



Policy Type: Administrative

Category: Fiscal and Budget

Policy Name: Managing Goods Receipt and Invoice Receipt

Policy Owner: Controller-Treasurer Department

Policy Purpose

The purpose of this policy is to provide departments with guidelines for properly processing Goods Receipt / Invoice Receipt transactions.

Policy Summary

Goods Receipt / Invoice Receipt (GR/IR) is a non-vendor specific liability account that serves as a clearing account in the 3-way match process in SAP. It is the responsibility of the **operating department** to:

- 1) Record GR/IR items in SAP as outlined on the Materials Management Receiving Business Transactions 3-Way Match chart.
- 2) Clear any outstanding issues and process invoices. When the GR/IR accounts do not offset or clear, the GR/IR items remain unmatched – on open status.
- 3) Review open GR/IR regularly to ensure that GR / IR items are not left open for more than 30 days. A standard Open GR/IR Report (FBL3N) is available in SAP listing unmatched GR/IR items.

Accounting Transaction



The following accounting transactions occur when receipts and invoices are processed in SAP:

- A) Transaction Code – MIGO – Receive Goods
Debit – PO Account Assignment (Account shown on purchase order)
Credit – GR/IR

- B) Transaction Code – MIR7 – Park LIV Invoice
Debit – GR/IR
Credit – Vendors Payable

Items recorded as received will offset items invoiced in the system. When the GR/IR Account Credit on transaction A equals to the GR/IR Account Debit on transaction B, SAP will offset the balance and clear GR/IR automatically.

A daily system batch job is set up to run the clearing process.



Materials Management Receiving Business Transaction 3-Way Match

Below is a chart that outlines how GR/IR items should be recorded in SAP.

SAP Business Transaction	Movement Type (MT)	When to Use this Transaction	Business Process/Scenarios	Reference Documents
Goods Receipt (GR)	101	<ul style="list-style-type: none">- Use to record a new receipt.- Should not be used to receive replacement products.	Initial Goods Receipt	Purchase Order



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SAP Business Transaction	Movement Type (MT)	When to Use this Transaction	Business Process/Scenarios	Reference Documents
Cancellation	102 / 123	<ul style="list-style-type: none"> - Use to cancel or reverse a receiving transaction made in error. - Do not use this transaction if the original receipt has been paid. - If invoice has been paid, use return delivery (MT 122). 	<p>Example: Goods received referencing the wrong PO #.</p> <p>Example: Computer was received on 1/2/YY and paid on 1/10/YY. It was later discovered that the computer is defective and returned to the vendor. DO NOT cancel the goods receipt, but process a return delivery (MT 122) instead.</p>	<p>The original GR Material Document #.</p> <p>Note: <i>If you have more than one Good Receipt transaction and you are trying to process a Cancellation or Return Delivery, make sure you reference the correct GR Material Document Number.</i></p>
Return Delivery	122	<ul style="list-style-type: none"> - Use to record the return of goods to vendors (i.e., defective, damaged or wrong product). - Also use this MT if the original receipt transaction has already been paid. 	<p>Example: Computer was received, but it was the wrong model #. Process a return delivery.</p>	<p>The original GR Material Document #</p>
Subsequent Delivery	101	<ul style="list-style-type: none"> - Use to record the receipt of products (from vendors) that are sent as replacement for items previously returned. - Also use to receive items cancelled in error. 	<p>Example: The computer returned above was replaced by the vendor with the correct model #. Process a subsequent delivery, NOT a goods receipt.</p>	<p>GR Material Document #</p>



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SAP Business Transaction	Movement Type (MT)	When to Use this Transaction	Business Process/Scenarios	Reference Documents
		* This transaction prevents SAP from generating duplicate GR against same line item causing GR/IR to become out of balance.		

Reasons for Unmatched GR/IR Items

Below is a list explaining why receipt or invoice items remain on GR/IR report and specific corrective actions the **operating department** should exercise to clear unmatched GR/IR.

RECEIPT PROBLEMS:

Description	Corrective Action
Received the item in SAP in error; item should not have been received.	Cancel original receipt document.
Item received with incorrect quantities, invoiced and paid per vendor's invoice	Confirm error by reviewing packing list to verify shipped vs. received quantity. If received more than shipped, process a return delivery for the uninvoiced receipt quantity. Example, Goods received for quantity of 10, Vendor Shipped and invoiced for quantity of 6 and the County paid for quantity of 6. Process a return delivery for quantity of 4.

