Tanzania CO

INVOICE MANAGEMENT PROCESS: STANDARD OPERATING PROCEDURE

Distribution: **All Units**

Effective date: **24 August, 2017**

Originating Unit: **Finance**

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Objective

This SOP is intended to support implementation of new Invoice Tracking System (ITS) aiming to enhance efficiencies, achieve uniformity of practice, improve accountability and define standard business flows.

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Country Director

5/9/17.

Date

Background:

The Invoice Tracking System (ITS) is an online application designed to help Finance, Spending Units and Senior Management to track and check payment status of all types of third party vendor invoices, with the exception of travel agency invoices. Please note that staff payables, internal invoices and down payments are not handled in ITS.

The application eliminates the need to rely on circulation of hard copies as well as manual certification and approvals, which makes the overall process faster and more efficient. The Payment Request Form (PRF) and other supporting documentation, except LESS support to Payment and Food distribution report, are no longer required to be submitted to Finance, and should remain with the respective Spending Unit. The original invoice will be stored and archived in accordance with retention procedures.

LESS support to payment, Food distribution report should still be submitted to Finance via attaching these documents in ITS as attachments.

ITS enables the following business process improvements:

- Standardized workflows are built in to gain efficiencies, improve interaction between the units and to enhance monitoring procedures in WFP worldwide
- In-country circulation of invoice hard copies is eliminated since invoices can be stored and viewed directly in the application. This also helps to have a copy in the event of a loss of original documents
- Clear segregation of roles and responsibilities within the workflows provides for better accountability
- Timely payment of invoices improves WFP's reputation and strengthens relationships with vendors
- Better management of the cash flow, financial planning and reporting processes allow for reallocation of resources wisely and efficiently

Features of ITS include:

- Extensive WINGS integration for data validation, invoice match and direct LIV parking in WINGS
- Dynamic filters for faster navigation, invoice matching and flexible reporting
- Each category of invoice triggers a corresponding verification and approval process to be followed
- Each action is recorded for audit trail and stored in the history log of the document
- Online availability and real-time WINGS checks provide reliable information to help make informed decisions and minimize human error

Pre-requisites for ITS adoption:

It is assumed that all current financial rules and regulations are adhered to by the office. This includes but is not limited to the below list of documents:
- centralization of invoice receipt in finance:
  http://docustore.wfp.org/stellent/groups/public/documents/cd/wfp215695.pdf

- compliance of invoice format with the FRMM requirements in section 10.6, including acceptance of the electronic invoices with mandatory requisites from suppliers which implies creation of specific mailbox for invoice receipt and raising of vendor awareness: http://frmm.manuals.wfp.org/en/section_10_-_payments_and_disbursements/106-invoice-management/
- IPSAS compliance, particularly with IPSAS 19 (WFP Policy Guidance Manual for IPSAS: "The Delivery Principle" para. 12.2.1) entailing creation of GRN/SES upon confirmation of goods receipt/service rendering: http://frmm.manuals.wfp.org/en/section_12_-_wfp_accounting/122-general-accounting-principles/
- Invoices are issued in the currency of the contract/PO (see risk mitigation measures of Memorandum on Accounts Payable Processes in WFP): http://docustore.wfp.org/stellent/groups/public/documents/cd/wfp218843.pdf)
- Directive on records retention policy: http://newgo.wfp.org/documents/directive-on-records-retention-policy

Workflow Overview

Topics	Tasks	Responsible Role
Receipt of documents	Option 1: • The original hard copy invoice received in registry will be sent to Finance where it should be scanned immediately and sent to ITS; • Supporting documentation should be sent (or redirected) to the relevant Spending Unit; • The original invoice will be stored and archived in accordance with WFP retention procedures Option 2: • The invoice in electronic format (.pdf) can be sent by vendor directly to a dedicated mailbox for receipt and storage of invoices managed by finance (Tanzania.accountspayable@wfp.org); • Supporting documents should be sent to the relevant Spending Unit. • The original invoice will be stored and archived in accordance with WFP retention procedures	Finance Assistant
ITS Registration	• The original invoice will be uploaded into ITS (by forwarding from the dedicated mailbox for receipt and storage of invoices or manual upload)	Finance Assistant
Server Processing/ Optical Character	• Automatically read by character recognition software, which is then verified and validated by Finance before proceeding	ITS/WINGS System Finance Assistant

