

IES Purchasing: Invoice Processing

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Purpose

The purpose of this Document is to explain how to process Invoice Events on Purchase Orders.

Summary of Order Types

CP = Central Purchasing ASO = Automated Stock Orders DDP = Delegated Direct Purchasing MOD = Manufacture On Demand

Introduction

Invoice events on Purchase Orders logically follow the Goods Received (GRV) events, in order that the Suppliers may be paid. When Invoice events are processed on Purchase Orders, then the Supplier Accounts are simultaneously updated with the values for payment.

The exception to the usual sequence is the case of Indent Orders, when the Invoice events precede the GRV events, because Indent Orders are essentially pre-paid Orders.

Source Document

Source Documents are primary input to Purchase Order processing. The source document for INV processing is typically the Invoice as received from the Supplier, and may optionally be supplemented by the Event Status Print for INV processing (see the User Manual for Purchasing Event Status Prints).

Where to Process

INV Processing is part of what is referred to as Purchase Order Events, and the Purchase Order Events are all processed from the visual Event Screens, where the entire status of a Purchase Order is visible on a single screen.





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From the main Purchasing options, choose "Order Event Processing" and then choose the appropriate option for the Order type, i.e. Standard CP/ASO or Indent CP/ASO (pre-paid Orders). DDP Invoice Processing requires Payment Requests and Authorization, and for DDP Orders you should choose 'Facilitated Event Processing'. MOD Orders must be processed from the MOD Sheets in Manufacture.

1 Order Detail	<u>2</u> Events			
POT	NUMBER			
	P	Purchase	Order	Events

The system will open the appropriate screen according to the option selected, and at "PO Number" you must either type the Order Number to process, or use the lookup to select the correct Order.

108412	1000		and the second se		1 Sugaror ol
	c/1	OLYMPUS CAMEDIA	ea	10.01	2.00
201718	c/2	CANON EF 28-105	ea	209.53	10.00
270160	c/3	PENTAX MZ-M BOD	ea	210.00	100.00
			-		
		-			
	-				-
	70160	01718 c/2 70160 c/3	01718 C/2 CANON EF 28-105 70160 c/3 PENTAX MZ-M BOD	01718 C/2 CANON EF 28-105 ea 70160 C/3 PENTAX MZ-M BOD ea	01718 C/2 CANON EF 28-105 ea 209.53 70160 C/3 PENTAX MZ-M BOD ea 210.00

	>>> Invoiced	Code	Descr	Unit	Price	Quantity
1						

Any Purchase Order Events may be processed on this screen, but this document is about Invoice processing specifically, and as such we will only discuss the INV events. The INV event may be processed on any or all Order Items currently showing in the "Received" section (for Indent Orders, this will be for Items showing at "On Order"). To activate a INV event, you can either dbl-click on an item in this section, or choose the "Invoicing / Goods Return" function. The system responds as follows: -

Se	lect just 1			RECEIVED
1	Item Full Invoice			
2 3 4	Item Part Invoice Item Full Return Item Part Return			Invoicing / Goods Retu
5	Auto Invoice All			
S	elect ALL Show Full Line	Cancel	ок Г	





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Options 1, 2 and 5 are all INV events. Option 5 will facilitate INV processing of all Order Items in 1 step (if you have access to this function on your Profile), whereas options 1 and 2 are used for processing 1 Order Item at a time.

We start with option 1: Item Full Invoice

56	elect 1 I	tem, please	
L	3008412	c/1	OLYMPUS CAMEDIA MASTER PRO 4.2
2	0201718	c/2	CANON EF 28-105MM F3.5-4.5 USM
3	0270160	c/3	PENTAX MZ-M BODY

The next step is to select the Item to Invoice. Bearing in mind that 'Item Full Invoice' means that the exact Quantity that is shown as Received for the selected Item will be processed as Received.

