This guide will walk you through the necessary steps for submitting an invoice.

HOW TO SUBMIT

AN INVOICE

TEXAS ★ STATE ®

ACCOUNTS PAYABLE

Contents

HOW TO SUBMIT AN INVOICE

The Accounts Payable (AP) office processes payments for goods and services purchases related to university business, operating in compliance with The Texas State University System (TSUS) and university policies, as well as State of Texas regulations.

Departmental responsibilities for Purchase Order (PO) invoice payment processing include:

➢ Ensure only legitimate expenses (invoices) are submitted to AP for processing against a PO (valid business purpose).
➢ Properly follow the purchase requisition process for POs defined by the Procurement and Strategic Sourcing (PSS) office.
➢ Ensure all required data is on invoices submitted to AP, including supporting documentation and/or required approvals.
➢ Respond in a timely manner to AP emails regarding invoice data or required action to ensure payment is not delayed.

BASIC REQUIREMENTS FOR PURCHASING GOODS OR SERVICES ON BEHALF OF TEXAS STATE UNIVERSITY

Valid Business Purpose

Prior to completing a Purchase Order (PO) or making a purchase, a valid business purpose is required. The business purpose should provide a clear and concise explanation as to the primary reason for the goods or services for which payment is being requested and state how it relates to the university's educational mission.

Vendor Set Up

Vendors must be active in SAP in order to create a PO for goods or services. Contact the Procurement and Strategic Sourcing (PSS) office or visit the **Vendor Self-Service** page for vendor questions and guidance. This step may also be required if the invoice information does not match the vendor record in SAP. The SAP data must be updated before AP can issue payment.

Vendor Invoice Requirements

The following information must be included on the vendor's invoice before submission to Accounts Payable (AP):

➢ Vendor Name (Must match SAP vendor record).
➢ Address (Must match SAP vendor record).
➢ Billed To: Texas State University.
➢ Invoice Date.
➢ Invoice Number.
➢ **A valid PO number** (This item is most often missing so be sure it is included before submission to AP.)
➢ Detailed Description of the Goods or Services invoiced.
➢ Current Amount Due (Past due balances cannot be paid with current charges on an invoice. The invoice for the past due amount must be submitted and applied to the PO separately.)

Only valid invoices will be accepted. The following documents are not acceptable as invoices for payment processing.

➢ Estimates
➢ Quotes
➢ Order Confirmations
➢ Proforma Invoices
➢ Statements
➢ Receipts
➢ Vendor's original invoice modified or altered by a campus staff member.

Vendors should email invoices directly to AP at **payables@txstate.edu**. Invoices may alternatively be mailed to Texas State University, P.O. Box 747, San Marcos, TX 78667-0747. The PO number on the invoice will identify the correct department for AP, who will then forward it to the department for approvals, required information, or action as needed.

AP will reject/dispute vendor invoices received without a PO number. To prevent disputes and/or payment delays, always provide the PO number to the vendor and instruct them to include it on their invoice.

Purchase Order (PO)

A PO is prepared to document vendor goods or services orders placed. It is important that the creator use the correct General Ledger (GL) number to create the requisition. The **AP Commonly Used GLs** list on the AP website provides guidance for choosing the correct GL for normal departmental expenses. It also links to the Texas Comptroller's Manual of Accounts website for
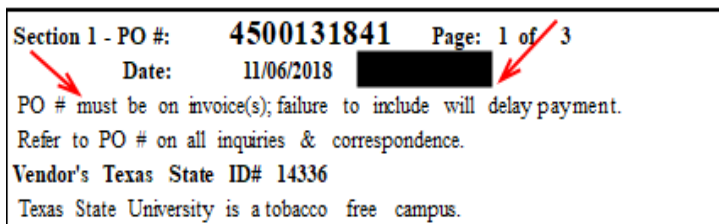
additional GL numbers and descriptions to help determine which one to use. Texas State GL numbers have six digits, while the Comptroller's numbers have four. Two digits are added to the end of the Comptroller's GL Accounts for the university's use. It is vital to create the correct PO type. There are two types of POs:
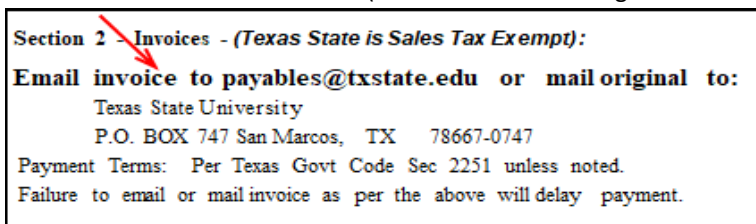
➢ Local – Used for purchasing goods. A Goods Receipt (GR) must be completed for payment to process.
  o The established tolerances are 10% or less and amount is no more than $25 and less than $250.
➢ Framework Limit – Used for Services. This type of PO does not require a GR to be completed.
  o The established tolerance is a one-time $25 overage of the overall limit.

