

Unit: All Units

Category: Procurement

Sub-category: Invoice Processing

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Overview: Procurement Order payment processing requires due diligence from:

-Units: Major responsibilities include adherence to the minimum required controls for the Invoice Processing. Development, implementation, documentation, and monitoring for controls are instituted at the unit-level and may be tailored to meet specific operating needs.

-Shared Service Center (SSC) : Oversees accounts payable functionally for the processing payments in adherence with respective policies and SSC procedures.

Criticality: High

Frequency: Daily

Turnaround: Other

Processing Time: Varies by task

Start Date: As triggered

How Triggered: When unit identifies the need to pay for purchase goods

Due Date: As soon as possible

Process Owner(s) / Key Parties / Contacts / Responsibilities:

Unit:

- Unit identifies need to purchase goods or services.

SSC:

- Confirms that the expense is allowable per Business Expense policy, confirm the requester has transaction authority to commit unit funds, and processes request in compliance with procurement policy.
- Create the requisition and/or route to Procurement.
- The fiscal officer (FO) or delegate on Procure-to-Pay (P2P) team reviews the payment request, adjusts the account/object code (if necessary), and approves payment requests.
- For payments over \$5,000, the FO/Delegate confirms receipt and “okay to pay” with college/unit recipient.

Vendor:

- Submits invoice to Accounts Payable (electronic, email, mail).

Accounts Payable:

- Creates payment requests (PREQ) in KFS for the associated purchase order and/or resolves issues with electronic invoices.

Key Documents / Sources of Information:

- [Buying Manual: Paying for Goods and Services that do not require a Purchase Order](#)
- [Buying Manual: Invoice Payments](#)
- University Policy 3.14, Business Expenses: [University Policy 3.14, Business Expenses](#)
- University Policy 3.25, Procurement of Goods and Services: [Procurement of Goods and Services \(cornell.edu\)](#)
- University Policy 4.2, Transaction Authority and Payment Approval: [University Policy 4.2, Transaction Authority and Payment Approval](#)
- [Standard Operating Procedures-Capital Assets Overview](#)
- [CU Learn: Accounts Payable -Spring 2023](#)

System Access Needed:

- KFS
- Procurement Gateway

Common Problems or Issues Encountered:**Key Risks**

Failure to pay invoices promptly results in poor vendor relations, lost early payment discounts, interest charges, and potential credit holds.

Risk that purchases will be made without the proper purchase order being initiated and subsequent approval processes followed. Risk that unit submits payment for goods or services that are deemed unallowable (After-the-Fact POs).

If the unit receives PO invoices in addition to AP, there is a risk of duplicate payment via procurement card or disbursement voucher.

Conflict of Interest (COI), when staff is working closely with vendors, there are some inherent risks. There is a risk that staff does not self-disclose relationship with vendor. There is a risk that once the risk is disclosed that a unit does not follow up with staff to investigate the COI further.

Risk that invoice has been submitted to Accounts Payable by vendor, department, or Shared Services Center previously for payment (duplicate payments).

Key Controls

Refer to Appendix: Procure to Pay Minimum Required Control Matrix

Unit ensures that the intended purchase is an allowable business expense for which University funds may be expended. See [University Policy 3.14, Business Expenses](#).

Unit trains for adherence to policy and procedures for timely payments.

Unit trains staff on proper procedures for purchasing in accordance with the Buying Guide and university policy.

Unit reviews accounts and checks for potential duplicate payments. Kuali Financial System requires purchase order number, invoice number, invoice date, and amount for all payment requests and automatically checks for potential duplicates for purchase order payment requests; KFS cannot check for duplicates across payment methods.

Unit trains staff on COI and self-disclosure; unit manages and investigates COI in accordance with University Policy 4.14, Conflicts of Interest and Commitment (Excluding Financial Conflict of Interest Related to Research): [vol4_14.pdf \(cornell.edu\)](#)

Process Inefficiencies To Be Addressed:

Adequate and continuous training of current and new employees for Procurement policies and procedures.

Accountability to adherence to purchasing and business expense policies and procedures.

Process Documented in Chronological Order:

- Unit: Identifies a need for a good or service. Process the transaction in e-SHOP or with a procurement card if allowed. Otherwise, initiate an IWNT document and attach supporting documentation. If the IWD initiator doesn't have transaction authority, IWD should be ad hoc route the IWD (step 4) to the person in their unit who can approve the expenditure on the account.
- SSC P2P: Receive the IWD and reviews business purpose, object code, policy compliance; confirms transaction authority; determines the appropriate payment method (e-SHOP, SSC pcard, disbursement voucher, purchase order); and process the transaction.