Full Invoice [3] ((ENG))	
Full Item Tavoice	then you will have to
Action 17/04/2006	Number If not then
Davied 68 Line 20051	only the "Invoice No"
Period do [our 2003]	field has to be
Batch	satisfied. This is the
Order Number CP3010	Supplier's Invoice
Order Item 3008412	number.
Item Code C/1	After this, you may
Description OLYMPUS CAMEDIA MASTER PRO 4.2	choose PROCESS to
Unit ea	complete the INV
Price 10.01	step for this Order
Quantity 2.00	Item.
Store Main Store	Hint: The Transaction
	Date and Period may
Invoice No B5050	be amended from
Last Inv on PO	what the system
Bal Expected	defaults, but this is
	usually not
	User Manual for
Guit Drill Invoice Process	"Period Control on
Invoice Amount Currency	PO's."
1 20.02 Local	
•	

If the Invoice Number is specified for the 1^{st} time, i.e. not used before, then the system will open the new Invoice for feeding of the expected Invoice Total, and optionally expected Discount and Withholding Tax indicators.





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Account Code Invoice No	C0-0001 Aanad & Withwal B5050	If the Invoice is new, the system expects
Open/Closed	Open	an Invoice Total. If it
Currency	LOCAL \$	is not known, just
Pay by Date	17/05/2006	
Expected Invoice Total	23,115.32	
Discount %	0	
Withholding Tax Type	0 Zero Withholding Tax	

Before choosing PROCESS, you may also change the Invoice Amount if it is now different to the original Order Value. (Hint: This change will be validated against your privilege level on your Profile.)

Once you choose PROCESS, you will visually see the Order Item disappearing from the "Received" section, and appearing in the "Invoiced" section of the Order.

	>>> Received	Code	Descr	Unit	Price	Quantity
1	0201718	c/2	CANON EF 28-105	ea	209.5	3 10.00
2	0270160	c/3	PENTAX MZ-M BOD	ea	210.0	0 100.00
_				-	1	
	1			1		
	-		-	-		
•	76				•	

>>> Invoiced	Code	Descr	Unit	Price	Quantity
3008412	c/1	OLYMPUS CAMEDIA	ea	10.01	2.00
	>>> Invoiced 3008412	>>> Invoiced Code 3008412 c/1	>>> Invoiced Code Descr	>>> Invoiced Code Descr Unit 3008412 c/1 OLYMPUS CAMEDIA ea	>>> Invoiced Code Descr Unit Price 3008412 c/1 OLYMPUS CAMEDIA ea 10.01

The system has now automatically generated the underlying financial Transactions to reflect the event in the Purchasing and related Financial systems.

The next option we look at is option **2: Item Part Invoice**

Part Invoice is used to invoice only SOME of the quantity that is shown as Received. In this case, you will be allowed and forced to reduce the Quantity, and you may still (optionally) adjust the Invoice Amount as well. Otherwise, the event is similar to 'Item Full Invoice'.

Consider the picture shown above, and observe that we will 'part Invoice' the 'Canon' item, for a quantity of 6, and below we show the effect, i.e. the Order Item gets split into a quantity of 4 that remains as Received (but not Invoiced), and a quantity of 6 that is fully Invoiced.





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Ľ.	>>> Received	Code	Descr	Unit	Price	Quantity
1	0201718	c/2	CANON EF 28-105	ea	209.53	4.00
2	0270160	c/3	PENTAX MZ-M BOD	ea	210.00	100.00
					A.00.800 - 2000.00	
2						
Ĩ		1				
- Ü		1				

	>>> Invoiced	Code	Descr	Unit	Price	Quantity
1	3008412	c/1	OLYMPUS CAMEDIA	ea	10.01	2.00
2	0201718	c/2	CANON EF 28-105	ea	209.53	6.00

Option 5: Auto Invoice

With this option, the User is prompted for the Invoice number, and that is all that is required. Once this has been specified, you will simply see all Items in the 'Received' section move straight to 'Invoiced'.

