Automate! Lessons Learned to Improve Invoice Match to PO Process

Collaborate 2008

Humana Profile

- Humana Inc. – headquartered in Louisville, Ky.
- 47 years of history
- Health Insurance – full service benefits solution company
- Medical membership of 11.5 million at December 31, 2007
- Revenues of $25.3 billion in 2007
- 2007 operating cash flows of $1.2 billion
- 25,000 Associates ending December 31, 2007
- www.humana.com

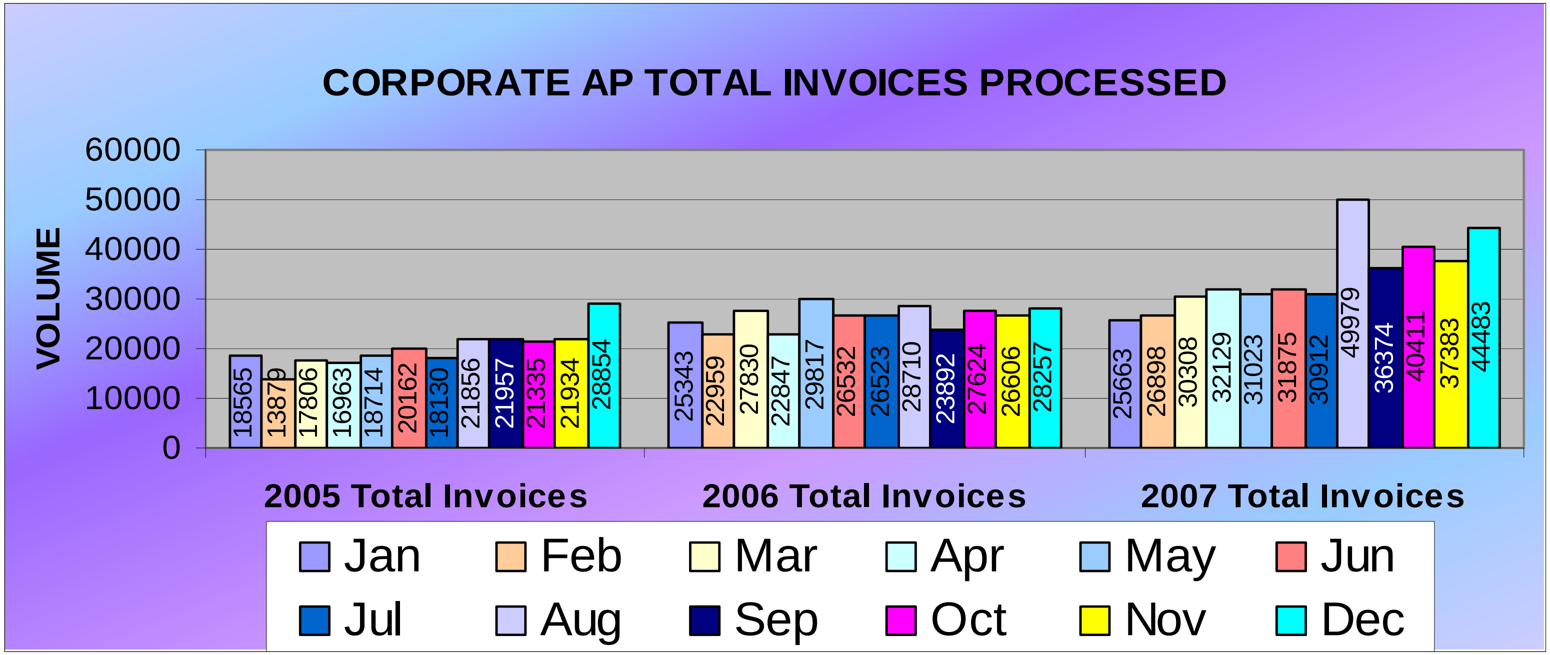
Background Information

- Our roles and responsibilities
  - Andrea Buckman - Manager Oracle System Administrator
    - 10+ years Oracle experience
  - Linda Flood – Consultant Oracle Finance
    - 6+ years Oracle experience
- Oracle Platform
  - Implement 2001
  - Current Version 11.5.10.2
- Oracle Modules
  - PO, iPro, iS, AP, iE, FA, AR, GL, TM, CE, iP, HRMS

Why we needed to Automate ?