OTHER COMMON RECEIPT PROBLEMS:



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Description	Corrective Action
Item received, then cancelled or returned, item re-received as a new goods receipt transaction	This is an example of incorrect use of Movement Type or Transaction. Cancel the new goods receipt transaction, and process a subsequent delivery transaction referencing the cancellation or return material document.
Item received including the tax amount	Example: Item received for 108.25 quantity when it should be 100. Submit the Request to Resolve form to the Claims Unit of the Controller-Treasurer Department to clear the excess quantity (8.25).

INVOICE ISSUES:

Description	Corrective Action
Item received but not invoiced	Contact vendor to request an invoice, process an LIV invoice against the purchase order. If vendor will NOT issue an invoice, notify Claims Unit to clear uninvoiced receipt by submitting the Request to Resolve form.
Item received, not invoiced, physically returned to vendor but did not do a return transaction in SAP	Process a return transaction. Confirm with vendor that no invoice and credit memo to be issued. If items do not clear automatically, notify Claims Unit to offset received and returned items by submitting the Request to Resolve form.
Item received but invoiced partially or short	Contact vendor to request an invoice for the balance of the uninvoiced receipt and process an LIV invoice against the purchase order. If vendor will not issue an invoice, notify Claims Unit to clear the balance of goods receipt by submitting the Request to Resolve form.

CREDIT MEMO / RETURN ISSUES:

Description	Corrective Action
Item received, invoiced, and paid then returned to vendor (all business transactions were completed in SAP)	Contact vendor to request a credit memo, process an LIV credit memo (MIR7) against the returned item and also process a return delivery (MIGO) with movement type 122 to record the returned item.



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Description	Corrective Action
Item received, then returned in full, vendor will not issue an invoice	If items do not clear automatically, notify Claims Unit to offset received and returned items by submitting the Request to Resolve form.
Item received, then partially returned, invoice has not been processed in SAP	Vendor should send an invoice for the received items and a credit memo for the returned item. Process an LIV invoice against the receipts and an LIV credit memo against the returns. If the vendor sent an invoice for the net amount (actual quantity received less returned quantity), process an LIV invoice for the invoiced amount. A credit memo is not necessary.
Item received, then partially returned, original received item was invoiced and paid	Contact vendor for a credit memo for items returned, process an LIV credit memo against the returns and a return delivery (MIGO) for the returned item.
Item received, not invoiced, physically returned to vendor but did not do a return transaction in SAP	Process a return transaction. Confirm with vendor that no invoice and credit memo to be issued. If items do not clear automatically, notify Claims Unit to offset received and returned items by submitting the Request to Resolve form.

INCORRECT INVOICE PROCESS:

Description	Corrective Action
Item received, invoiced and paid as a direct pay and not against the purchase order	This is an error and should be avoided. Re-process the paid invoice as an LIV invoice, release invoice using regular workflow, immediately process a non-match credit memo (FV65) for the same amount using direct pay, apply credit to the LIV invoice (invoice must be on released status). No payment will be generated and the LIV invoice and the non-match credit memo will net to zero.
Item received, charged on P- Card	This is an error and should be avoided. Re-process the paid invoice as an LIV invoice, release invoice using regular workflow, immediately process a non-match credit memo (FV65) for the same amount using direct pay, apply credit to the LIV invoice (invoice must be on released status). No payment will be generated and the LIV invoice and the non-match credit memo will net to zero.



Procedures

Request to Manually Clear Goods Receipts

- 1) A request to manually clear Goods Receipts shall only be made when the above corrective action cannot be performed. The **operating department** must complete a Request To Resolve Outstanding GR/IR form and submit it to the Controller-Treasurer Department Claims Unit. The request will only be accepted for one of the following reasons:
 - Item received but not invoiced.
 - Item received but invoiced partially or short.
 - Item received, then returned in full, vendor will not issue an invoice.
 - Item received, not invoiced, physically returned to vendor but did not do a return transaction in SAP.
- 2) The completed Request To Resolve Outstanding GR/IR form must be approved and signed by the operating **Departmental Fiscal Officer** attesting:
 - acknowledgment that their department has completed all the necessary tasks at the Department to correct the outstanding issue;
 - the vendor has been contacted for the item;
 - acknowledgment that no invoice will be issued; and
 - authorization is granted for the **Controller-Treasurer Department** to resolve the item.
- 3) It is the responsibility of the **Controller-Treasurer Department Claims Unit** to clear (zero balance) the outstanding GR/IR. An email notification is sent to the operating department requestor after the GR/IR is processed.



