

## IES Purchasing: Invoice Processing

### 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.

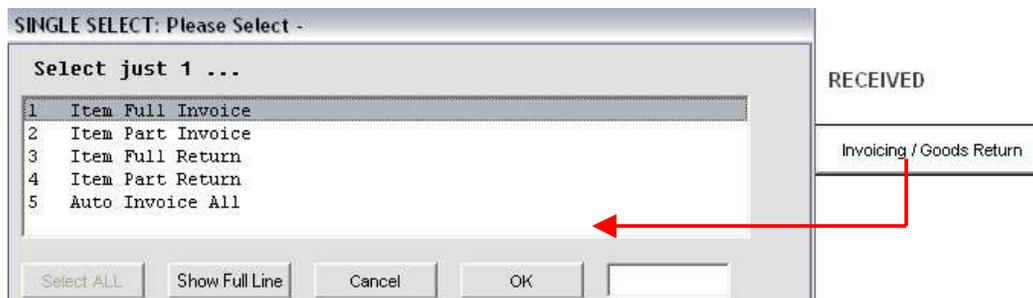


The system will open the appropriate screen according to the option selected, and at "PO Number" you must either type the Order Number to process, or use the lookup to select the correct Order.

	>>> Received	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	10.00
3	0270160	c/3	PENTAX MZ-M BOD	ea	210.00	100.00

	>>> 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: -



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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**

**SINGLE SELECT: please select now -**

**select 1 Item, please**

1	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

Select ALL Show Full Line Cancel OK

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))**

Action: Full Item Invoice

Trans Date: 17/04/2006

Period: 68 [Jun 2005]

Batch:

Order Number: CP3010

Order Item: 3008412

Item Code: c/1

Description: OLYMPUS CAMEDIA MASTER PRO 4.2

Unit: ea

Price: 10.01

Quantity: 2.00

Store: Main Store

Invoice No: B5050

Last Inv on PO:

Bal Expected:

Quit Drill Invoice Process

Invoice Amount	Currency
1 20.02	Local

If "batching" is ON, then you will have to capture a Batch Number. If not, then only the "Invoice No" field has to be satisfied. This is the Supplier's Invoice number.

After this, you may choose PROCESS to complete the INV step for this Order Item.

Hint: The Transaction Date and Period may be amended from what the system defaults, but this is usually not necessary. (See the User Manual for "Period Control on PO's.")

If the Invoice Number is specified for the 1<sup>st</sup> 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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	>>> 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

	>>> 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.

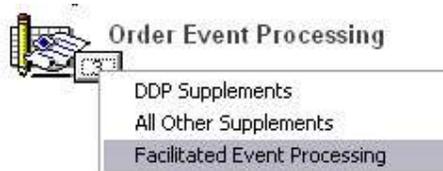
**Corrections**

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**

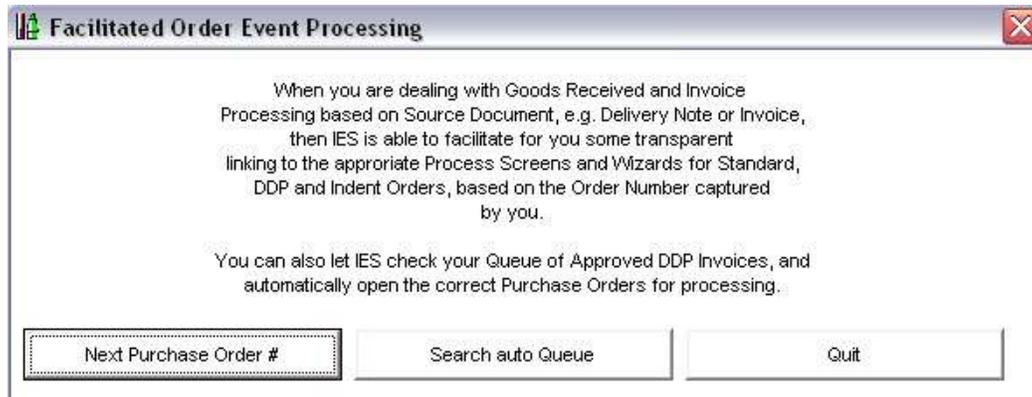
DDP Orders, being a delegated facility, are controlled to another level, and cannot be invoiced as shown above UNTIL the necessary Payment Authority exists. For DDP Orders, an exact Payment Authority of the exact Amount must be approved for each Line Item BEFORE the Invoice events may be processed.