- New supplier contract of office supplies
- Move office supply volume from ERS to 3WM
- Need to create electronic efficiencies with the 3WM process
- Accounts Payable volume growth of 40% from 2005 through 2007
    - Rollout of new Medicare products
    - Acquisitions
    - New suppliers
- New Purchasing practices to reinforce the required use of Purchase Orders

Accounts Payable Volume Stats



- 30% of invoices on Purchase Order
- Accounts Payable Centers include Corporate, Military and Puerto Rico

Business Requirements to Automate

- Supplier collaboration
- Punchout capabilities
- Electronic delivery of purchase orders
- Electronic invoice file from supplier
- Match the invoice file to purchase orders and receipts automatically
- Payment via EDI
- Supplier to view account via iSupplier

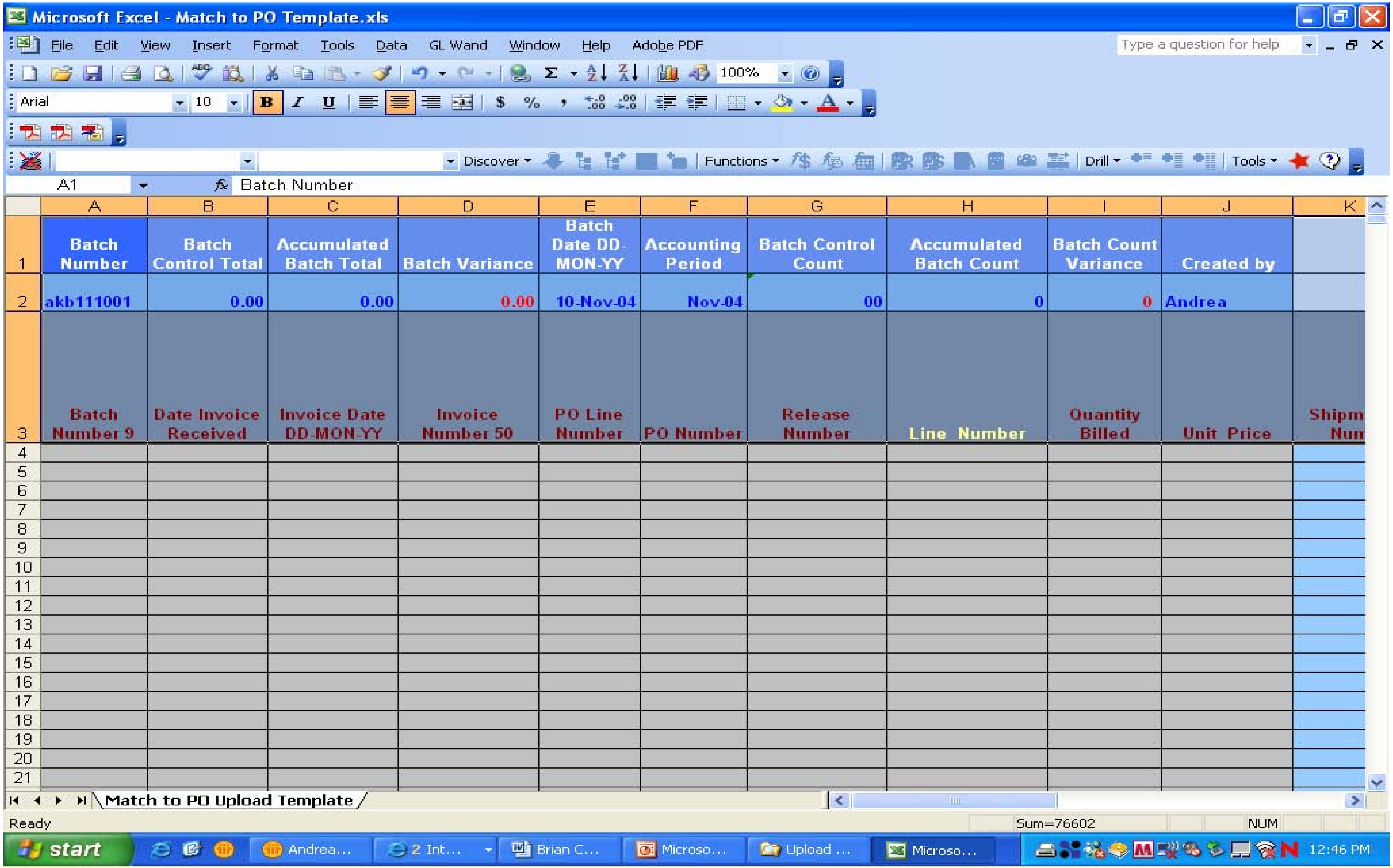
Objectives to Go Live

- Identified and modified the current invoice upload program
- Work in partnership with supplier on required fields for electronic invoice file and FTP transmission
- Identified IT Developer to enhance code, log file and tables
- Resources from AP, Production Support and IT Developer to complete testing
- Go Live - AP to review and analyze daily processing of files

Detailed Process Flow

- Step 1
    - Populate Match to PO Upload spreadsheet
        - Spreadsheet configured to require certain field formats
            - ex. date format
        - Use of Excel functionality such as ‘Notes’ used to display requirements for each field
            - ex. Batch Number
        - Use of columns description to assist data entry
            - Ex. Invoice Number 50 –meaning 50 characters allowed in the Oracle field that corresponds to it

1 of 3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Microsoft Excel - Match to PO Template.xls

