

Preceded by: 9-Copyedit and Manuscript Tagging (PM7)

## 9b-Invoice Processing (OS7)

Followed by: 10-Line Art Process (AVPM2)

**Why:** The timely processing of invoices is an essential responsibility of Operations. Budget integrity and cash flow rely on timely invoice management

**Who:** *Operations Specialists; All Production Team Members; Various Editorial Staff*

**Skills Needed:** *Ability to balance and track budget against actual spending*

**Knowledge Base Needed:** *CES; Vendor/Invoice Tracking DB; RADAR; WIP*

### **TASK: Invoice Processing**

#### **Step 1: Invoice Routing Overview**

Operations Department Assistant receives the invoice and enters the following information into Invoice Database:

- Date received
- Company name or freelancer name
- Invoice number
- Invoice date
- 1099/after hours or incorporated
- Date invoice received (by Operations Department Assistant)
- Invoice amount
- Copyright year
- PO number
- Team
- Source
- Discipline code
- Operations Specialist
- Assistant's name

**NOTE:** Additional assistance in entering invoices is provided by: all Senior Administrative Assistants, Columbus Permissions Coordinator, and Columbus Production Assistant.

If a purchase order (PO) (or any of the information listed above) is not attached to the invoice, the Operations Assistant returns the invoice to the vendor. If correct, invoice and POs are sent to the individual who commissioned the work. The individual who commissioned the work processes the invoice according to the invoice processing policies detailed below.

**Step 2:** Invoice is then sent, by the individual who commissioned the work, to the project OS for validation and signature and returned to Operations Department Assistant.

For invoices over \$25,000, or when Operations is the requestor, the OS must first send the invoice to the OS Supervisor (or higher level) for counter signature based on the approver's schedule of authority signing level) as follows:

- Operations Specialist — \$0.00 to \$25,000
- Senior Operations Specialist — \$25,001 to \$100,000
- Associate Director and Director of Operations — \$100,001 to \$250,000

Above this will need to go to the CFO of the division (Pete Eiden or John Owen).

*NOTE:* If final invoice and original/amended PO do not match, requestor must take PO/invoice to SME or Department Director for discussion and approval.

**Step 2:** The OS returns the invoice to the Operations Department Assistant for final database entry and delivery to Accounts Payable (AP). Fields to be entered prior to AP submission are as follows:

- Actual Date to AP
- Original Batch # (week ending Friday)

There is a calendarized monthly close for AP, which usually falls within the last week of the month. To allow for clear delineation of month-to-month WIP spending, the next batch of invoices will not be sent AP by the Operations Department Assistant until the first of the following month

### **TASK: Invoice Processing Policies**

**Invoice Requester** (These steps apply to all invoice requestors in the following departments—Operations, **Project Management**, Editorial, **Design**, **Media**, and **Central Publishing**.)

**Step 1: Invoice Types** The following procedures describe the forms appropriate to the following invoicing situations that will be encountered.

*NOTE:* If a PO has been amended, then the *amended* PO must accompany the final invoice for processing.

**Freelancer Invoice:** Associated forms:

- Invoice or Check Requisition or Exhibit 2 (Freelancer Agreement and Invoice) (required)
- Purchase Order (required)
- Exhibit V (Freelancer Status and Agreement Certification Transmittal)(required)
- Contract

**Incorporated Company Invoice:** Associated forms:

- Invoice or Check Requisition (required)
- Purchase Order (required)
- Contract

**Afterhours Invoice:** Associated forms:

- Invoice (required)
- Purchase Order (required for AP)
- Timesheet copy (required for payroll)

**Permissions Invoices:** Associated forms:

- Permissions Log
- Author Contract
- Purchase Order
- Invoice
- Royalty Check Requisition (if required)

**Step 2: Invoice Requirements**

**AP NEEDS**

- Requestor **MUST** verify all plant codes on invoice.
- OS attaches a PO to every invoice before the Operations Department Assistant sends to AP. AP scans all paperwork received, including the PO, so OS can view it as PDF file in RADAR. This upholds Operations policy of all invoices having PO created and finalized in CES.
- AP needs a minimum of **two signatures** on each invoice. One validates that the work was done (e.g., a PM, designer, editor) and the second must be an OS and his or her Supervisor depending on the SOA signing authority.
- AP needs only the top and last page (signatory page) of a contract (the entire contract is not necessary).
- AP needs a signed Exhibit V document (Freelancer Status and Agreement Certification Transmittal) with each invoice/check requisition that he or she receives if the vendor is a freelancer.