- Suppliers and Payees: Purchase order suppliers should submit invoices directly to Accounts Payable. As stated on the purchase order, all vendors not enrolled in electronic invoicing, are instructed to submit invoices with purchase order reference via email to: Cornell University Accounts Payable 377 Pine Tree Rd. Ithaca, NY 14850 Email: dfa-4040_invoice@cornell.edu. Include the PO number on the subject line and may include instructions in the body of the email, e.g. apply invoice line 1 to PO line 4. Other payees will submit invoices to the campus customer, who will submit via an IWD (e.g., books, subscriptions, guest speakers, athletic event officials). An invoice is the supplier's notification that a charge is pending against the University. The purchase order is the contractual basis on which the supplier is paid for material and services furnished.
- SSC P2P: For purchase order invoices, Accounts Payable will review the invoice against the purchase order, e.g., items, prices, quantities, terms of the purchase order, and create the KFS payment request (PREQ) for the associated purchase order. Invoices received via email or U.S. Mail are entered into KFS to be processed for payment by Accounts Payable. A scanned copy of the invoice is attached to the payment request. Electronic invoices may be submitted by the vendor via SFTP or web and are automatically matched to the PO. There are no invoice attachments for payment requests created electronically.
- For direct payments, the financial transaction representative will initiate the disbursement voucher, e.g., prizes, awards, honoraria, guest speaker/guest lecturer, out-of-pocket reimbursement.
- SSC P2P: For purchase order payment requests, the fiscal officer/delegate will confirm the goods/services are received and will approve the PO payment request in accordance with the University Controller's receiving guidelines which require confirmation of receipt for payment requests greater than \$5,000. If the purchase order payment request (PREQ) requires confirmation of receiving (> \$5,000), the fiscal officer/delegate may request confirmation by ad hoc routing the payment request to the unit or by emailing the "deliver to" contact on the purchase order.
- For direct payments, the fiscal officer/delegate will review the disbursement voucher and approve the payment.
- Payments will automatically route within KFS to Contracts & Grants, Tax Office, Organization approvers, and Disbursement Manager, as appropriate based on account, object code, foreign status, and dollar amount.
- Unit: Purchase order invoices received by the end user/unit need to be immediately sent to Accounts Payable at East Hill Office Building, 377 Pine Tree Road or via email to DFA-4040_invoice@cornell.edu. Units submitting invoices may include account distribution information and receiving confirmation on the invoice so that the Fiscal Officer/delegate (FO) can view it. Only invoices are attached to payment requests. Please note that AP does not adjust accounting lines; only the FO may adjust accounting lines. Please do not re-send invoices to AP. Please email payment status inquires to uco-accts-pay@cornell.edu. Please

note if you are copied on an invoice submission to dfa-4040_invoice@cornell.edu, there is no need to resend the invoice to dfa-4040_invoice@cornell.edu.

- Unit: If the invoice is greater than \$5,000, you must confirm physical receipt of goods and or services before the payment can be issued. The unit can confirm the receipt of goods and services by entering a note in the Notes and Attachment tab of the payment request (PREQ) in KFS or submit via instructions contained in your Service Level Agreements (SLAs).
- Unit: If you confirm receiving in the KFS PREQ, you should monitor your KFS Action List daily to determine if there are any pending tasks in the queue.
- To maintain Vendor Relations, payments of invoices should not be delayed beyond the due dates as determined by the terms of the purchase order, unless Procurement Services, Accounts Payable, the end user/unit/SSC, and the Supplier are aware of extenuating circumstances that would preclude or delay payment. If payments are placed on hold, the reason should be identified, e.g., pending equipment installation, pending delivery of backordered items on invoice, pending dispute with vendor/Procurement Services notified.
- Freight Bills - Freight bills received directly from freight companies must be submitted via an IWNT document immediately. The SSC will process the payment via procurement card or disbursement voucher. Note: Federal Interstate Commerce Commission / Department of Transportation regulations require that all invoices for freight be paid within fifteen (15) days. Failure to comply can result in termination of carrier service or possible court action against Cornell University. It is extremely important that all freight bills be processed promptly.
- Paying for goods and services without a purchase order. See Buying Manual Section 200. The method is using a Disbursement Voucher (DV). If you ultimately use a Non-cash Disbursement (ND) ensure DV is not processed.
 - Disbursement Vouchers (DVs)- Procurement Services (Procurement) has exempted the certain payment types described the [Buying Manual Section 203](#) from the issuance of a purchase order. No contract is necessary unless specifically stated. Since these payment types are generally not available through e-SHOP and procurement card is often not an option, payment by check or equivalent electronic method may be requested via the Disbursement Voucher. An SSC may request these payments (via DV) at dollar levels greater than the formal bid limit of \$25,000. See University Policy 4.2, Transaction Authority and Payment Approval, for information on the necessary approvals based on dollar level.
 - For those goods and services eligible for direct payment, the payment will be requested using the KFS Disbursement Voucher by the Unit.
 - For other payments for services using a DV, such as employees or student payments please see specifics in the [Buying Manual Section 203](#).

Metrics:

Units monitors the following:

- After-the-fact purchase orders
- Actual expenses versus Budget - Reconciliation of purchases on a monthly basis.
- Transaction approval routing for purchases.

SSC monitors

- Sufficient documentation for purchase order is submitted.
- SSC P2P fiscal officer or delegate will approve the payment.
- Monitors the following metrics: transactions initiated, transactions approved, average time to approve

Procurement monitors the following metrics:

- Purchase orders issued
- After-the-fact-purchase orders
- Spend under contract

Accounts Payable monitors the following metrics

- Check and ACH payments
- Electronic invoicing
- Payment requests processed

Glossary of key terms/acronyms:

- KFS – Quali Financial System
- SSC – Shared Service Center
- FO – Fiscal officer or delegate
- P2P – Procure-to-Pay