

INVOICE TOLERANCES

UBO MEETING

AUGUST 16, 2023

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CURRENT STATE – CASE FOR CHANGE

\$20M* IN OUTSTANDING GR/IR'S. (Goods Receipt/Invoice Receipt)

CURRENT STATE:

1. Invoice received
2. 7-day reminder to requisitioner
3. 30-day reminder to requisitioner

* \$20M as of 8/7/23; \$6.9M is past due

FUTURE STATE – Create escalation notification

1. Invoice received
2. 7-day reminder to requisitioner
3. <30-day reminder to requisitioner and supervisor (from HR hierarchy)
4. 45-day reminder to requisitioner, supervisor, and unit head. What about AFOs?

Orders can get stuck in workflow.

The goods receipt can be processed through the myUK Confirmation tab or MIGO. Releasing an invoice document, means approving it to FI for payment.

An invoice is blocked for payment until GR is processed. An invoice can also be processed by using t-code MRBR.

Payment terms – typical net 30. If not paid within 30-days, KY law allows vendor to charge late fees of 1% per month



REPORTS & DEFINING RELEASE STRATEGY – PRICING TOLERANCE POLICY

Created report for all line items where proposed pricing tolerances would apply

MRBR Blocked for Pricing:

Evaluated data using 25% line-item pricing tolerance and under the \$100 maximum threshold. Result: \$3,262.22 over the PO prices – this is a small variance. We are focusing on this group first.

MRBR Blocked for Quantity:

- There are 10 departments (using first 2 digits of dept #) with outstanding amounts greater than \$95K. Those departments make up 96% or \$6.8M of the \$6.9M past-due total.
- There are 15 vendors with outstanding amounts greater than \$95K. Those 15 vendors with amounts make up 50% or \$3.4M of the \$6.9M past due total.

\$20M* as of 8/7/23; \$6.9M is past due



NEXT STEPS

EFFECTIVE 9/1/2023:

1. Implement an auto-release tolerance strategy for invoices for that have price variance of 25% and under \$100 maximum

FUTURE

1. For e-Catalog orders of \$5K or less, remove the goods receipt requirement
 - No informational message will display if goods receipt is not required.
 - 24% of all PO's are from e-Catalogs; 88% were under \$5K total
2. All e-Catalog PO's over \$5K and non e-Catalog POs will require a goods receipt
 - The GR records the expense on PO's unless the PO contains split accounting
3. Implement escalation notification process for those invoices requiring goods receipt
4. Create TABLEAU report for monitoring. Joint quarterly review with Accounts Payable and Purchasing
5. Ensure tracking in place for "disputed" or "returned items"

Reminder: AP does not process accruals if the GR has been completed unless there is a need to capture costs for freight or an amount on the invoice higher than the GR.

THANK YOU & QUESTIONS

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