**AP DOES NOT NEED**

- Anyone who is commissioning work and/or processing invoices does not need both an invoice and a check requisition.
- AP does not need Exhibit 1 (Freelancer Engagement Data Sheet) with the invoice. AP requires Exhibit V that attests that the person signing received and validated Exhibit 1 in accordance with the Freelancer/Temporary Help policy/procedure.
- Anyone who is commissioning work and/or processing invoices does not need to send Exhibit II (Freelancer Agreement) to AP if there is an actual invoice or check requisition sent. Exhibit II can, by itself, take the place of an invoice or check requisition if necessary. Exhibit II should go to your freelancer (with a purchase order) at the beginning of every job you commission with them. This form has terms and conditions, which the freelancer should return this signed to the individual commissioning the work.
- For permissions invoices, if the invoice requires attachment(s) to accompany the check when sent by AP, the accounts payable system has a dropdown where they will check this off. They will then make sure that the attachment (usually a copy of the invoice) is sent out to the payee. An addressed envelope does not have to accompany the invoice and attachments. Note or label in red on the front of the invoice that the attachment has to go with the cut check.

*NOTE:* When an invoice goes to AP it goes into a central mailroom. Invoices are distributed according to vendor and type (PO, non PO, check requisitions, T&E, etc.). Every invoice and all attached documents are scanned into RADAR. They are date stamped in the mailroom first, then scanned. Staple the invoice on top and its backup material. Do not use paper clips.

*NOTE:* Certain invoices are batched for processing with one point person:

- WDS Archive Invoices = processed through Lana Vichich in Columbus
- Laserwords Extract Invoices = process through Gert Conklin in USR

**TASK: Invoice Coding**

**Step 1:** All invoices must be appropriately coded so that the following information is on either the invoice or the accompanying purchase order:

- Invoice number
- ISBN number (“H-ISBN-001”) (Must be on invoice)
- Invoice date
- Copyright year (should be on PO)
- Discipline code (eg: 2735, 2102) (should be on PO)
- OS name (should be on PO)
- Source code (should be on PO)
- General ledger account cost coding
- Invoice amount (total)

**TASK: Operation Specialist Processing**

**Step 1: Operations Specialist verifies**

- Invoice number
- ISBN number
- Invoice date
- Copyright year (should be on PO)
- Discipline code (eg: 2735, 2102)
- OS name
- Source code
- Fed Form V if it is a freelancer invoice
- 1099, Inc. (Corporation) or After Hours
- General ledger account cost coding
- Dollar amount
- Physical copy of PO
- Compare to committed PO and WIP and investigate/resolve any erroneous charges.

**Step 2:** OS must complete a quick roll up of WIP to date; outstanding billing against committed POs, and other charges that are still to come but might not yet have committed POs. This is also an opportunity to ensure overall spending is still in line with the approved budget. If the overall budget will be exceeded by 10% or \$2000, a source of funding must be located before invoice can be processed for payment.

- Prepare royalty chargeback paperwork for excessive AAs, index, or other contractual tasks.
- Return Invoice to Operations Department Assistant to send to AP
- Retain a copy of the invoice in the project file (PM/comp and P&B)
- For final comp invoices, OS confirms that archive files have passed archiving (as indicated on weekly operations status reports).
  - If files have passed, OS routes as usual.
  - If files have failed upon first grading, OS holds the invoice until project is passed by archiving. Reduce comp invoice for “failure penalty” \$275 against Composition 462562.

*NOTE:* No projects without approved Blue Form are allowed unless the division President and Business Manager approves (within the standard signoff authority policies).

*NOTE:* Any invoices received for future copyright years (titles not yet having BP1 (Rev) budgets) must be evaluated before invoice can be passed to ensure that PPS budget is adequate.

*NOTE:* All commitments to spend against an approved plant budget require a PO issued by a production department prior to the start of services. All plant related invoices are to be recorded, tracked, and reconciled against the PO.

**TASK: Permissions Payment Process**

**Step 1: In-house PM/Liaison** reviews the contract to determine who gets charged for the payments. (Author, Pearson Education, or Author/Pearson Education split).

**If Pearson Education pays:**

- A PO must be entered into CES
- A copy of this PO and a permissions invoice summary must accompany a copy of the invoice.
- Each form must have two signatures.
- Paperwork is given to Operations Department Assistant to be entered in the Invoice Tracking system.
- Operations Department Assistant then forwards to AP for payment.
- Copies of the PO and the original invoice are kept in the file.

**If Author pays:**

- A royalty check requisition must be processed by the Operations Department Assistant
- A copy of the invoice must accompany the check requisition.
- The check requisition must have two signatures.
- Two sets of check requisitions (original and copy) and a copy of the invoice are forwarded to Jessica Worster in the Royalty department
- Jessica will charge the author’s royalties and forward paperwork to AP for payment.

**If Author/Pearson Education split the payment:**

- A royalty check requisition must be processed
- A copy of the invoice must accompany the check requisition.
- The check requisition must have two signatures.
- Two sets of check requisitions (original and copy) and a copy of the invoice are forwarded to Joe Green in the Royalty Department
- Joe will charge the split amount to the author's royalties and forward the paperwork to AP for payment.

**Step 2:** The permissions log should be initialed and dated when the paperwork goes out for processing.

**Step 3:** A "free copy" for permission list must be faxed to the sampling department

**Step 4:** File permission folder alphabetically in a dedicated permissions cabinet, available for future reference.