



## Administration and Finance

Policy No: 3108

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Approved by:  
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Director  
Financial Services

Approval Date:  
March 1, 2009

Refer Questions to:  
Manager  
Accounts Payable  
410-706-2931

USM Board of Regent's  
Policy Reference:  
N/A

**Policy Name:**  
Invoice Processing

**Policy:**

The University of Maryland, Baltimore (UMB) will ensure the timely processing of vendor invoices in accordance with State of Maryland (State) procurement requirements.

**Definitions and Terms:**

I. Timely Processing

The established State policy requires vendor invoice payments within thirty (30) days of (the later of) the receipt of the vendor invoice or acceptance of the merchandise or services by authorized department personnel.

II. Receipt

An entry in the UMB financial system recognizing that goods and/or services have been received by a School, Department, or Division.

III. Three Way Match

Invoice quantities and/or amounts are compared and agreed with quantities and/or amounts on both the receipt and the purchase order.

IV. PUR01

Process in the UMB financial system used to purchase goods and services in accordance with standard State procurement procedures.

**Purpose:**

Ensure the timely and accurate processing of invoices and clarify the shared responsibility between Accounts Payable and campus department personnel.

**Scope:**

All vendor invoices processed by UMB following standard State procurement procedures referred to in the UMB financial system as the PUR01 process.



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**Restrictions and Exclusions:**

This policy does not include PUR02, Working Fund, Travel, and EZ Payment Request Form transactions.

**Related / Impacted Policies:**

- I. State of Maryland General Accounting Division Accounting Procedures Manual
- II. Annotated Code of Maryland Regulations (COMAR)

**Procedures:**

- I. Invoice Processing
  - A. Departments will enter receipts into the UMB financial system immediately, regardless of dollar amount, when goods and/or services have been received.
  - B. Vendors must send invoices directly to Accounts Payable in accordance with the terms of the purchase order.
  - C. All invoices must be original or copies that have been certified as originals.
  - D. Invoices will be distributed to Accounts Payable personnel for processing in accordance with a predetermined distribution schedule found on the Accounts Payable web site Contacts section.  
(<http://www.fincsvc.umaryland.edu/ap/index.cfm>)
  - E. The description and dollar amount of the goods and/or services on the invoice will be compared to the description and amount on the purchase order and the receipt to ensure a match.
  - F. Departments will be notified by Accounts Payable if receipts have not been entered at the time vendor invoices are processed for payment.
  - G. Amounts not in agreement with the purchase order or receipt will require contact with department personnel resulting in obtaining a corrected invoice or receipt that matches the purchase order. Accounts Payable can process invoices with minor discrepancies that do not exceed \$500.
  - H. Invoices less than \$5,000 will be processed with or without a receipt being entered into the UMB financial system.



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- I. Processing of invoices \$5,000 or greater requires a three way match with the purchase order and the department submitted receipt.
  - J. Invoice payment amounts will be posted to the UMB financial system in accordance with the accounting designated by the departments on the purchase order.
  - K. Invoices will be sent to the State of Maryland for timely payment.
- II. Increases to Purchase Order Funding
- A. Department personnel must ensure sufficient dollar amounts exist in purchase orders before purchases are made.
  - B. Invoices received for processing in Accounts Payable in excess of the balance remaining on a purchase order cannot be processed until the purchase order has been increased.
  - C. Accounts Payable personnel notify departments if invoices are received with insufficient dollar amounts remaining on the purchase order to process the invoice.
  - D. Department personnel request an increase to the purchase order upon notification by Accounts Payable by completing a requisition referencing the existing purchase order.
  - E. Invoices are maintained in Accounts Payable for fifteen (15) days pending an increase in the purchase order. If after fifteen (15) days the department has not initiated the increase process Accounts Payable will send invoices to the department for disposition and payment.
- III. Refunds or Credits
- A. Any discrepancy in the processing of an invoice discovered by department personnel must be communicated to Accounts Payable. All information regarding the discrepancy should be included in the communication.
  - B. Discrepancies that have resulted in an overpayment to a vendor will be resolved by Accounts Payable personnel and the resulting refund or credit will be returned to the accounting originally charged.



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**Responsibilities:**

- I. Accounts Payable
  - A. Processing vendor invoices timely and accurately in accordance with State of Maryland requirements.
  - B. Accounting for and payment of all vendor invoices received from valid purchase orders.
  
- II. Schools, Departments or Divisions
  - A. Obtaining purchase orders prior to purchasing goods and/or services.
  - B. Entering receipts for all goods and/or services received.

**Forms:**

N/A