A1 Batch Number

	A	B	C	D	E	F	G	H	I	J	K
1	Batch Number	Batch Control Total	Accumulated Batch Total	Batch Variance	Batch Date DD-MON-YY	Accounting Period	Batch Control Count	Accumulated Batch Count	Batch Count Variance	Created by	
2	akb111001	0.00	0.00	0.00	10-Nov-04	Nov-04	00	0	0	Andrea	
3	Batch Number 9	Date Invoice Received	Invoice Date DD-MON-YY	Invoice Number 50	PO Line Number	PO Number	Release Number	Line Number	Quantity Billed	Unit Price	Shipm Num
4											
5											
6											
7											
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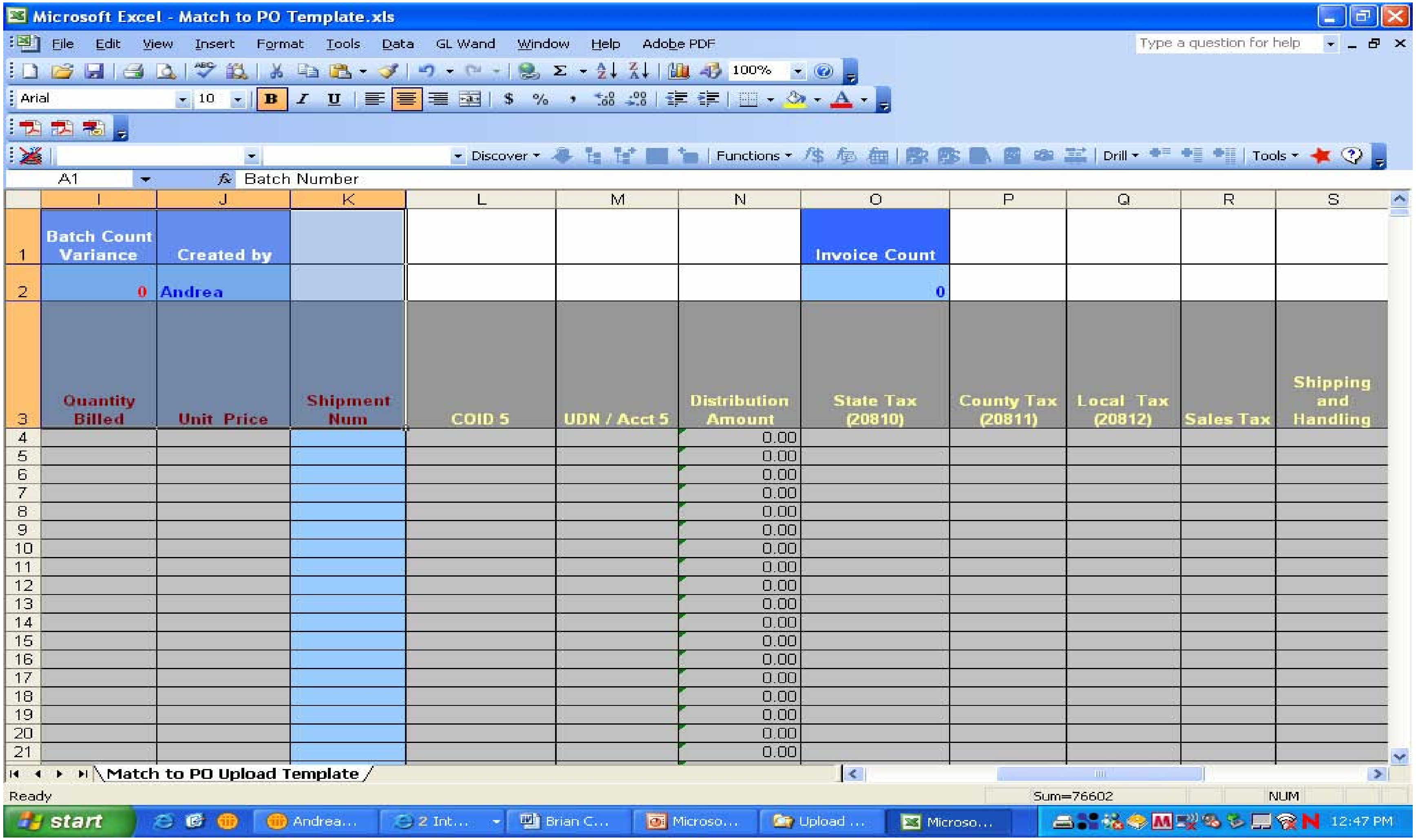
Match to PO Upload Template

Ready Sum=76602 NUM

2 of 3



Microsoft Excel - Match to PO Template.xls

A1 Batch Number

	I	J	K	L	M	N	O	P	Q	R	S
1	Batch Count Variance	Created by					Invoice Count				
2	0	Andrea					0				
3	Quantity Billed	Unit Price	Shipment Num	COID 5	UDN / Acct 5	Distribution Amount	State Tax (20810)	County Tax (20811)	Local Tax (20812)	Sales Tax	Shipping and Handling
4						0.00					
5						0.00					
6						0.00					
7						0.00					
8						0.00					
9						0.00					
10						0.00					
11						0.00					
12						0.00					
13						0.00					
14						0.00					
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16						0.00					
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20						0.00					
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Match to PO Upload Template