Note that with this option, you are not prompted for Period, Date or Quantity, or to select an Item or some Items. The system will simply use today's Date, the current active Period, and will select all Items in "Received", and process a full Invoice Item Line in each case.

Corrections

If a mistake is made with a INV processing event, then the way to correct it is to process a Credit Note event, which will return the Order Item to 'Received' (for standard Orders) or 'On Order' (i.e. for Indent Orders) in it's previous state. Thereafter the Order Item may be processed correctly. (See the User Manual for Credit Note Processing.)

DDP Invoicing and Facilitated Event Processing

DDP Orders, being a delegated facility, are controlled to another level, and cannot be invoiced as shown above UNTIL the necessary Payment Authority exists. For DDP Orders, an exact Payment Authority of the exact Amount must be approved for each Line Item BEFORE the Invoice events may be processed.

In this case, after choosing Order Event Processing, choose Facilitated Event Processing.

	Order Event Processing
<u> 2</u>	DDP Supplements
	All Other Supplements
	Facilitated Event Processing



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🛱 Facilitated Order Event Pre	acilitated Order Event Processing					
When y	ou are dealing with Goods Received and In	voice				
Processing be	ased on Source Document, e.g. Delivery Not	te or Invoice,				
then	IES is able to facilitate for you some transpa	rent				
linking to the	approriate Process Screens and Wizards fo	or Standard,				
DDP and I	ndent Orders, based on the Order Number o	captured				
	by you.					
You can also l automatica	et IES check your Queue of Approved DDP Ily open the correct Purchase Orders for pr	Invoices, and ocessing.				
Next Purchase Order #	Search auto Queue	Quit				

Hint: The explanation above indicates that this option can also be used for non-DDP Orders, and this is correct. However, we are indicating here that for DDP Orders, it is necessary to use this step.

To request Payment Authorization on a new Invoice (i.e. so it may be processed for Payment), choose 'Next Purchase Order #' and then specify the PO for which the Invoice will be processed.

205. Renexved	Com	Dates	Unit	Pasce	Quantity	Actual	1	RECEIVED
1 1396752100C	n/1	Bestle Condense	344	4.00	5,00		11	
1396752077	n/2	Blue Mountain C	10.	25.00	2.00	_		Invoicing / Goods Return
								Show Current Authoritostore
								Ped Requests and Aufra

Above, we see some Order Items that have been Received. Before we can process the Invoice event for these Items, we must choose 'Pmt Requests and Auths'.

You may produce	e an automatic Payment Authorisation Requ	est by stating
an inve	pice Number OR selecting an Existing Invoid	ce.
You may only i	nclude Direct Items that have already been	processed
as RECEIVED	and for which no Payment Authorisation e	exists vet
1		
Specify Invoice Number	Select Existing Invoice	Quit

If it is a new Invoice number, then choose 'Specify Invoice Number'. If you are requesting further Authorization on an Invoice Number that has been used before for the same Supplier and for which an Authorization Request is already present, then choose 'Select Existing Invoice'.



P.



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Suppler CE-19981 Annual	6 HITPHILE	
Prodorres # 163		
Purchase Groer # 00918		
Invoice # #15451		
Authoriter, N.L. Botto, Babaily	P2.	
Crédices II Juite History	#1.	15
Date Sent 17/00/1006		

- 2	Direct Ites #	Description	Unit	Dry Received	FLICE	Qty In .
1	1396752100C	Nestle Condensed Nilk 300al	63	5,00	4.00	
2	1396752077	Blue Mountain Cafe 50Dg	- 10	2.00	25.00	
_	2					
-						-
_	-					-
1						1
tex []	Belletler Bill	2	Recolde Tat	N		
		along the second	Dec. Const Mar			-
		Internal Multico:	Show Current Aut	ne Request Au	thortzallan	

The system will auto complete the Payment Request, based on Items showing as 'Received', but you can remove unwanted lines and you can make changes where necessary. To complete the Request, just choose 'Request Authorization'. The Approval Request will automatically appear for Approval by the target Authorizer when he / she performs DDP Payment Authorizations (see the User Manual for DDP Payment Authorizations).

