

Approving Invoices and Requesting Payment User Guide

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Purpose: Provide helpful hints and tips for preparing, approving, and submitting invoices to Finance so vendor payments are made accurately and timely.

Out of Scope: Centralized invoices (Attorney General, MNIT, state vehicles), employee expense reimbursement, purchasing cards

[Minnesota Statutes 16A.124](#) requires MDH to pay all invoices within 30 days of receiving them. MDH policy is that programs review, approve, and submit invoices within 10 days of receiving them. MDH policy requires Accounts Payable in Finance to enter and approve vouchers within 10 days of receiving an approved invoice by program. The remaining 10 days provides the agency the buffer we need to resolve errors or unusual situations or communicate with the vendor. There is no consequence if program takes more than 10 days to send the invoice to Accounts Payable. Accounts Payable will still work to meet the 30-day timeline.

***NOTE:** If you are disputing an invoice, the 30-day clock does not start until MDH receives the corrected invoice or the dispute has been resolved. Reasons to dispute an invoice may include incorrect amount being billed to MDH, Freight added to an invoice that shouldn't be paid, being billed for items not yet received, etc.

Step 1 – Receive the Invoice from the Vendor

- **Services, Professional/Technical Contracts, or Grants:** Ask contractors and grantees to submit invoices directly to you, the program contact. You need to review and approve the invoice before submitting it to Finance for payment. Add the date you received the invoice to the invoice as evidence of the date MDH received it; invoice receipt date is a required field in SWIFT to pay the invoice. By state law MDH has 30 days to pay the invoice once MDH has received it.
- **Goods:** Vendors providing goods that are physically received by MDH should submit their invoices electronically to health.invoices@state.mn.us per the instructions on the purchase order. These invoices do not need be approved by a program contact; Finance works with Facilities to match the invoice to the packing slip and the purchase order.

Step 2 – Review the Invoice

Task A: Review the invoice for required information

Verify that the vendor/grantee provided the following required information on the invoice:

1. **Vendor's name** – should closely match the vendor's record in SWIFT
2. **Invoice Number** – Ideally, the vendor will provide an invoice number. Accounts Payable will default to using the vendor provided invoice number if there is one on the invoice.
- 3.

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If the vendor does not provide an invoice number, program may use the suggested invoice ID naming conventions listed here:

Type of invoice	Naming convention suggestion to use
Advisory Work Group	Date of events, ex: October 3-5, 2020
Annual Plan	APA MM/YYYY, ex: APA 01/2018
PT Contract	PT MM/YYYY, ex: PT 03/2019
Grantee	See information below in “Grants Only: Use Standard Coding for Invoice Numbers” paragraph

If any invoice contains any social security numbers (SSN), redact/remove that information before sending to Finance. SSNs are not needed to issue payment and are private data.

4. **‘Remit To’ Address** – address where payment should be sent; may be different from the vendor’s physical location. Verify that the ‘Remit To’ address on the invoice is correct and matches what you have on file in the contract and in SWIFT.
5. **Amount Due** - This may or may not be what the vendor submitted.
If you are short paying an invoice, for any reason, clearly mark which amount you want paid and leave a comment why the amount is less. AP staff will have a record showing the amount to pay and the reason, for auditing purposes.

International Wire Transfer Invoices: These invoices require special banking data on the invoice. Please contact Accounts Payable Lead, Katie Bierwerth, to talk through what is needed *before* sending the invoice to Finance.

Recommended Resolution if Missing Required Information: Contact the vendor and request a new invoice if any of the required information above is missing or incorrect.

If the vendor’s address in SWIFT is incorrect, the vendor needs to work with MMB to get the record in SWIFT corrected (Accounts Payable does not have the access or authority to make corrections to the supplier file in SWIFT for the vendor). Vendors can access the [SWIFT Vendor Resources](https://mn.gov/mmb/accounting/swift/vendor-resources/) (<https://mn.gov/mmb/accounting/swift/vendor-resources/>) or call MMB at 651-201-8106.

Grant Invoices Only: Use Standard Coding for Invoice Numbers

To avoid duplicate payments and enable Finance staff to enter vouchers more quickly, develop a standard coding scheme for invoice numbers for outgoing grant payments. See the examples in the guidance developed by MDH’s Grants Office: [Invoice Naming Conventions](#) (this is an example, not a requirement).