Ready Sum=76602 NUM

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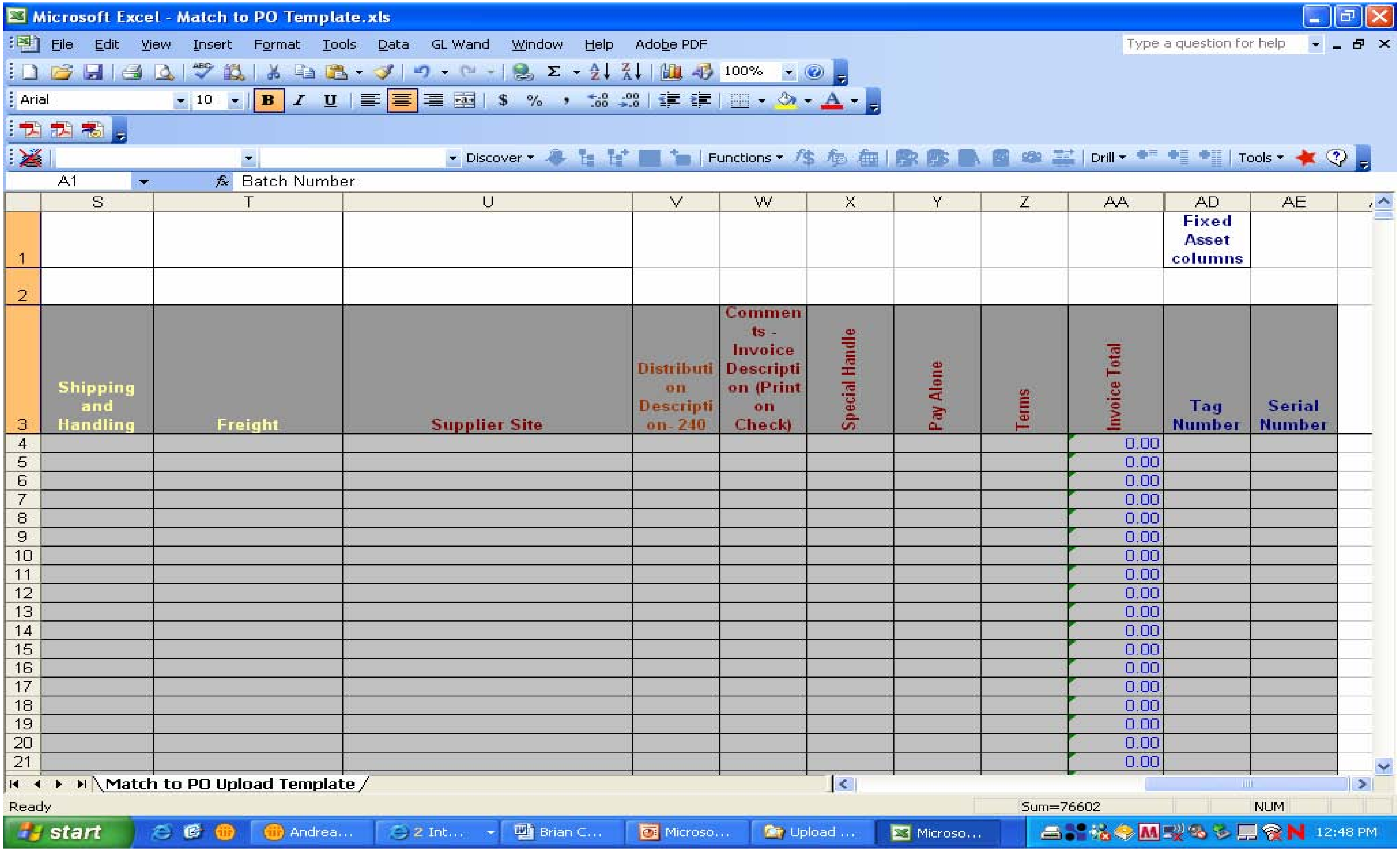
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A1 Batch Number

	S	T	U	V	W	X	Y	Z	AA	AD	AE
1										Fixed Asset columns	
2											
3	Shipping and Handling	Freight	Supplier Site	Distribution Description- 240	Comments - Invoice Description (Print on Check)	Special Handle	Pay Alone	Terms	Invoice Total	Tag Number	Serial Number
4									0.00		
5									0.00		
6									0.00		
7									0.00		
8									0.00		
9									0.00		
10									0.00		
11									0.00		
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Ready Sum=76602 NUM