A PO must be created and approved (via SAP workflow) prior to placing an order with a vendor for goods or services. POs created in SAP start with 45. Effective September 1, 2019, POs created for Facilities Planning Development and Construction (FPDC) start with 52 and Facility Management POs start with 51. POs must include a contact name should AP have questions when the invoice is being processed. POs for TSUS Marketplace orders begin with 31 and are created during the order process.

PO numbers must be included on invoices as shown in Section 1 of the below PO (redacted area is the department account number). AP does **not** pay vendors from POs; an invoice is required to process payment.

Section 1 - PO #:   4500131841   Page: 1 of 3
         Date: 11/06/2018   [REDACTED]
PO # must be on invoice(s); failure to include will delay payment.
Refer to PO # on all inquiries & correspondence.
Vendor's Texas State ID# 14336
Texas State University is a tobacco free campus.

Section 2 of the PO defines how vendors submit invoices to AP (via the email or mailing address on the PO).

Section 2 - Invoices - *(Texas State is Sales Tax Exempt)*:
Email invoice to payables@txstate.edu or mail original to:
         Texas State University
         P.O. BOX 747 San Marcos, TX   78667-0747
Payment Terms: Per Texas Govt Code Sec 2251 unless noted.
Failure to email or mail invoice as per the above will delay payment.

Texas Sales Tax on Purchases
➢ Texas State University is generally tax exempt for the State of Texas sales tax.
➢ Employees must present a Sales Tax Exemption Certificate to the vendor in order to claim the tax exemption. The form can be accessed with the following link **Texas Sales Tax and Use Form**.
➢ Taxes paid on tax-exempt items are not reimbursable. This includes Amazon purchases. Best practice is to use the PO process for Amazon and other vendor purchases to avoid taxes.
➢ For more information, review **Texas Sales Taxes on Purchases**.
  o Invoices with sales tax on exempt purchases will be deducted by the tax amount and "short paid." This is the only circumstance in which an invoice is short paid.

State of Texas Prompt Payment Act
All invoices must be date stamped upon receipt. The invoice received date is used in conjunction with the receipt of goods or completion of services to determine the baseline date for compliance with the State of Texas Prompt Payment Act, **Texas Government Code Chapter 2251**.

What this means:
➢ For any contract executed after August 31, 1987, payment is due no later than 30 days after baseline date, which is the later of:
  o The day the agency (university) received the goods or services were completed by the vendor.
  o The day the invoice was received.
➢ Beginning the day after payment is due, interest accrues on the unpaid balance at a rate determined by the state until AP creates a check payment, electronically transmits payment to the vendor, or payment is processed by credit card.

Departments can help the university avoid interest penalty payments by doing the following:
➢ Timely approve invoices, provide required dates, and any information requested by AP.
➢ Include the invoice received date (IRD) on the invoice if sent to the department directly from the vendor.
➢ Include the service completion date (SCD) on a service invoice.
➢ Process GRs promptly when goods are received if the PO requires a GR. If goods are received and the PO does not require a GR, include the Goods Received Date (GRD) on the invoice.
➢ It may be best to establish procedures to document the dates required to be included on the invoice when received directly from a vendor, then submitted to AP. A custom stamp can be ordered from Summus Staples on the TSUS Marketplace. The stamp should include lines for the following information to ensure that all the required data is on the invoice. The use of this stamp may save time and eliminate emails from AP for the required information.
  o IRD (Invoice Received Date).
  o SCD (Service Completion Date).
  o GRD (Goods Received Date) if delivered to your department and the PO did not have a GR requirement on it.
  o PO# (Always needed to pay a vendor invoice).
  o APPROVAL (needed for service invoices or those not tied to a Goods Receipt on the PO).
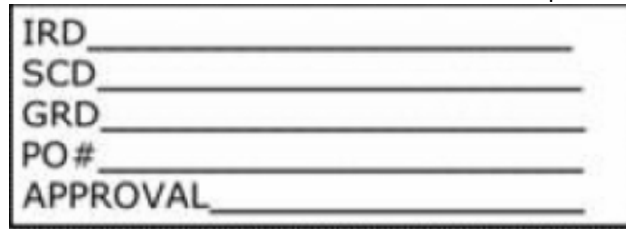
Benefits of "Investing" in a Stamp
➢ When you send the invoice to AP for processing you will have already provided all the dates needed for compliance with the Prompt Payment Act.
➢ Provides the supporting detail for the baseline date calculation. This data is evidence of compliance with the Prompt Pay Act and documentation of such during future audits.
➢ If AP has all the information for compliance and invoice entry, you will not receive another email requesting the data.

