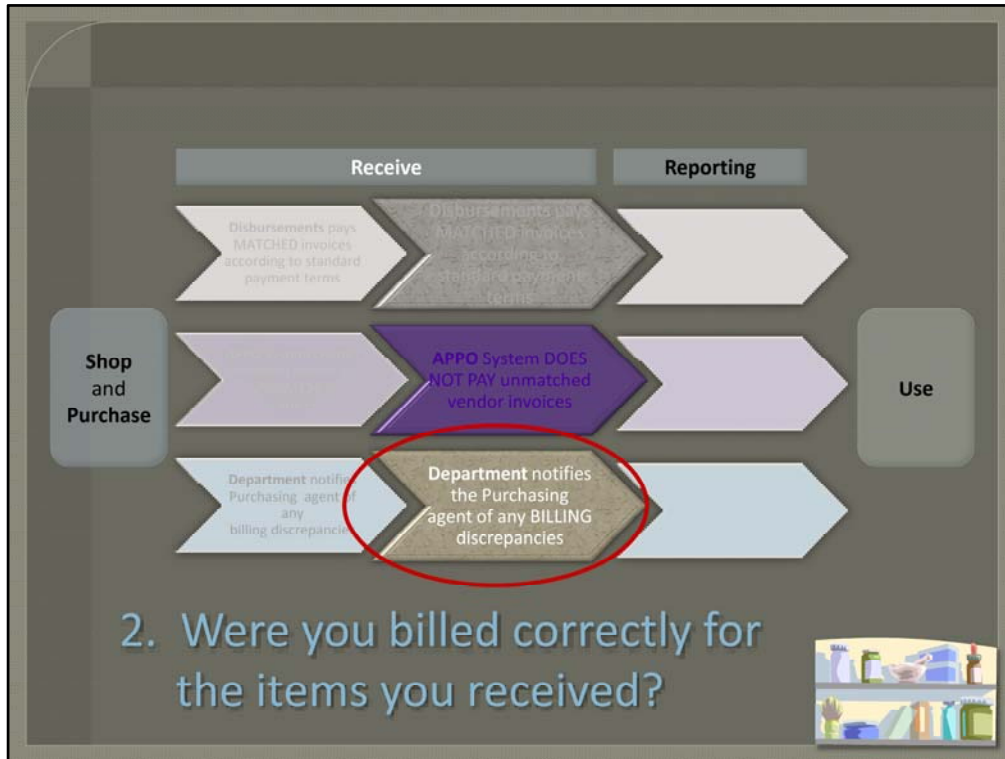
In this slide, I have added another row to show you what happens in the APPO system for invoices that DON'T match the PO.

What happens when an invoice is marked as "MATCH EXCEPTIONS EXIST" on the DIR?

1. Disbursements must still pay the vendor
2. Disbursements does not pay the vendor
3. It depends...



Read the slide. Discuss the answer (#2). The vendor does NOT get paid because only the department can tell whether the invoice is correct or not. Remind the group that the Purchasing agent might need to fix the PO.



The second thing departments must do as they review the items they receive is to notify the Purchasing agent of any BILLING discrepancies that they find. If the billing is incorrect, Disbursements needs to know so that they will not pay the invoice. If the billing is correct, but didn't match to the PO, Disbursements needs to know so that the vendor will get paid.