Required Fields and Validations

- Batch Header
  - Batch Name
- Invoice Header
  - Invoice Date
  - Invoice Number
  - Supplier Number
  - Supplier Name
  - Supplier Site
  - Invoice Amount

Required Fields and Validations continued

- PO Number
- PO Release Number
- Line Number
- Shipment Number

- Invoice Distribution
  - Invoice Distribution Amount

- Validations
  - Control totals for batch amount match
  - Batch number must be 9 digits

Required Fields and Validations continued

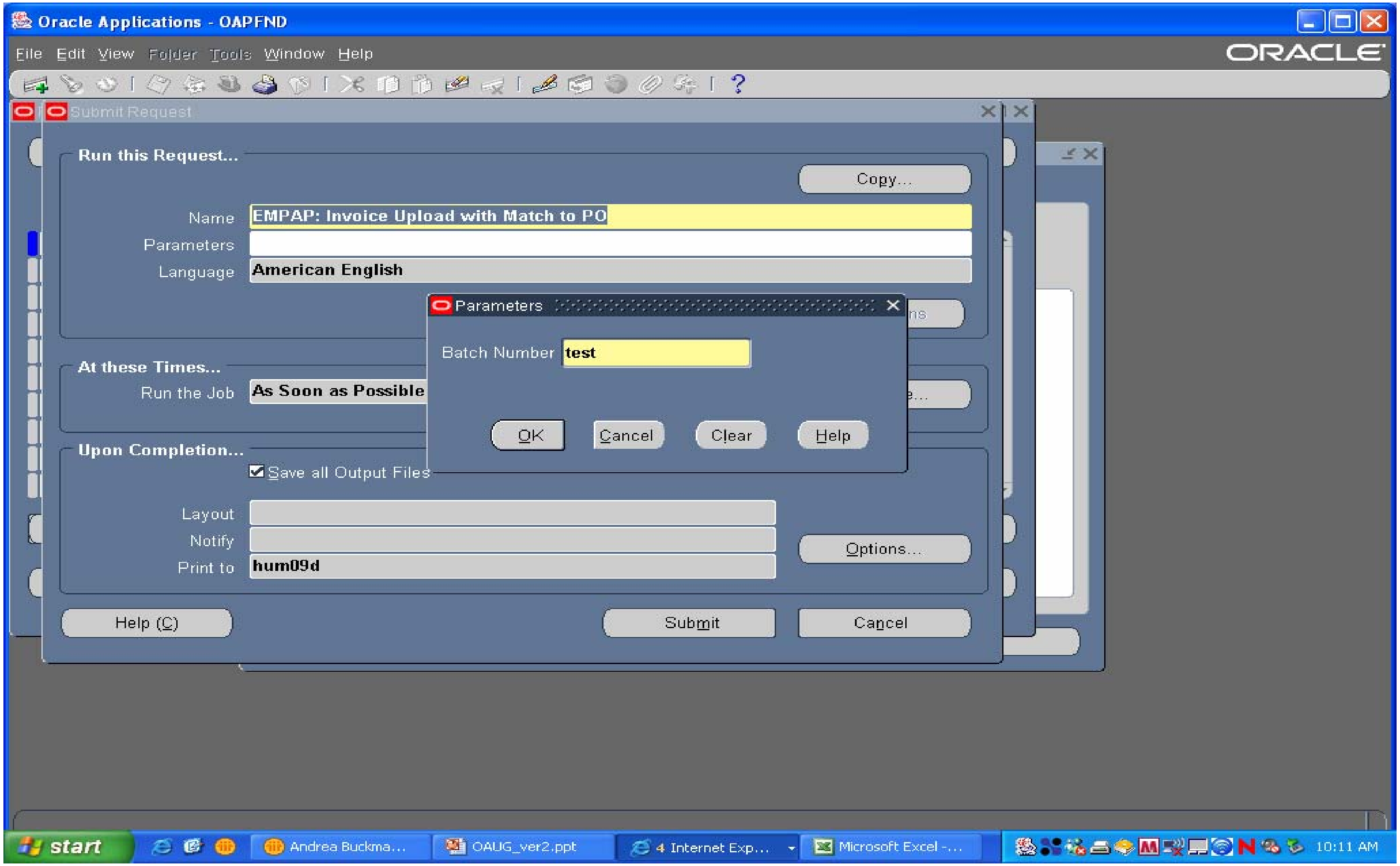
- PO valid
- PO lines exist
- PO Release valid
- PO line is open for matching
- Supplier Site=a Pay Site