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



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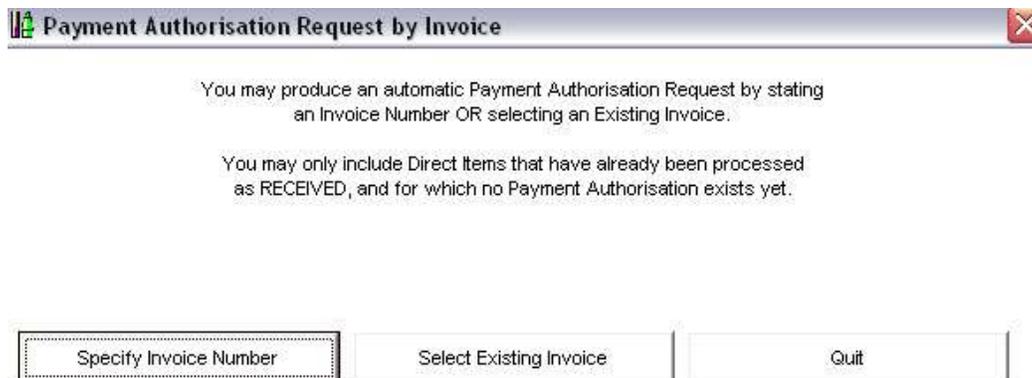


Hint: The explanation above indicates that this option can also be used for non-DDP Orders, and this is correct. However, we are indicating here that for DDP Orders, it is necessary to use this step.

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.

PO>> Received	Code	Descr	Unit	Price	Quantity	Actual	
1	1398752100C	n/1	Mestle Condense	ea	4.00	5.00	RECEIVED
2	1398752077	n/2	Blue Mountain C	ea	25.00	2.00	Invoicing / Goods Return
							Show Current Authorizations
							Pmt Requests and Auths

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'.



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'.

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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<sup>st</sup> example, the Invoice Method comes out \$0.02 cheaper than the Line Method, but in the 2<sup>nd</sup> example, by using the same shopping list with different quantities, the Line Method comes out \$0.07 cheaper.

<u>LINE METHOD</u>						<u>INVOICE METHOD</u>		
Item	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 Soap	1.08	1.2636	1.26	1	1.26	1.08	1	1.08
					<b>13.51</b>			11.53
						17% Tax		1.96
								<b>13.49</b>
Item	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 Soap	1.08	1.2636	1.26	20	25.20	1.08	20	21.60
					<b>27.65</b>			23.69
						17% Tax		4.03
								<b>27.72</b>

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 1<sup>st</sup> 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.

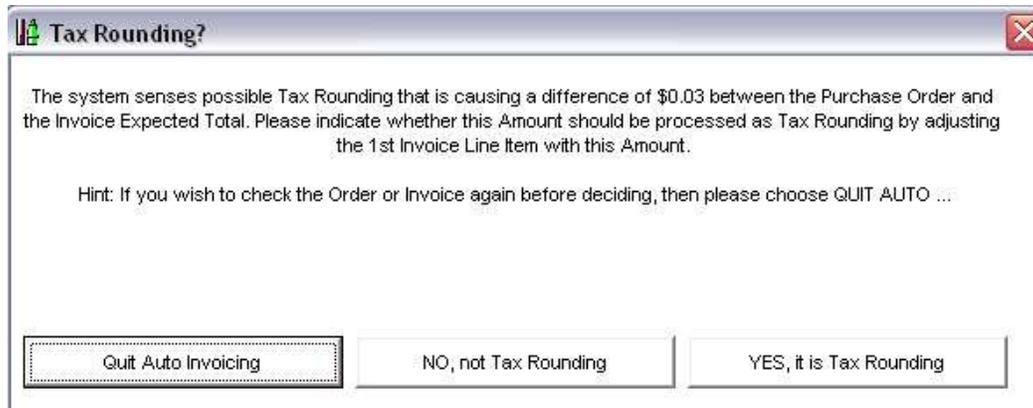
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Account Code	C0-0001 Aanad & Withwal	
Invoice No	B5050	
Open/Closed	Open	
Currency	LOCAL \$	
Pay by Date	17/05/2006	
Expected Invoice Total	23,115.32	
Discount %	0	
Withholding Tax Type	0 Zero Withholding Tax	

If the Invoice is new, the system expects an Invoice Total.

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 1<sup>st</sup>) by the indicated rounding value, and everything else, tax included, will adapt automatically.



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	8.77
		17.54
Tax		2.46
Total		20.00

And your Order looks like this -

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Descr	Unit	Price	Quantity	Actual
OLYMPUS CAMEDIA	ea	10.00	1.00	10.00
NIKON SLR BAG	ea	10.00	1.00	10.00

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 1<sup>st</sup> 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))**

Action	Full Item Invoice
Trans Date	18/04/2006
Period	68 [Jun 2005]
Batch	
Order Number	CP4002
Order Item	3008412
Item Code	C/1
Description	OLYMPUS CAMEDIA MASTER PRO 4.2
Unit	ea
Price	10.00
Quantity	1.00
Store	Main Store
Invoice No	CP4002
Last Inv on PO	CP4002
Bal Expected	20.00

Invoice Amount	Currency
1 10.00	Local

When you specify the Invoice Number, the system displays the balance still expected to be processed. This can easily be compared with the Supplier Invoice total if it is the 1<sup>st</sup> line item you are processing, and in our example both totals are 20.00!

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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