


	<b>NON-REGULATORY STANDARD OPERATING PROCEDURE</b>	<b>SOP Number:</b> FIN-001	
		<b>Title:</b> Invoice/Payment Approval SOP	<b>Effective Date:</b> 01 July 10
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<b>WRITTEN BY:</b>	<b>Signature</b>	<b>Date</b>
Type Author's Title Here <i>Policy and SOP workgroup</i>	<i>Michael Ganti, Chairman</i>	<i>30 June 10</i>
<b>APPROVED BY:</b>	<b>Signature</b>	<b>Date</b>
Department Head or designee, Authoring Department	<i>[Signature]</i>	<i>6/18/10</i>
Department Head or designee, Affected Department		
Other Staff Per Section 5.10		

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## 1.0 OBJECTIVE AND SCOPE

- 1.1 The objective of this standard operating procedure is to outline the procedures for invoice payment approval and processing, setting up recurring invoices, processing check requests, and processing invoices in excess of tolerances.


## 2.0 RESPONSIBILITY

- 2.1 This Standard Operation Procedure applies to all employees of the Company and those who act on its behalf for procurement purposes.
- 2.2 Accounts Payable is responsible for the maintenance of this Standard Operating Procedure..

## 3.0 REFERENCED DOCUMENTS

- 3.1 Related policies and SOPs regarding expenditure authority, and approval authority have been established elsewhere. Important matters related to the commitment of Sepracor funds and resources are discussed in these policies. Please refer to the following as appropriate:
- Procurement Policy
  - Procurement SOP, PRO-001
  - Approved Supplier List Management SOP, PRO-004
  - Procurement Glossary, PRO-005
  - Purchasing Requisitions SOP, PRO-006
  - Expenditure Commitment and Invoice/Payment Approval Policy
  - Invoice/Payment Approval SOP
  - Approval Authority SOP
  - Receiving Goods & Completion of Services SOP
  - External Communications Policy
  - Educational Grant Policy
  - Health Professional Consultant Policy
  - Code of Conduct and Ethics
- 3.2 Note that new and revised policies and SOPs may be approved by Sepracor from time to time and should also be referred to, as applicable. All policies and procedures can be found on the Compliance Portal of the SEPResource.

These policies and procedures have been documented to standardize the procurement process. Important matters related to the commitment of Company funds and resources are discussed in these policies. Please become familiar with them prior to engaging in purchasing activities.

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#### **4.0 GENERAL**

##### **4.1 Definitions**

- 4.1.1 Please refer to the associated Purchasing Glossary Document, found on the SEPResource Purchasing Portal and in the Corporate Standard Operating Procedures (SOP's) and Memorandum of Standards (MOS's) Index.

##### **4.2 Roles & Responsibilities**

- 4.2.1 Manual signatures must be legibly handwritten in ink and dated
- 4.2.2 Requestor / Invoice Approver is responsible for:
- ensuring the Supplier sends all invoices directly to Accounts Payable (AP).
  - approving and returning invoices to Accounts Payable promptly.
  - coding the line number(s) and the applicable Purchase Order number on the invoice.
  - providing GL Code and cost center where the no-PO policy applies.
  - proactively initiating PO Change Requests where the invoice amount exceeds PO tolerances, and forwarding to Procurement for processing.
- 4.2.3 Accounts Payable Department is responsible for:
- Ensuring an appropriate Stakeholder has approved the invoice prior to processing.
  - Tracking and processing recurring invoices.
  - Resolving invoice-related issues with applicable Stakeholder.


#### **5.0 INVOICE PAYMENT /CHECK REQUEST PROCEDURES**

##### **5.1 Invoice Processing**

- 5.1.1 Accounts Payable processes invoice payments for Inventory purchases by conducting a three-way match between the Purchase Order, Receipt of Goods, and Invoice.
- 5.1.2 Accounts Payable will process invoice payments for non-inventory goods or Services by conducting a two-way match between the Invoice and an associated Purchase Order.
- 5.1.3 Invoices without a Purchase Order/Delivery Order/Supporting documents will not be processed until the documentation and approval signatures are provided to AP to validate the expenditure.

##### **5.2 Invoice Payment Approval**


- 5.2.1 Stakeholders that approve invoices must be familiar with and responsible for the subject matter and compliant with guidelines in this policy.

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- 5.2.2 Stakeholders must follow the procedures for receiving and invoice approval outlined in the Receiving Goods and Completion of Services SOP and the Invoice / Payment Approval SOP.
- 5.2.3 All approval levels included in this policy represent the minimum level of approval and higher-level approval is always acceptable.
- 5.2.4 Stakeholders can temporarily delegate approval authority to a direct report, provided they have approval authority, but only when the assignor sends a written memorandum of such assignment to Procurement, Accounts Payable, and Finance, including assignee name and specific period of assignment, and should be attached to any associated document.
- 5.2.5 Stakeholders can also delegate temporary approval authority to a relevant peer provided they have approval authority, but only when the assignor sends a written memorandum of such assignment to Procurement, Accounts Payable, and Finance, including assignee name and specific period of assignment, and should be attached to any associated document.
- 5.3 Invoice Payment/Check Request Approval and Process for Goods and Services
- 5.3.1 Processing Check Requests: Check requests should only be used for transactions where an invoice cannot be provided by the Supplier or Third Party Supplier, such as seminars, dues, subscriptions, etc. Check requests should be used as the last option for payment and the Requestor must always attempt to get an invoice from the Supplier.
- 5.3.2 Once the invoice or Check Request is approved by the authorized approval authority, invoice will be processed. Payment will be released after all required supporting documentation is received by Accounts Payable (i.e., approved Purchase Requisition, Purchase Order – Change Form) unless authorized by the SVP/Chief Accounting Officer.
- 5.3.3 Accounts Payable processes the invoice based on the scenarios and actions listed below.