Recognition (OCR)	• Vendor Info and Duplicate Check: ITS stores related vendor information in the system and validates against WINGS	
	• Duplicate invoice check uses the document date, invoice number and/or amount and currency to validate. A list of possible duplicate ITS or WINGS document numbers are generated by the system for Finance to verify and take required action	
	• If the duplicate is confirmed it should be deactivated ("delete" functionality in ITS) by a Finance Officer	
Verification and Validation	• The relevant data such as vendor and purchase order numbers, invoice amount and other details will be populated by OCR into ITS metadata and validated by Finance Assistant based on the original/scanned PDF invoice. The invoice data and scanned copy will be stored in ITS	Finance Assistant
	• Finance can validate the House Bank directly with WINGS and select the bank for payment	
	• The "Save" action by Finance prompts the validations of mandatory metadata against WINGS, such as Vendor validity	
Information/ Approval request	• Finance can route the work item to the spending unit using the "Request information button" indicating the next action and any missing data required	Finance Assistant
	• ITS "Invoice match" action and "Approval" will be requested for all invoices. The Approval box is triggered automatically for PO types as follows (43*/45*/47*) or manually by Finance (44*/48*)	
	• Finance can mark the "Subject to approval" box if they deem that approval for any particular NFI and other services invoice is necessary. If the "Subject to approval box" is marked by Finance, spending unit's approval become mandatory	
	• Communication between Finance Unit and Spending Unit can be facilitated through the field "Notes" and can be used for indication of losses in transport invoices. Notes and attachments can be added at any time by all users	

Work Item Review	• Review Finance information request and take action accordingly	Spending Unit Assistant
Invoice Match Action	• Perform ITS "Invoice match" action, matching the invoice amount to the corresponding GRN/SES • Ensure that the upstream documents have already been raised in WINGS (SES/GRN for invoices and LIV for credit memos). If changes were made to the GR/SES after the invoice was received, click on "Refresh WINGS data" to ensure alignment. The invoice match will retrieve this information to facilitate the match between the invoice and delivery of goods and services • The invoice match functionality will allow to process partial payments by giving the user the option to modify both the amount and quantity as needed. • In case the item was subject to approval, the "Invoice match" is saved and "Reply" action is performed. This will forward the work item to their approving officer, supported with a note of required action. In case of any discrepancies, an explanatory note should be added for Finance • The respective supporting documentation remains in the Spending Unit to be stored and archived in accordance with retention procedures • In case the work item needs to be rejected by the Spending Unit, they indicate the reason by selecting the appropriate action under the "Reject (Spending Unit)" action button	Spending Unit Assistant
Request Information	• The Spending Unit Officer carries out the required checks and asks for additional information through "Request Information" action. This action will forward the work item back to the Spending Unit Assistant	Spending Unit Officer
Invoice Approval	• The Spending Unit Officer carries out the required checks and either Approves or Rejects. These actions will forward the work item back to Finance	Spending Unit Officer
Sending to WINGS (parking)	• Once the ITS Workitem has been approved by the Spending Unit, Finance will verify Invoice Match and "Send to WINGS"	Finance Assistant

	• At this point, the invoice PDF flows to the LIV in WINGS (RE doc) as an attachment • The LIV will be automatically parked in WINGS for review and posting. Workitem stage will change to "Sent to WINGS"	
Posting in WINGS	• Finance will verify the parked document and post it • After posting in WINGS the status of the Workitem in ITS will change to "Posted"	Finance Assistant/ Senior Finance Assistant
	Please see <u>Annex I</u> for the Standard ITS Workflow embedded into the system	
Preparation of Payment Proposal	• Run Payable items report (SQ00) and select vendors to be paid as per predefined requirements • Verification of payable items data against invoice in attachment • Elements for verification: - Document date - Document number - Amounts and currency - Payee banking details - House bank and payment method	Senior Finance Assistant
Payment run and Batching	• General overview of payment proposal, payment run and batching • Finance will send notification via email to the bank signatories for their review and approval • After payment run is performed in WINGS the status of the work item in ITS will change to "Cleared"	Finance Officer
Bank signatories	• Review and approve payments to the WFP bank account as a final action in the payment process of the Invoice • Finance officer as the 1st level authoriser will forward invoices to the 2nd level authoriser for the final release	Bank signatories
Payment monitoring and advice	• Monitoring of Payments and sending of electronic payment advices	Finance Officer

Interactive ITS Reports	• A variety of filters such as Status, location, date, division or other information in ITS can be used to generate flexible report, which can then be printed, easily exported or viewed online • ITS reports functionality provide reliable information to help make informed decisions, give an overview of invoices in a country, and help identify bottlenecks in order to move the payment process along	All units and Senior management

Management of Non-Standard Workflow Stages:

Type	Problem description	Resolution actions
ITS Anomaly	ITS will automatically look for potential duplicates upon recognition of key metadata (vendor code, document date, document number, currency and amount). If the item is found as a possible duplicate, ITS will flag is as "Anomaly" referencing the possible duplicate (both in WINGS and ITS)	Finance assistant should verify if the item is indeed a duplicate. The FA will select the option "Resolve Anomaly" and confirm if it is a duplicate or not. If the item is marked as a duplicate, it will change stage to "To be deleted" for the Finance Officer to take action. If the FA confirms the item is not an anomaly, the stage changes to "New" and the normal workflow begins.
Rejected by SU	Spending Unit rejects a Workitem (reason to be selected from the dropdown menu)	Finance assistant to verify the reason and take action accordingly (ask FO to delete/make necessary Metadata corrections/reroute to correct SU/forward to relevant office)
Rejected by FA	Finance Assistant rejects the invoice (reason to be selected from the dropdown menu)	Finance officer to take action accordingly (assign to another office/forward back to finance assistant or delete)
WINGS error	Error when the FA performs the "Sent to WINGS" action (that parks the LIV)	Verify error description in "History" tab. The most common errors are another using blocking the PO and Budget Exceeded. In these cases, Spending Unit should be contacted for resolution.