When the Authorizer approves Payment, depending on his / her privileges, the 'due for payment' steps may be automatically processed (i.e. the Invoice steps), or else a notification message may be sent and the Approval will await Invoice Processing in the normal way as shown in the 1st part of this Manual, i.e. once an Approval exists, normal Invoice processing of DDP Orders are valid.

Invoice Processing and Tax Rounding

Tax on Purchase Orders, usually called VAT but also known by various other names in different countries, is calculated in 2 primary ways: -

- □ By Line Item
- By Invoice

The difference in the 2 methods of calculation can present rounding differences on Invoice Totals, as we will demonstrate. The fact is that both methods are valid, and both methods are accepted by the Tax Authorities, and some systems use one method and some use the other. Then, when your system uses one method, and you get an Invoice from a Supplier using a system that uses the other method, then there may be a small difference in the Invoice Total. Our purpose here is to explain the meaning of all this, and then to explain how IES can deal with it seamlessly and effortlessly.

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Consider walking into a shop where each item on the shelf has a 'final price', i.e. when you get to the Checkout Point, that is what you will pay. However, some or most of the Items on the shelf may be taxable, and the price displayed may already include the tax. For example, you select a bar of soap priced at \$1.23, and this is the price you will pay, inclusive of tax at 17%. In a different situation, where the tax is only calculated on the Invoice total, the soap may be priced at \$1.05, and depending on the quantity you select, that will determine the amount on which tax will be calculated.

In the example shown below, we demonstrate a shopping list of 3 items based on the LINE METHOD and also based on the INVOICE METHOD. (Hint: The tax rule is that a price or tax or total must be rounded to 2 decimals.)

In the 1^{st} example, the Invoice Method comes out \$0.02 cheaper than the Line Method, but in the 2^{nd} example, by using the same shopping list with different quantities, the Line Method comes out \$0.07 cheaper.

LINE MET	HOD					INVOICE	METHO	D
ltem	Price	Tax @ 17%	Tax Price	Quantity	Line Value	Price	Quantity	Line Value
Blue Soap	1.05	1.2285	1.23	5	6.15	1.05	5	5.25
White Soap	1.04	1.2168	1.22	5	6.10	1.04	5	5.20
Yellow Soal	1.08	1.2636	1.26	1	1.26	1.08	1	1.08
					13.51			11.53
					1	17% Tax		1.96
								13.49
ltem	Price	Tax @ 17%	Tax Price	Quantity	Line Value	Price	Quantity	Line Value
Blue Soap	1.05	1.2285	1.23	1	1.23	1.05	1	1.05
White Soap	1.04	1.2168	1.22	1	1.22	1.04	1	1.04
Yellow Soaj	1.08	1.2636	1.26	20	25.20	1.08	20	21.60
					27.65			23.69
1						17% Tax		4.03
			7		0	129-11-0-19		27.72

The truth is that the rounding, on average, will cancel each other out on the 2 different methods and when cast over a basket of transactions.

IES employs the Line Method for calculating tax on Purchase Orders. The question is just, when you receive an Invoice from a Supplier who uses the Invoice Method, and where the Invoice total is different to the Order Value as calculated by IES, what should you do? Well, this is easy, and we will demonstrate with an example.

The 1st important point is that when an Invoice is opened (i.e. a new Invoice Number specified), it is important to specify the (Supplier) Expected Invoice total, otherwise IES cannot know that the total is different from what IES expects.





