

**Invoice Processing – Policy**

Date Effective  
October 2018

Responsible Administrator: Vice Chancellor for Finance and Chief Financial Officer  
 Responsible Office: Controller’s Office, Purchasing and Payment Services  
 Policy Contact: Senior Director, Purchasing and Payment Services

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**1. Policy Statement**

This document defines the requirements for receiving, processing, approving, and paying supplier invoices for purchase order-based transactions including ensuring invoices are properly prepared, reviewed and recorded.

**2. Scope**

This policy applies to the receipt, review, and processing of all supplier invoices authorized by a Vanderbilt University purchase order.

**3. Definitions**

Chart of Account (COA) String – The nine segment (4 mandatory, 2 optional, 3 system generated) accounting string used to record the financial impact of transactions.

cXML – A protocol for the communication of business documents between procurement applications, e-commerce hubs and suppliers.

Early Pay Discount – Invoice reduction amount offered by the supplier in exchange for early payment of an invoice.

Financial Unit – The organizational unit generating revenues and expenses.

Financial Unit Manager (FUM) – The Financial Unit Manager is responsible for the financial stewardship of his/her assigned financial unit(s) ensuring that all transactions are recorded accurately and are in compliance with applicable university and departmental policies. The FUM requires a deep understanding of the operations and financial landscape of their financial unit as well as institutional financial policies and procedures.

Invoice – A document issued by a seller to the buyer that indicates the quantities and costs of the products or services provided by the seller.

Purchase Order (PO) – A purchase order is a document that authorizes a purchase transaction. This document is issued from a buyer to a seller and when accepted by the seller, the purchase order becomes a legally-binding contract. A purchase order contains the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, other associated terms and conditions, and identifies a specific seller.

Supplier Statement - A supplier statement is a detailed report sent by a seller to a customer, showing billings to and payments from the customer during a specific time-period, resulting in an ending balance.

Supplier – Individual, group or entity providing services to the university or seeking payment from the university.

#### 4. Policy

- a) The university will only accept invoices directly from suppliers with the exception of the following invoice types:
  - Utility Bills
  - Workman's Compensation Claims
- b) The university will only accept invoices via cXML (commerce eXtensible Markup Language), the [invoices@vanderbilt.edu](mailto:invoices@vanderbilt.edu) email address, the U.S Mail, or a request for an invoice upload that must be approved by the Director of Payment Services.
- c) The university will not accept supplier statements or copies of purchase orders as substitutions for a supplier invoice.
- d) The university requires all supplier invoices received via the [invoices@vanderbilt.edu](mailto:invoices@vanderbilt.edu) email address to contain the following elements legibly printed on the invoice:
  - Supplier name and address and references Vanderbilt University;
  - Unique invoice number;
  - Invoice date;
  - Purchase order number;
  - Description of goods or services provided to the university;
  - Invoice amount;

**The university will return any invoice not meeting these specifications to the supplier.**

- e) The university will only accept invoices in portrait orientation in .TIF; .TIFF; .PNG; .JPG; .DOC; .DOCX and .PDF file formats.
- f) Vanderbilt will accept multiple invoices attached to a single email; however, each attachment must contain only one, unique invoice. The university will return emails to suppliers that do not conform to this policy.

- g) Payment Services will enter invoice numbers exactly as referenced on the supplier's invoice with the following exception:
  - Disregard embedded spaces in the invoice number.
- h) The standard payment terms are 45 days from invoice date and only the Chief Financial Officer (CFO) and Controller are authorized to grant exceptions to payment terms.
- i) The Payment Services Team will capture early payment discounts within the terms offered by the supplier.
- j) Vanderbilt University will pursue a refund payment for credit memos in excess of \$10,000.
- k) Vanderbilt University is exempt from sales tax in several states and will return supplier invoices that include sales tax when the items purchased are delivered to a state where Vanderbilt is exempt from sales tax.

**5. Invoice Processing Responsibility Matrix**

Activity	Supplier	Payment Services Team	Purchasing Services Team	Requester	FUM
Submitting invoices with required fields directly to <a href="mailto:invoices@vanderbilt.edu">invoices@vanderbilt.edu</a> .	✓				
Receiving, reviewing, and processing all supplier invoices in an accurate and timely manner.		✓			
Responsible for identifying and recording IRS Form 1099 reportable payments.		✓			
Resolving purchasing holds.			✓	✓	
Responsible for approving invoices within 30 days of notification.				✓	
Responsible for approving invoices in the event a requestor is missing.					✓