		Technical errors may also occur. In these cases, users shall contact their first level support (CO ITS focal point)
Rejected payments by WFP's bank*	Finance Officer monitors in BCM through the "bnk_moni" transaction the status of the batches If payments get rejected, appropriate actions should be taken by finance and other responsible units	If payment is rejected by a WFP bank, it implies that the WFP bank account was not debited Finance Officer should reverse the rejected payment, ensure that the rejection reason is fully understood and solved and reprocess the payment Other units may be involved in solving the problem related to the rejection reason (HR, spending units etc.) as advised by Finance
Returned payments from beneficiary's bank*	Finance Officer monitors bank statements through the "FEBAN" transaction. If the credit is received, Finance assistant or Finance officer starts investigation with the bank (if disbursed locally) and seeks for RMFT's in HQ assistance if necessary.	If the credit is received and transaction is identified, Finance Officer ensures that the rejection for payment reason solved and reprocesses the payment as appropriate If the WFP account was debited and the vendor claims that the money was not received, Finance officer should first verify through the FEBAN transaction if the money was credited back to the WFP bank account prior to reversing and re-processing the payment. The rejection reason should be fully understood and solved prior to reprocessing the payment Other units may be involved in solving the problem related to the rejection reason (HR, spending units etc.) as advised by Finance

*These are not pure non-standard ITS workflow stages but it will impact the stage once the ZP document is reversed.

Managing of Issues in ITS:

Event	Tasks	Responsible Role
Detection of a problem & Self-support	• Review procedural references (SOP), training material, and relevant communication from the Country ITS Focal Point. • If no useful support is found, seek the advice of the local process experts or the Country ITS Focal Point.	User
Request Support	• Prepare an e-mail and send it to Country ITS Focal Point fully describing event, indicating the work item and supported by screenshots • Indicate if the issue is technical (i.e. tool related) or procedural (i.e. process related); if it is blocking further processing; if it is a unique case or frequent. • Provide further details if requested during the review.	User
Review Request	• Review the request to confirm whether it is a known problem or a new one. • Request further clarification from sender if needed. • Log the issue in country ITS issue log as per suggested form: ITS Issues Log Template.xlsx • If the issue is new and cannot be resolved at country level, log it in status "Submitted to HQ" and sent the request to the HQ ITS support, leaving details necessary for investigation and advice.	Local Process Expert CO ITS Focal Point
Acknowledge request	• Reply to sender acknowledging receipt, adding details about the perceived severity, the estimated resolution time and if applicable the reference code of the logged tickets (GSM, Jira, Infra, date of email to HQ ITS support)	Local Process Expert CO ITS Focal Point
Provide support	• Once a solution is available inform the sender and, if relevant, the larger community of interested users. • Provide all required procedural details and ensure these are reflected in the SOPs. • Update if needed all reference and training materials. • Mark the issue "resolved" in the logs, awaiting feedback from the sender of the support request.	Local Process Expert CO ITS Focal Point
Provide Feedback	• Once a solution is received, test it and send feedback about its successful application or failure	Users Local Process Expert

		The issue has to remain "open" in the logs in case the test was negative.	CO ITS Focal Point
Follow-up	• •	Monitor daily the status of the pending issues raised by the users and forwarded to other parties for advice. Follow-up and send reminders to the involved parties	Users Local Process Expert CO ITS Focal Point
Escalate	• •	If, in spite of repeated follow-ups, blocking issues are still open, and their expected resolution timeline is expired, a request for escalation (involving a review of its priority) needs to be filed with the HQ Support function. The same applies if the issue is "worsening" in terms of affected transactions, users or time.	Users Local Process Expert CO ITS Focal Point
Close Issue	•	Upon receipt of successful feedback from requesting users, mark the issue "closed" in the logs.	Local Process Expert CO ITS Focal Point

Overall monitoring accountability:

Country Office Finance Unit is responsible for overall invoice management process.

Spending Unit is responsible for checking documentation required to support the corresponding SES/GRNs, ensuring availability of the digital copies in ITS or WINGS as applicable and retaining original supporting documentation in accordance with corporate requirements.

Issues emerging during the implementation of the process should be collected and analysed by the ITS focal point in the country. The CO ITS focal point should submit to HQ ITS support team via HQ.ITSsupport@wfp.org the following:
- issues that cannot be resolved at country level;
- suggestions for improvements;
- requests for creation of the new users and adjustments to current users accordingly with relevant form:

ITS new user
request form for CO

Standard Invoice Tracking System Workflow