MEMORANDUM

DATE: December 28, 2017

TO: State Agency CFOs

FROM: Ron C. Spilman

SUBJECT: FCD Memo – FY18-015 - Minimum Invoicing Processing Standards and Optimization of Payment Description to Suppliers

Vouchering and Minimum Invoicing Processing Standards

Prior to undertaking work with a supplier, the business unit should confirm that the supplier is established within SHARE. This should be done using the supplier’s Name and supplier’s Tax Identification Number. If the supplier is in SHARE, this indicates that there is a W-9 on file, and the state will be able to fulfill its 1099 reporting requirements, if applicable, to the supplier.

Voucher style should always be Regular, unless the transaction is a prepaid travel or there is a policy exemption on file allowing use of single payment voucher.

Supplier payments will only be processed off an original invoice, unless valid policy exemption is on file. This process requirement reduces the chance of paying an invoice twice.

Original invoices should be marked ‘ORIGINAL’. Once successfully loaded as an attachment into SHARE, the business unit should mark the invoice as being processed to preclude possible reuse of cash disbursement document.

Invoices should be linked to a PO (purchase order) number or the name of the person who placed the order, policy exemptions should be on file, if necessary.

There should be a one-to-one relationship between vouchered payment and supplier invoice. Payments should not be based on a statement. Payments based off an invoice enable subsequent direct verification of supplier payment of that invoice. Additionally, invoices are linked to a specific scope of work or deliverable, statements are not, as they are composites. Summary invoices are acceptable, however, business units need to fully understand the control implications and take necessary steps to prevent multiple billings for the same work.

Invoices can, and should, be annotated with information concerning services rendered and goods acquired, if the invoice is lacking detail as to what is being paid for. There should be no alteration of the invoice.

SHARE 9.2 duplicate invoice payment control, requires agencies input the supplier invoice number into the system precisely as shown on the invoice. For a voucher to pass validation, the invoice number must be unique. Financial
The amount of the invoice should be entered as billed even if you don’t plan on paying the full amount. A credit memo can be entered and matched against the invoice later. This is critical in providing an audit trail.

Where there is no supplier invoice, the standard invoice number convention is Date-Activity-(Party if different from vendor, example garnishee)

Travel Vouchers:
Date (first day of travel), Activity (80% ADV “advance” /20% RECP “recoup” /100% RECP/CLSOUT “closeout”)
Payroll:
Pay Date (YYYYMMDD), Activity PYRRTN, Party Jones, Indy

Special Handling for Utilities
For Electronic Funds Transfer mapping, the suppliers below have been approved to place the account number in the invoice field instead of invoice number.

- Albuquerque Bernalillo County Water (0000027851)
- Bank of America, NA (0000055747)
- Century Link (0000042874)
- New Mexico Gas Company Inc. (0000079646)
- Public Service Company of NM (0000045770)
- QWEST Corporation (0000006161)
- United Parcel Service (0000013571)

These utilities have confirmed they use the account number provided in the ACH addendum field to apply payments to the appropriate account, therefore, mailing ACH advices to the indicated utilities is not necessary.

Optimization of Payment Description to Suppliers
Every day, the state receives numerous inquiries from suppliers requesting additional information on payments. SHARE 9.2 has functionality that can provide suppliers with text information in the bank addenda field of the ACH and as supplemental information on the payment advice. When used effectively, it can provide useful data to your business partner and reduce calls concerning reason for payment.

ACH Bank Addenda – The ACH format employed by the state, provides for 80 characters of text to be passed to the payee with each electronic payment.

A maximum of thirty characters come from the Invoice Number Field, which must match what is on the suppliers invoice. The remaining characters come from the message field under the Payments tab within the Payment Option block. Using the message field wisely will reduce supplier calls significantly and will enable your supplier to apply payments faster without having to call for additional information.

What should be included? Information that addresses the questions of who, what, where, when and why. For example NMTax&Rev, 30 iphoneX, Bayonne Offc, PO12345, Jul17 Delvry.

Avoid redundant information, for example don’t repeat the invoice number in the message field as that data will already be included. Don’t include supplier name, the supplier knows who they are and they also know who they are doing business as.

Added Bonus - This data will also be included on the payment advice. So check recipients can also benefit from this process.

Supplier calls to DFA - DFA handles many calls regarding payments daily. If business units include relevant information in the message field, we can usually address the issue without getting the agency involved. However, if data is missing from the message field, we will refer the call to the business unit to obtain the desired information. Therefore, it is in the agencies best interest to include that data in the message field prior to submitting the voucher for payment.
As an example, DFA recently received a call concerning a $7,696.69 payment to the City of Rio Rancho. All that the City, and DFA could see on the payment was "11 REVISED", which came from the invoice number field.

If the voucher had been modified to include a descriptive message, the City probably could have applied the payment and the DFA individual who handled the call could have referenced it.

Please take steps to have your business unit include up to 50 characters of descriptive information into the message field immediately. We should see the beneficial results early in the New Year. With more actionable data available to suppliers and less calls from them concerning payments we all win.