Disputing an Invoice

If the accuracy, completeness, or quality of goods or services billed on an invoice is in dispute, it should be initiated with the vendor. A dispute is defined as any discrepancy showing that something might not be true or accurate with the invoice/billing document. This dispute may result in the delay of payment depending on the response timeframe from the vendor. Departments cannot alter or change vendor invoice data (except taxes and tips). This includes adjustments for disputed amounts. A revised invoice is required from the vendor.

The vendor must be notified in writing within 21 calendar days from the date Texas State first received the invoice. If you fail to notify the vendor within 21 days, the invoice will be subject to interest when it is paid.
➢ Send an email notice of dispute to the vendor stating that the referenced invoice is being returned for the following dispute reasons. Be clear in the explanation and attach a copy of the invoice to the email.
➢ Maintain email communication with the vendor on the disputed invoice until the dispute has been resolved. Retain any communications with the vendor on the dispute.
➢ The vendor may also be notified over the phone, which will stop the 30-day processing time. Communication via phone must be documented with the date spoken to the vendor, telephone number, person, their title, and what was discussed.
➢ If the invoice has been provided to AP, all dispute correspondence must be sent to AP to attach to the document.

Resolution of a Dispute
The dispute resolution must be provided to AP by the person who originally initiated it.
➢ If the vendor was wrong:
  o Wait for the new invoice and process through AP when received.
  o The baseline date will be the date the new/corrected invoice is first received.
  o Invoices resubmitted for payment should have "Revised" written on it by the vendor. However, the invoice may be processed even if "Revised" is not on it. Be sure to stamp the revised invoice with the received date.

- o Email the original invoice number, disputed email chain, resolution email, corrected invoice, and other supporting documentation to AP at **payables@txstate.edu.** This should be done promptly once the dispute has been resolved.
- ➤ If the department is in error:
  - o The baseline date will be the latter of the original invoice received date or the goods/services received date. Depending on the length to resolve the dispute, interest may be due to the vendor.

Visit the links below for detailed information on the State of Texas Prompt Payment Act, dispute process, and interest facts.
- ➤ **Prompt Payment FAQ**
- ➤ **Interest Payments Policy**
- ➤ **Prompt Payment Resources**
- ➤ **Disputing an Invoice**

SUBMITTING AN INVOICE TO ACCOUNTS PAYABLE

While invoices should be sent directly to AP, there are some instances when invoices are sent to departments instead.

How to Email Invoices to AP
- ➤ All pages of the invoice (even if the last page is blank or you think a page is irrelevant) and supporting documentation must be in PDF format when emailed to AP. For example, if the invoice states 1/3, 2/3 3/3 on the pages, then you need to scan all three pages and send to AP. Otherwise AP will have to ask you for the missing page(s).
- ➤ In the subject line of the email include the PO and invoice numbers. This information helps AP identify the invoice should they need to do a search for it in Outlook.
- ➤ If sending multiple invoices in one email each invoice must be an individual PDF file. You do not need to send a separate email for each PDF invoice document.
- ➤ For invoices requiring the same information, e.g. food invoices that may have an AP-12, attendee list or an order form, attach the information with each invoice in a separate PDF to be sent to AP. Do not send supporting documentation for invoices as separate PDFs. Each PDF should include an invoice, AP-12 (if the form was used), attendee list (if not attached to the PO) an order form (if the vendor provided one) or any other supporting documents. Each PDF invoice document should contain all of the relevant supporting data.
- ➤ RUSH Payments – If an invoice requires rush processing the first word in the subject line of the email must state, "RUSH" regardless of the reason for the rush request. This will alert the AP Front Desk staff to route the invoice to the appropriate AP entry person as a priority item. A common reason for the rush request is for an invoice approaching past due status. There may be other circumstances that require a rush payment other than the due date for the invoice payment and that reason must be explained in the body of the email.
- ➤ Do not send password protected PDFs to AP. The AP Front Desk staff is unable to process these types of documents.
- ➤ Account Manager approval obtained using Adobe Sign on documents is not downloadable because the document is locked by the software. If possible do not use this method but obtain an email approval from the Account Manager and include that in the invoice documentation PDF file.

