Setting Up AP Invoicing

Tabitha Expense: Excuse me, Buck? You know that AP is going live with invoicing in the system next week.

Buck Overseer: Yep, It's exciting! This is a big change from the way we have been doing things.

Tabitha: I'm nervous. Can we look at what has been set up again, just so there are no surprises?

Buck: That's a good idea. Pull up a chair. It helps to understand the common process flow that includes AP invoices. Data flows through the system starting with Purchase Order Entry. A Purchase Order is created and sent to the supplier. In Receipt Entry the information about what was received is recorded and offsets the PO. Next, we get to invoice entry, where you come in Tabitha. You enter the supplier's invoice and you match it up with the purchase order and receipt. The system helps you with that. If we were continuing on, the next steps would be to process payments and then reconcile your bank account. Any questions?

Tabitha: I'm good so far.

Narrator: Buck and Tabitha look at Company Configuration and several Maintenance programs. Let me show you what you need to have set up. Select a topic to begin. You can return to this page at any time by selecting the Home icon.

Topics

- Company Configuration

- Maintenance Programs and Code Tables

Company Configuration

In a nutshell, you define General Ledger Controls and apply them to a company. Then, transactions post based on the posting rules. All of this needs to be established before you start using the AP module.

Let's look at Company Configuration.

Select the Save Receipts for Invoicing checkbox to see PO Receipts in AP Invoice Entry when you add a Receipt Line. Otherwise the Receipts will not be available for invoicing. Best practice is to make sure that is checked.

Allow Multiple Invoicing of Receipts allows more than one invoice against a receipt line when selected. The checkbox is clear by default, but you will check this if you generally receive multiple invoices for a receipt from the supplier. If you are not sure if this is the case, you should check the box anyway as best practice.

Some suppliers offer discounts based on how soon you pay an invoice. Always Take Discount indicates whether discounts should be taken when processing payments regardless of the invoice discount due date. If you clear this option, the application only applies discounts when the payment date is on or before the discount due date.

Select Accept rounding at Invoice Entry to indicate that rounding differences are automatically booked when vendor invoices are entered. If not selected, rounding differences are not booked automatically when entering vendor invoices and the user must manually balance the transaction.

Tolerance at Payment…This field specifies the tolerance amount used to catch rounding differences that might occur when vendor invoices are settled in a currency different from the invoice currency. Tolerance amount is entered with up to six decimals.

Select the Default Aging Report Format Code for aging accounts payable when running the Aged Payables report.

Ready to Calculate sets the default in AP invoices. If selected, the Ready to Calculate check boxes will be selected and because of this, sales taxes be automatically calculated.

Maintenance Programs and Code Tables

You also need to have several tables and codes set up to define your transactions. Some of these include Payment Method, which is how you pay various transactions like Cash, AP Check, Manual Check, Credit Card. This payment method is used in bank accounts, and customer and supplier records

Aging Report Format - You can define up to six columns or buckets on an aging report. The first column always represents future invoices, and the second column represents current invoices; no days are associated with these columns. Each column after that includes the number of days an invoice is past due. A common set up is Future, Current, 30, 60, 90, and 120.

Your Bank Accounts are defined here, and general Ledger controls associated with them. You may have many accounts but a minimum of one account is necessary.

Speaking of GL Controls, these determine the accounts (one or more) and journal codes used to post transactions. There is a lot more information available on setting these up.

Another key table contains your Purchasing Terms. These are how your invoices are paid, the due dates, the frequencies, and any discounts you might receive. A common example of a payment terms is Net 30; these invoices need to be paid within 30 days of the invoice date. If your suppliers offer discounts for early payment you may have something like 2/10 Net 30 [said two ten net thirty] meaning that the invoice is still due within 30 days of the invoice date but if you pay within 10 days of the invoice date you get a 2% discount. When set up properly, the system helps make sure you're taking advantage of these discounts and paying your invoices on time.

And last we have Supplier maintenance which includes default information that automatically populates when you enter PO's and invoices from your supplier This saves you time and typing. Let's take a quick look. This supplier offers the terms I just mentioned, 2/10 Net30, and we have general information about how we pay, who to pay *, and where to send the payments.

For more details on the setup of the AP module referenced the Implementation User Guide.

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