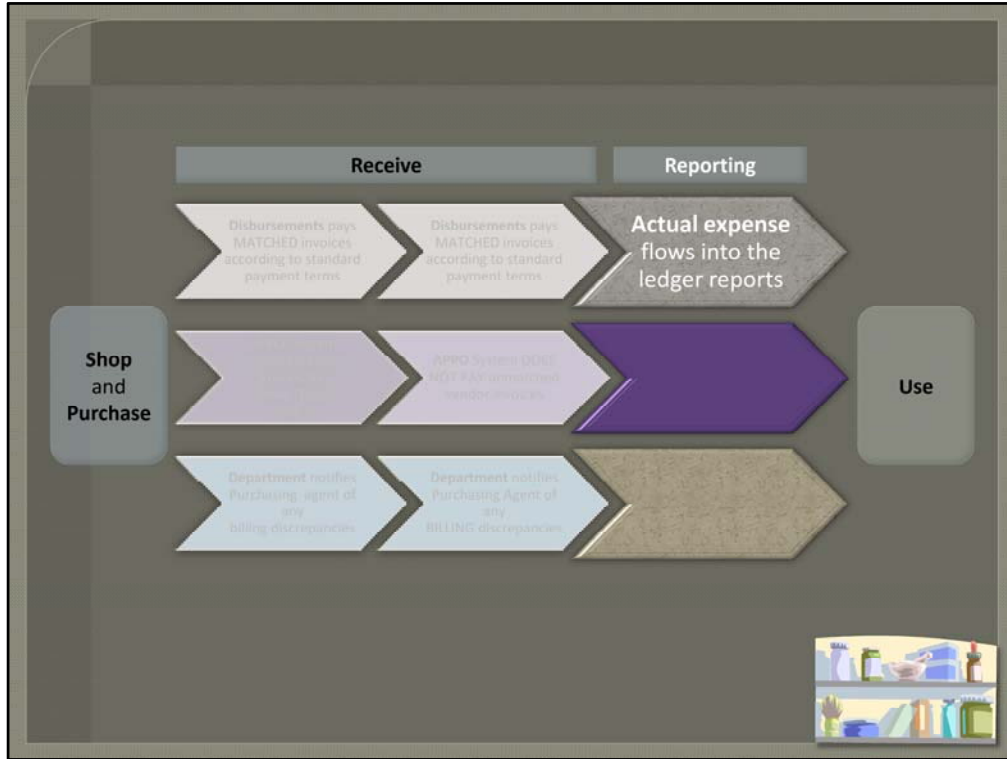
So the second thing you need to think about is, "Were you billed correctly for the items you received?" Best practice would be to check your DIR's weekly when you receive your weekly email.

Where is the entry recorded once an invoice is keyed?

1. In the APPO system
2. In the General Ledger
3. Both
4. Neither



Read the slide. Discuss the answer (#3). When the invoices are keyed into the APPO system, the entry flows automatically into the General Ledger.



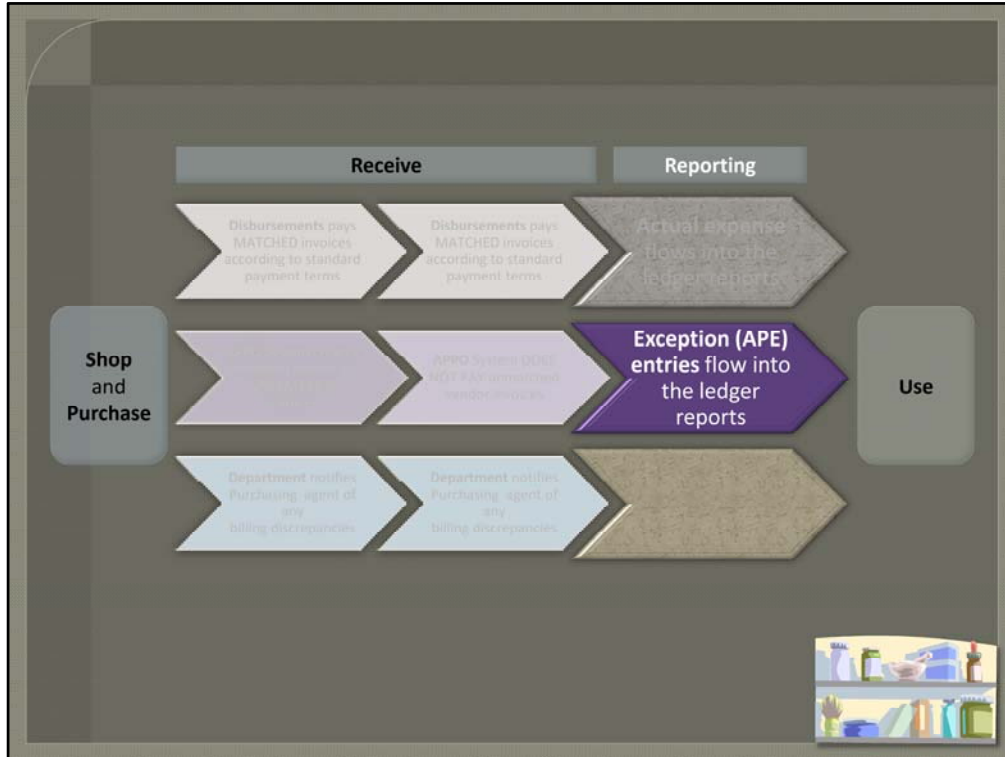
The actual expense is recorded in the General Ledger right after it is keyed into the APPO system

What shows up in the ledger reports if unmatched items are not resolved?