Invoices for Service: (Framework Limit PO)
- ➤ A clear business purpose (what the service was for) must be included on the invoice or noted on the PO.
- ➤ Verify the PO number provided to the vendor at the time the services were requested is included on the invoice, whether the invoice is a printed or hand-written invoice by the vendor.
- ➤ If for some reason a vendor invoice does not include a PO number, it is the responsibility of the department submitting the invoice to write the PO number on the invoice.
- ➤ Verify the pricing is correct on the invoice and that it matches the PO. For recurring charges, verify the remaining encumbered funds are sufficient to process the invoice amount against the PO.
- ➤ If multiple lines are on the PO, identify which lines to use and the amount for each line.

- If the PO has multiple lines, advise AP when a PO line is final, meaning there will not be any other invoices processed on the line. AP can only close a line on a PO when entering an invoice for payment on the line. If you want a line closed and payment is not involved, contact the Procurement Office.
- Write the invoice received date (IRD) and the service completion date (SCD) on the invoice. If there is a date range such as for a membership or subscription, provide the dates.
  - Remember, best practice is to invest in a stamp with blanks for all required invoice processing dates and information.
- Verify the vendor information on the invoice matches the vendor record in SAP. If a vendor needs to update any information, direct them to the self-service PaymentWorks (PW) portal at **Vendor Self-Service**. Updates made through PW are then updated in SAP.
- Obtain approval from either the Account Manager or an authorized approver within the department.
- If an invoice amount, such as overage, is above the PO's established tolerance, Account Manager approval is required.
- Email the invoice with the required data listed above and any other supporting documentation to **payables@txstate.edu**.

Invoices for Business Meals or Alcohol

- When creating a PO for a business meal or purchase of alcohol, describe the event, including a detailed business purpose. A list of attendees must be attached, if less than 20. Identify whether each attendee is an employee or non-employee.
- The **AP-12 Form** (Expense Authorization Request: Alcohol, Flowers, Food And Refreshments or Cabinet Officer Approval For Any Policy Exception) is located on the AP website. The form is encouraged to be used for the types of purchases listed in the form name or other purchases that require Cabinet Officer Approval. The form has sections for the Business Purpose, Exception to Policy Request Rationale, Event Attendees, and Type of Attendees. The use of the AP-12 Form is preferred for these types of events as it helps guide the preparer through all the steps and lists the required information and approvals. It serves as a useful tool to ensure all requirements are included for AP to process the invoice without further follow-up back to the campus staff.
- For attendees of 19 or fewer the attendee list can be included on the SAP PO Requisition in the description or as an attachment on the requisition. On Marketplace Purchase Orders, you can attach the list under the Attachment tab or include in the Comments tab.
- The Account Manager or designee must obtain pre-approval for alcohol purchases from the respective If the number of attendees is expected to be 20 or more, then a general description of the event and the types of attendees (employees, non-employees or both) is adequate.
- Cabinet Officer. Cabinet Officer Approval must be attached to the requisition, either via the AP-12 Form or email. The Cabinet Officer cannot delegate this approval for alcohol or any other policy exception.
- Itemized invoices, including food or alcohol items, are always required for payment processing.
- There are two taxes for alcohol that may be listed on the invoice. The State of Texas 8.25% tax is one, and the University is exempt from paying this tax. That amount will be deducted from the amount paid to the vendor. The other is the Mixed Beverage Gross Receipt tax of 6.7%. The University is not exempt from paying this tax, but the tax must be included as part of the cost of the drinks, not as a separate line item on the invoice. The vendor must be contacted for a revised invoice if tax is listed separately on the invoice.
- Tips are allowed on food purchases up to 20% of the subtotal (pre-tax amount).
- If the event is for employees only, Cabinet Officer approval is required. The AP-12 Form is recommended to ensure all approvals and information are submitted to AP. If the AP-12 is not used, email approval is acceptable, and the other information must be included either on the PO or in the email sent for Cabinet Officer approval.
- Email the completed invoice with required information and supporting documentation to **payables@txstate.edu**.