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Account Code Invoice No	CO-0001 Aanad & Withwal 85050	If the Invoice is new, the system expects
Open/Closed	Open	an Invoice Total.
Currency	LOCAL	
Pay by Date	17/05/2006	
Expected Invoice Total	23,115.32	
Discount %	0	
Withholding Tax Type	O Zero Withholding Tax	

When you use the 'Auto Invoice' option to process all Items in 1 step, the system will calculate whether there is a small difference between the Supplier Invoice and the Values as calculated by IES, and if so, will ask your permission to treat it as Tax Rounding. If you agree, then the system will adjust the Invoice Value on 1 of the Order Items (usually the 1st) by the indicated rounding value, and everything else, tax included, will adapt automatically.

The system senses possible Tax Ro	unding that is causing a difference of \$	0.03 between the Purchase Order and
he Invoice Expected Total. Please inc	icate whether this Amount should be p	ocessed as Tax Rounding by adjusting
2	he 1st Invoice Line Item with this Amou	nt.
Hint: If you wish to check the C	antes por la contra presentativa de contra e inferencia	
	rder or involce adain hetore deciding t	986 blagga choosa 1 //
The state of the s	rder or invoice again before deciding, t	hen please choose QUIT AUTO
Think in your monito chook the c	rder of invoice again before deciding, t	nen please choose QUIT AUTO
	rder or invoice again before deciding, t	nen please choose duit Auto
	rder or invoice again before deciding, t	nen please choose duit Autot
	rder or invoice again before deciding, t	nen please choose duit AUTO
	NO. not Tax Pounding	VEC it is Tax Pauralise

Should you use the 'Item Invoice' steps to process the Items 1 by 1, then when you get to the last Item, the system will sense the difference 'about to remain on the Invoice' and will automatically adjust the Invoice Amount for the last Item.

When you are dealing with a Supplier Invoice based on the Invoice Method rather than the Line Method, then the Line Items on the Invoice are not easy to compare to the Order Line Items, i.e. to discern whether the Invoice Prices are correct as ordered, or whether they have increased.

For example, if the Invoice looks like this: -

Olympus Camedia	1	8.77
Nikon Bag	1	<u>8.77</u>
		17.54
Тах		<u>2.46</u>
Total		20.00

And your Order looks like this -

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10.00	1.00	10.00
10.00	1.00	10.00
	10.00 10.00	10.00 1.00 10.00 1.00

It is difficult to compare the '10.00' on the Order, which includes tax, with the '8.77' shown on the Invoice. However, the system offers features to make things easier.

When processing the 1st line item, and specifying the Invoice number, the system will display the Invoice Balance expected, and this can be compared with the Supplier Invoice total. If these totals agree, all is well.

Full Invoice	[3]	((ENG))

Invoice Am	ount	Currency		
0	Quit	Drill Invoice	Process	in our example both totals are 20.00!
Bal Expected		20.00		if it is the 1 st line iten
Last Inv on PO	CP4002			the Supplier Invoice
Invoice No	CP4002			be processed. This ca
Store	Main Sto	ire	-	system displays the balance still expected
Quantity		1.00		Invoice Number, the
Price		10.00		When you specify the
Unit	ea.			
Description	OLYMPUS	CAMEDIA MASTER	PRO 4.2	
Item Code	c/1			
Order Item	3008412			
Order Number	CP4002			
Batch				
Period	68 [Jun	1 2005]	10	
Trans Date	18/	/04/2006	77	
ACTION	L OLL LUC	ar Invoice		

Another useful tool for checking a Line Item without reaching for your calculator is to use the IES Amount Converter, i.e. edit the '10.00' and type '8.77v', i.e. the '8.77' as specified by the Supplier, and where the 'v' tells IES to convert the amount by adding the tax. The answer in this case will come out at 10.00 (in our example the tax rate = 14%).

If the answer comes out the same as on our Order, then we know the Supplier Invoice price is correct as ordered.

Hint: On the 'Invoice Amount' field, check the on-line help to learn more about the IES Amount Converter – it can do a few more tricks.



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