Be aware that if the grantee provides an invoice number, Accounts Payable will use the grantee provided number instead of program’s naming convention. This will be more familiar to the grantee, help them understand why they are receiving funds from the state, and decrease the number of calls Finance receives from confused grantees.

If the grantee Invoice is being paid from a **blanket PO**, the SWIFT Vendor ID and Location Code where payment is supposed to be sent on the face of the invoice with your approval. The Location Code is not required when grantees have their own individually assigned PO number. As of July 1, 2021 if a vendor changes their ID number, a new PO will need to be issued.

Task B: Review the invoice for accurate billing

Verify that the vendor billed MDH correctly by checking the math, confirming the quantities, and comparing the pricing to the contract/or der. Make sure all services invoiced were provided as specified and that MDH has not already been billed for the services.

Recommended Resolution if Billed Incorrectly: If you find errors on the invoice, hold off on approving and submitting the invoice until the vendor sends a corrected invoice that represents all charges expected for the service dates billed and an accurate statement of what is due.

Step 3 - Approve the Invoice

Add your approval on the face of the invoice rather than including it in the body of the email that you submit to Finance. It creates a more obvious audit trail and stronger documentation if the approval is on the face of the invoice.

Your approval should have the following elements:

1. The words “Okay to Pay”
2. Your name – type or write your name. Finance does not need a signature. Instead, it is helpful for your name to be legible, so we know who to contact if we have questions.
3. The date you approved the invoice
4. Purchase order number
5. Purchase order line
6. The dollar amount you are approving for payment from each PO and line
7. The RAISE form number, if applicable.
8. Any additional information you want to communicate to Finance.

Examples:

- The reason you are approving a payment to be less than the invoiced amount
- Final Pay
- The SWIFT Vendor ID and Location Code if the invoice is being paid from a blanket purchase order.

If payment will be made from multiple purchase orders and/or lines, list each purchase order, line number, and the dollar amount to be paid from each. (See example below.)

Optional: Using Adobe to Add Your Approval

Below are step-by-step instructions for using Adobe to add your approval to the face of the invoice. You can use Acrobat Reader—you do not need an Adobe Pro license.

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1. Click on the **Comment tool** in Adobe's right-hand margin. After you click on Comment, the Comment toolbar will appear above your document.
2. Click on the **Add Text Box** icon, which looks like "T" with a box around it.



3. Click on the page to place the cursor.
4. Draw a box, then start typing the following text inside the box:

Okay to Pay

Approved by:

Date:

PO Number:

PO Line: ##

Total Approved: \$

Comments: Final Pay

Or if there are multiple purchase orders/lines

Step 4 – Send the Invoice to Finance

Email the **pdf** of your approved invoice to Finance at health.invoices@state.mn.us. Send one invoice per email. Do not send cover sheets to approve multiple invoices. Do not email the invoice more than once or you risk Finance paying the same invoice multiple times. If you have questions or concerns about a previously submitted email, follow the instructions in Step 5 below.

Subject line: For the email subject line, best practice is to include the Vendor Name and Payment Type (i.e., PRISM Order, Grant, PT Contract, Refund Request, RAISE Payment, and Advisory Council), **month and year of the invoice**. Providing this information in the subject line will help Finance quickly find your email if you identify a problem later.

Body of the email: Please do not provide special instructions about invoice payment in the body of the email. Comments to Finance should be added to the face of the invoice following the instructions Date in Step 3.

Grant invoices: Do not include any supporting documentation that the grantee sent to you. You should retain that supporting documentation in your grant file. Finance only needs a copy of the grantee's invoice; Finance does not need the supporting documentation.

During the COVID-19 public health crisis, paper invoices will no longer be accepted because Finance staff are working remotely. It is Finance's hope to maintain an electronic process long-term once staff return to the office.

If a vendor needs to update/correct an invoice after you have submitted it to Accounts Payable, the vendor needs to submit an additional invoice with the incremental amount that needs to be paid or a credit memo for an overbill. You should review, approve, and submit the additional invoice or credit memo to Accounts Payable using the process described above.