Create csv file

- Step 2
  - Save XLS file in secured directory as a csv file
    - For different, separate Accounts Payable areas at Humana, we have secured the upload in the directory with a validation to a specific responsibility
    - Example: Corporate Finance/Humana AP Specialist and HMHS/Humana HMHS AP Specialist
  - Standard file name used
    - Made unique by appending the batch number to the end of the standard file name
      - Example: empap_iumpo<batch#>.csv

Run Custom Single Request

- Step 3
- Run concurrent single request assigned to the specific responsibility
  - Parameter required: Batch Number



Oracle Applications - OAPFND
File Edit View Folder Tools Window Help
ORACLE
Submit Request

Run this Request...

Name: EMPAP: Invoice Upload with Match to PO

Parameters:

Language: American English

At these Times...

Run the Job: As Soon as Possible

Upon Completion...

☑ Save all Output Files

Layout:

Notify:

Print to: hum09d

Parameters

Batch Number: test

Copy...
OK
Cancel
Clear
Help
Options...
Help (C)
Submit
Cancel
start
Andrea Buckma...
OAUG_ver2.ppt
4 Internet Exp...
Microsoft Excel -...
10:11 AM

Concurrent Manager

- Step 4
- Review process of the Concurrent Manager job
  - Program follows these steps
    - CSV file is ftp'd to Unix
    - Concurrent job called "EMPAP: Invoice Upload with Match to PO" retrieves file stored on Unix, identifying it with by batch number
    - File imported to a custom staging table
    - Edits/ validations executed on file
    - Given all pass, the file is imported to the Payables Open Import Table

Review output of Payables Open Import Table

- Step 5
- Review output to determine status of imported invoices as Accepted or Rejected
  - If accepted, invoices have been imported to AP and needs to be approved to made available for payment

Handle Rejections

- Step 6
- Determine reason for rejections into Import Table
  - – Examples of rejections:
    - Invalid Supplier-not setup or end dated Supplier
    - Duplicate invoice
    - Invalid Accounting
- Run “Payables Open Interface Purge”
  - – NOTE: be sure to select the appropriate source
    - Example: Humana source is XXXXX
- Correct Upload as needed and resubmit

Error Logging

- Intelligence built into Log Files for easy detection of errors
  - Program coded to validate on entire upload and display all errors at once
  - Logged easily identifiable because they are preceded with the star character (*****)

Error Log Example

- Validating purchase order info..Standard Purchase Order :730965PO Header ID :250538PO Line ID :440663Shipment ID :713390***Error: PO is not open.Closed code :CLOSEDCOID:Process point:80645:EFTAccounting Flexfield:HUMANA_ACCOUNTING_FLEXFIELDInvoice 00950423FEB20, Line 7, Vendor 1366237Non Asset...

Lessons Learned

- Error Logging critical
  - Make as easy and straightforward to diagnose and correct
- Limit the number of invoices allowed on the upload sheet
- Discuss exception processing with supplier prior to implementation. Example: credit/rebill, backorder shipments, short pays and invoice on holds

Future Enhancements

- Add the ability to change the accounting on upload sheet so that it overwrites what is on the Purchase Order
- Add further logic to match credit memos to close PO's and to force match invoices with duplicate PO's from suppliers.
- Additional and more enhanced error logging
- Transmission of PO electronically to suppliers

Questions ??