Invoices for Goods: Goods Receipt Required (Local PO)

A Goods Receipt (GR) is an official document acknowledging receipt of items purchased.
- If a Materials Management (MM) delivery receipt references the correct PO from the vendor, MM will process the GR.
- Departments must use SAP t-code **Z_MIGO** (Self-Service Goods Receipt) to process the GR data, required when:

- The vendor delivers goods to your department directly.
  - Your department picks up goods from the vendor.
- Email MM at **materialsmgt@txstate.edu** with **Z_MIGO** questions.

Submitting a Goods Invoice to AP When the Department Receives the Invoice

- A clear business purpose must be present on the invoice or noted on the PO.
- The invoice must include the invoice received date (IRD).
  - Best practice is to invest in a stamp that has space for all the required information.
- If a PO is set up without the GR requirement, the Goods Received Date (GRD) is also required on the invoice.
- When creating a GR via **Z_MIGO**, it is not necessary to send to AP a completed form with the date. When the transaction has posted, the GR information can be viewed in SAP on the PO's Purchase Order History tab.
- If the PO number provided to the vendor at the time the goods were requested is not listed on the invoice, write it on the invoice (or on the stamp line).
- Verify the quantity and amount on the invoice coincides with the PO.
- If there are multiple lines on the PO, identify which lines to use and the amount for each. As all goods are received for each line, AP will close the line.
- Email the completed invoice with the required information and supporting documentation to **payables@txstate.edu**.

Invoices for Foreign Vendors

- Departments should not enter into a foreign vendor contract before verifying the vendor is allowed to transact business with the university and the vendor record is set up in PW. PW vendor registration is the most secure process for vendors and will eliminate departmental time spent obtaining the payment method and banking information from the vendor.
- To initiate a PW invite to a vendor, follow the **Vendor Self-Service** process. This will allow the vendor to indicate if they can accept payment by check, direct deposit to a US bank, or if a wire transfer payment is required.
- If a vendor record is only in SAP, not PW, the department must ask them if US checks are accepted and attach the response to the invoice for AP.
- If a vendor invoice includes the wire transfer banking information to process payment, AP will compare the information to the PW record. If the data does not match, AP will email the department to contact the vendor for corrections.
- If the vendor record is only in SAP, an **AP-03 Wire Transfer Request Form** is required. Remember, the first and best step is to request the vendor update their record in PW, which avoids the AP-03 Wire Transfer Request Form process.
- Follow the same invoice requirements as for domestic invoices regarding the business purpose, vendor (must match SAP) and bill to addresses, date of service/goods received date, and invoice received date.
- If an invoice is received from a foreign vendor and the amount due is in foreign currency, email the vendor to request a revised invoice in US Dollars. If the vendor states it is unable to do so, attach the response to the invoice and use Oanda's **Exchange Rates and Currency Converter**. Attach the conversion to the invoice and adjust the PO accordingly if additional funds need to be encumbered. Add an additional $100.00 to account for exchange rates that change on a daily basis.
- In the invoice submission to AP, departments must verify how an invoice was received. If received via email, attach it to the invoice; otherwise, explain how it was received. The invoice sender's email address must be verified, affirming their authority to submit invoices on behalf of the vendor, if different from the email listed in the SAP vendor record.
- The Office of Payroll and Tax Compliance must review all foreign vendor payment requests. When AP receives an invoice, it will be sent to the Tax Office to review for any tax implications. The Tax Office will advise the department if taxes are applicable. The department will advise if taxes should be withheld from the invoice payment (vendor will be paid less than the invoice amount) or if it intends to gross up payment (vendor will be paid the full invoice amount), but will absorb the additional expense. If the invoice is grossed up, the PO may require adjustment if not enough funds are encumbered.
- Email the completed invoice with required information and supporting documentation to **payables@txstate.edu**.