

Instructions for Receiving Purchase Orders in Maximo

Background

In accounting, the three-way match refers to a procedure used when processing an invoice received from a vendor or supplier. The purpose of the three-way match is to avoid paying incorrect and perhaps fraudulent invoices. As a general rule, each of these three processes should be completed by different entities within IPSC.

Three-way refers to the three processes involved:

1. Purchasing issues a Purchase Order (PO) to the Vendor.
2. Warehouse or the Purchase Requisition Originator (Originator) receives the purchased materials or services
3. Accounting receives the Vendor's invoice and matches the PO to the receiving documents and to the Vendor's Invoice.

Match refers to the comparison of the quantities, price per unit, terms, etc. appearing on the vendor's invoice to the information on the purchase order and to the quantities actually received. After the vendor's invoice has been validated by the three-way match, it can be further processed for payment.

Difference between Material and Services in Maximo

When an Originator enters a requisition for materials, tools or services, they have four choices available to them in the "Line Type" Dialog Box (see Figure 1).

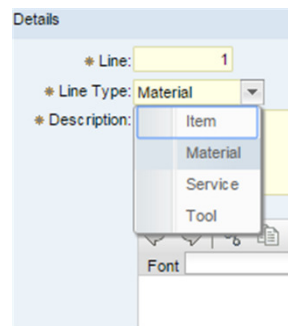


Figure 1 – Line Type Dialog Box

Item: This Line Type refers to materials described in the "Item Master" database contained in Maximo. The selection of this Line Type will require the Originator to select the item from the existing database. The item may or may not be currently in stock. If it is not in stock, Maximo will automatically generate a Purchase Requisition for its purchase and the item will be received by the Warehouse.

Material: This Line Type should be used to purchase needed tangible materials. When this Line Type is selected, Maximo will require the material to be received by the Warehouse before payment can be processed.

Service: This line type should be used to purchase non-tangible services, things that could not be received, counted and inspected at the Warehouse Receiving Dock. When this Line Item is selected, Maximo will NOT require receipt for payment. Examples of this Line Type would be:

- Any labor or service paid on an hourly or fixed price basis
- Downloaded Software
- License or service agreements
- Professional Memberships

Receiving Items Ordered with the Line Type “Material”

It is the responsibility of the Warehouse (GSB or RSC) to receive materials. They will verify the shipment matches the description and quantity in Maximo and resolve any discrepancies. They will also electronically attach any receiving documents to the PO and mark the status of the items as received in Maximo.

If the item cannot pass through Receiving for any reason, it will be the responsibility of the Originator to notify Receiving by email that the purchased items should be received and cleared for payment. Receiving will use the email as evidence of receipt and mark the item received in Maximo.

Receiving Anything Ordered with the Line Type “Service”

It is the responsibility of the Originator to receive anything ordered with the Line Type “Service”. This can be accomplished in one of two ways; the Originator can send an email to Accounting stating that the requirements of PO have been completed and it is ready for payment OR they could just sign the invoice stating that the work has been completed. Either way will satisfy the requirement of the three-way match.

In many cases, the Originator may not be aware that an invoice has been received and waiting for their receipt before payment can be made. If an invoice is received and no notice of receipt has been received by the Accounting Clerk, then the Accounting Clerk should notify the Originator that receipt is required and either provide the invoice for signature or request a confirmation of receipt email.

Note: The Originator should wield the power of receipt with care and discretion. The Originator should not fully receive the Service until the work or the requirements of the PO have been completely satisfied. The Originator has a fiduciary responsibility to only authorize payment for

completed work. Partial payments can be made even if the invoice supplied by the Vendor requests full payment.