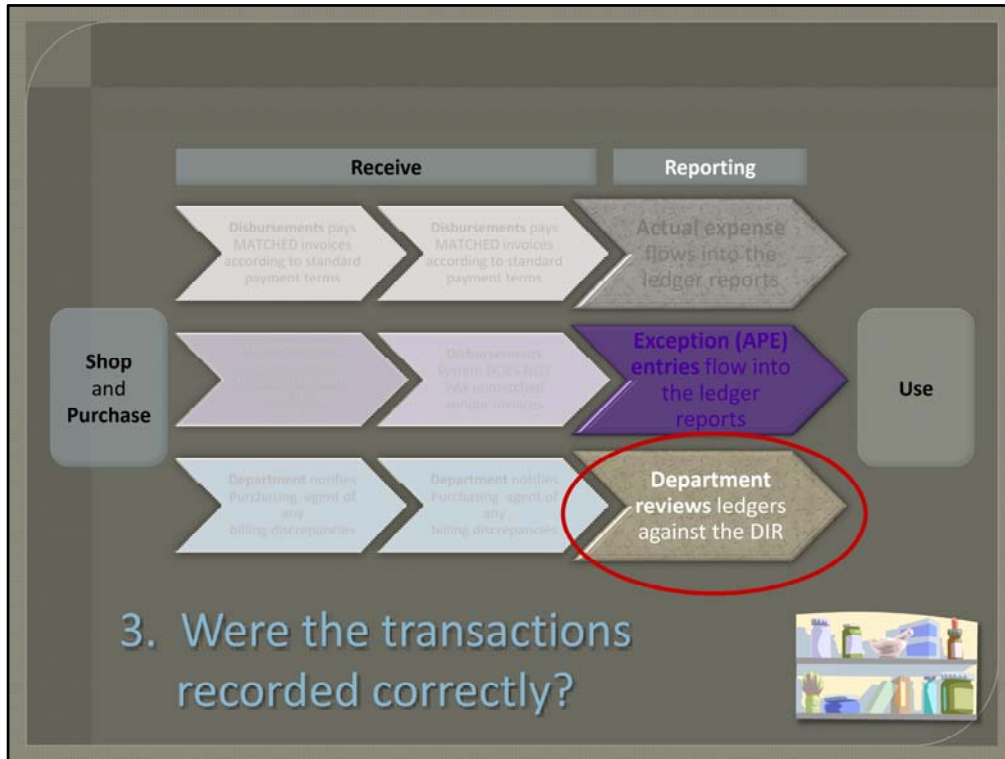
1. Nothing. Those items do not show on the ledger sheets because they have not been paid.
2. Items show as exception entries in the ledger sheets.
3. None of the above.



Read the question. Discuss the answer (#2). Exception entries are marked with a Journal Entry Identifier of APE.



Unmatched items on the DIR that are not resolved flow into the General Ledger as exception entries. They will have a journal entry ID starting with APE. They will show both as an expense and also as a credit (reversing the expense out) until the department notifies Disbursements about how to resolve the mismatch so that the vendor can be correctly paid. Once the payment is made, the entry will go into the ledger, recording the actual expense.



The final item that departments must check is to see if the purchase transactions were recorded correctly in the General Ledger. Items can be recorded incorrectly if there is an incorrect center or account number on the PO. Items could be erroneously charged to your center or they could be applied to the wrong account number.

Can you remember the 3 things
that departments are
responsible for?

Please write your answer in the blanks
provided on your handout.



To summarize, please see if you can remember the 3 things that you in the departments are responsible for.

Write your answer in the blanks provided on your handout.

1. Did you get what you ordered?
2. Were you invoiced correctly for the items you received?
3. Were the transactions recorded correctly on your ledgers?



To answer the questions, “Did you get what you ordered?” and “Were you invoiced correctly for the items you received?” match the items you receive against the packing slip, the PO, and the DIR.

To answer the question, “Were the transactions recorded correctly?” departments need to review their ledgers against the DIR.