Remember that state statute requires payment of the invoice within 30 days of receipt by MDH, and the 30 days starts when program receives the invoice, not when program submits the invoice to Finance.

***NOTE: If you are disputing an invoice, the 30-day clock does not start until MDH receives the corrected invoice or the dispute has been resolved. Reasons to dispute an invoice may include incorrect amount being billed to MDH, Freight added to an invoice that shouldn't be paid, being billed for items not yet received, etc.**

Final Pay Invoices: When you received the last bill from the vendor, add "Final Pay" to the invoice. If you receive two invoices at the same time and one is the final payment:

1. send each one in a separate email.
2. on the final invoice leave a note referencing the previous bill. This is so AP can make sure the invoices are paid in the correct order.

Step 5 – Requesting Assistance in Special Cases

Urgent Payment Needed

If an invoice requires expedited payment (i.e. sooner than the 10 days Accounts Payable has based on MDH policy), you should send the invoice to health.invoices@state.mn.us use the usual process and mark the email as "High Importance" in Outlook. This will help Accounts Payable prioritize the urgent work. Typically, we process invoices based on first in, first out. We ask that programs only use this mechanism when needed and don't abuse the High Importance indicator.

Notice an Error After Submission

If realize you coded an invoice incorrectly and you have already sent that invoice to Accounts Payable, please email Katie Bierwerth and Angela Jones-Flanagan directly as soon as possible and explain the issue. If Accounts Payable is able to catch the invoice before payment is made, the invoice will be pulled out of the process, and you will be allowed to submit a correct invoice. If Accounts Payable cannot catch the invoice before payment is made, program will have to follow the normal process for making corrections.

Questions about Payment Status

If you have questions about payment status, you can take three steps:

5. Run SWIFT reports to determine whether Accounts Payable has entered the payment.
6. Review the automatic reply from health.invoices@state.mn.us, which lists the receipt date of the invoices Accounts Payable is currently processing. [Note: when you compose an email to health.invoices@state.mn.us, the automatic reply shows up at the top as a banner. You do not need to send an email to view the automatic reply.] Compare the date in the out of office reply to the date you submitted the invoice to Finance to determine whether Accounts Payable had gotten to that date yet.
7. If the SWIFT report shows that the payment hasn't been entered and Accounts Payable is processing invoices received after the date you submitted your invoice, email Katie Bierwerth and Angela Jones-Flanagan, asking them to research the issue. In your email, include the date you submitted the invoice to Accounts Payable and the subject of the email that you sent to the invoice's mailbox or, if possible, forward a copy of the original email to Katie and Angela. DO NOT send questions to health.invoices@state.mn.us – your inquiry will not be addressed promptly. DO NOT submit a second copy of the invoice to health.invoices@state.mn.us – this would create a risk of a duplicate payment. Katie will research the issue and help to resolve it.

Communicating Errors

You may hear from your vendor that Finance made an error when making payment or you may find an error when reviewing your OBIEE reports. When you identify an error, please send an email to Katie Bierwerth and Angela Jones-Flanagan, with the nature of the error, the vendor's name, the voucher number, and a copy of the invoice (if you have it).

Examples of possible errors:

- Payment went to the wrong vendor,
- The payment was the wrong amount,
- The payment was a duplicate,
- The wrong purchase order or funding source was used.

DO NOT send questions to Hello—your inquiry will not be addressed promptly. DO NOT submit a second copy of the invoice to health.invoices@state.mn.us – this would create a risk of a duplicate payment. Katie and Angela will research the error and help to resolve it.

Expenditure Corrections – Journal Vouchers

If you need to change which funding source was used to make a payment, complete an [Expenditure Correction Form \(PDF\)](#). This form includes a button to click that will generate an email to Finance and automatically attach the EC form. If the link isn't working, please send the form to: Health.FM.AgencyWideInvoices@state.mn.us.

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Do not use the expenditure correction form for errors the vendor or Finance made. See above for how to resolve those issues.

General Questions

For general questions regarding Accounts Payable not addressed above, please email Katie.Bierwerth@state.mn.us and Angela.jones-flanghan@state.mn.us.