Definitions

None.

Frequently Asked Questions

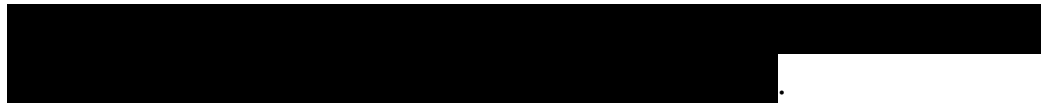
1) How do I run a standard OPEN GR/IR Report (FBL3N)?

In the County accounting and finance system, use transaction code FBL3N;

Path: SAP MENU > FINANCIAL ACCOUNTING > GENERAL LEDGER >

ACCOUNT > DISPLAY/CHANGE LINE ITEMS; and follow the below steps:

- A. Click on Dynamic Selection button.
- B. Under the Document Folder, find Plant, Click Plant.
- C. Click on the Right arrow to add Plant on the selection box.
- D. Scroll to the bottom of the selection box enter Plant number associated to your department.
- E.





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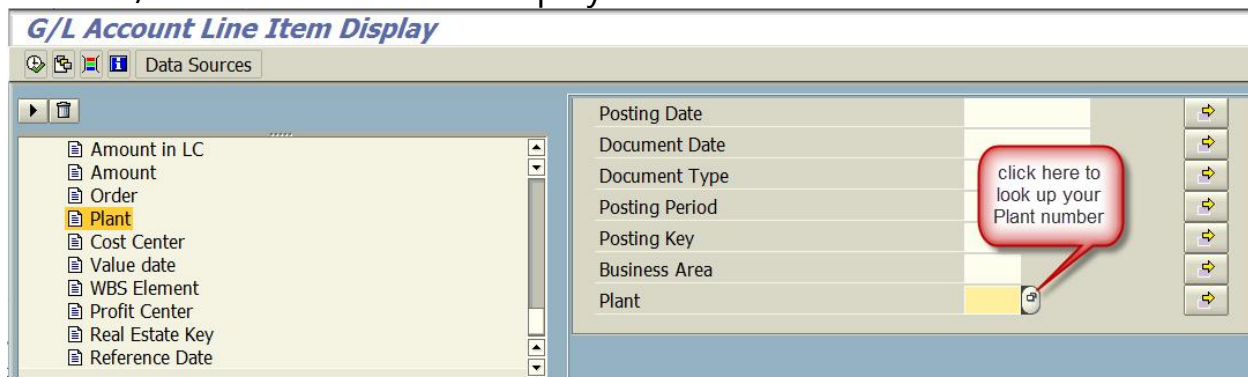
- F. Scroll down to the bottom of the screen.
- G. Click drop down list for Layout.
- H. Double click on /LL006.
- I. Execute report.



To download the report to Excel file: Select List > Export > Spreadsheet > Microsoft Excel > Green check

2) What if I don't know the Plant number for my department?

The Plant number is typically associated with the department's budget unit number. To look up your Plant number, a dropdown feature is available in SAP – G/L Account Line Item Display.



If you are unable to locate your Plant number, please contact the Controller-Treasurer Department Claims Unit for assistance.

3) How will the Countywide implementation of ARIBA Procure-to-Pay impact this policy?

The implementation of ARIBA will not impact the process of managing goods receipt and invoice receipt. Users will continue to use the standard OPEN GR/IR Report (FBL3N) in SAP to obtain a list of unmatched GR/IR items for their operation. The guidelines provided in this policy will still be applicable.

Related Policies

None.



Related Forms and Information

- Request to Resolve Outstanding GR/IR form -
[url]/sites/forms/controller/ControllerCountywideforms/GRIR-PP-Revision_04-17-15_v2.pdf
- Accounts Payable Process Administrative Guide -
<https://sccconnect.sharepoint.com/sites/controller/ASAP/SAP%20User%20Access/SitePages/SAP-Ariba-User-Access.aspx>

History

Date	Changes Made
1/14/2019	Links Updated. (David Bruno)
5/7/2018	Redacted Information.
9/16/2016	Consolidated and removed reference policy.
3/17/2014	Policy uploaded. (John Myers)