<b>Accounts Payable 3-Way Matching Process for Goods</b>			
<b>Scenario</b>	<b>Oracle PO?</b>	<b>Oracle Receipt of Goods?</b>	<b>Actions</b>
Full Receipt	Yes	Yes	<ul style="list-style-type: none"> <li>• Process invoice for payment</li> </ul>
Partial Receipt	Yes	Yes	<ul style="list-style-type: none"> <li>• No immediate action.</li> <li>• AP does not short pay an invoice, they will wait for full receipt before processing invoice for payment</li> <li>• or communication to Supplier</li> </ul>




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			requesting a corrected invoice • or Supplier verification of invoice adjustment.
Incorrect Receipt	Yes	No	• Request Stakeholder invoice approval.
No Receipt	Yes	No	• Request Stakeholder invoice approval.
Credit Memo	Yes		• Request Stakeholder invoice approval.

<b>Accounts Payable 2-Way Matching Process for Services</b>		
<b>Scenario</b>	<b>Oracle PO?</b>	<b>Actions</b>
PO/Invoice Match	Yes	• Accounts Payable sends the invoice to the Stakeholder(s) for approval(s).
PO/Invoice Discrepancies	Yes	• Accounts Payable communicates the issue to appropriate Stakeholder for resolution, prior to processing payment.
No PO number indicated on invoice	Yes/No	Account Payable may: • research Oracle for PO number. • forward the invoice to the Stakeholder noted on invoice and requests a PO number. • contact Supplier and request a PO number or Stakeholder name.
Credit Memo	Yes	• Request Stakeholder credit approval.

- 5.3.4 Accounts Payable references the Approval Authority SOP to determine if the invoice was signed by the proper approval authority and processes the invoice based on the actions listed below.

<b>Accounts Payable Signing Authority Confirmation</b>	
<b>Scenario</b>	<b>Actions</b>
Valid Signature	• Accounts Payable manually enters the invoice into Oracle
Invalid Signature	• Accounts Payable returns the invoice to the Requestor for proper authorization prior to processing the payment.

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5.4 Invoices/Check Requests in Excess of Tolerance (5% over the original Purchase Order value not to exceed \$5,000)

- 5.4.1 For all invoice/check requests with discrepancies, the Stakeholder will be notified to complete a Purchase Order Change Request.
- 5.4.2 Stakeholders are reminded that any performance of work outside the scope of an executed Contract, which could lead to an invoice/check request in excess of the Purchase Order tolerance and has not been addressed by a Change Order, constitutes a violation of the Contract Approval Policy.
- 5.4.3 The Stakeholder will complete a Purchase Order Change Request and submit it to Procurement for processing per the Purchase Order Change Request procedure in the Purchasing Requisitions SOP..

**6.0 RESULTS OF FAILURE TO COMPLY WITH POLICIES AND PROCEDURES**

- 6.1 Invoices received by the company for payment that fail to have a Purchase Order or Change Order completed as required under this policy, except for the No PO Required Expenditures identified in the Approval Authority SOP, must obtain the approval of Management before payment can be made.
- 6.2 Such violation will subject the person and department responsible to disciplinary action up to and including loss of signature authority, reprimand, written warning, or termination.
- 6.3 Once the invoice or Check Request is approved the authorized approval authority, payment will be released only after all required supporting documentation is received by Accounts Payable (i.e., approved Purchase Requisition, Purchase Order – Change Form) unless authorized by the VP of Financial Planning and Analysis and/or Accounting.
- 6.4 **EMPLOYEES WHO VIOLATE ANY SEPRACOR POLICIES AND PROCEDURES WILL BE SUBJECT TO DISCIPLINARY ACTION, UP TO AND INCLUDING TERMINATION OF EMPLOYMENT.**
- 6.5 Violations
  - 6.5.1 Reports concerning wrongful behavior, violations or suspected violations of this or any other procedure, the Code of Conduct and Ethics, law or regulation may be submitted on a confidential basis or may be submitted anonymously through Sepracor's Compliance Hotline as set forth in subsections \_\_\_\_ and \_\_\_\_ below. Reports of violations or suspected violations of alleged misconduct or wrongful behavior will be maintained as confidential as practicable under the circumstances, and as necessary to conduct a full and fair investigation.

\_\_\_\_ Toll free telephone number. 866-886-1348

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\_\_\_ Via the internet at: [www.ethicspoint.com](http://www.ethicspoint.com)

#### 6.6 Amendment

6.6.1 Management reserves the right to amend this policy as appropriate at any time without prior notice, pursuant to Sepracor Corporate Policy 1.0, "Origination, Revision, Communication and Archiving of Sepracor Inc. Corporate Policies."

#### 6.7 Audit (as needed)

6.7.1 Each department; shall perform periodic reviews of the implementation of this Policy, under the oversight and guidance of the Chief Compliance and Ethics Officer.


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## 7.0 ATTACHMENTS

### 7.1 Check Request Form

**[Insert check request form here]**



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## 8.0 DOCUMENT HISTORY

<u>Revision</u>	<u>Date Effective</u>	<u>Comment</u>
00		New SOP.

The last page of each SOP is a Document History listing that includes each revision number, effective date, and summary of changes corresponding to that revision.

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