Vendor/Supplier Guide

Preparing and submitting invoices

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Invoicing Guide for Vendors/Suppliers

Why was this guide published?

Often, smaller businesses or individuals do not understand the proper methods for invoicing their customers. This guide was written with those individuals in mind. Caltech Payment Services expects everyone who does business with the Institute to comply with standard business practices. This means providing the Institute with a properly rendered invoice.

Important things to remember:

- **Generating an invoice is the sole responsibility of the vendor/supplier.** Caltech employees are never to create an invoice on behalf of the vendor/supplier. This is an important segregation of function and audit compliance issue. It is important that Caltech maintain a certain professional distance with the vendor/supplier community.

- **Invoices must contain complete information.** Vendors/suppliers must provide the detail on their invoice for Payment Services to effectively process the invoice for payment. The details required are indicated on the pages to follow.

- **Invoices must include vendor/supplier contact information.** Where does Caltech send payment? How does Caltech get in touch with the vendor/supplier if there is a question? Don't assume Caltech knows how to reach the vendor/supplier.

- **Invoices must include a Purchase Order number.** When the order is placed by the Caltech Purchasing Agent and the vendor/supplier is given a Purchase Order (PO) number, it is important that the PO number be included on each invoice and any related document.

- **Failure to comply with standard business practices may result in the delay of payment.** Payment Services may also reject the invoice if it fails to provide enough information.

Compliance with all applicable laws and regulations

Caltech must comply with all applicable laws and regulations. This includes, but is not limited to:

- Sales/Use Taxes
- California Backup Withholding (592B Determination and Withholding) IRS
- Information Reporting (1099M, 1042S, 592 reporting at year end)

It is important that you provide an invoice which is factual, accurate and is in compliance with applicable laws and regulations.

Unacceptable Documents

Payment Services is unable to accept the following documents as "invoices:"

- Email conversations

- Notes, meeting minutes, written conversations
- Renderings. drawings and technical specifications
- Sales orders
- Statements of account
- Third party invoices
- Work orders

Invoicing Guide for Vendors/Suppliers

What is an Invoice and when is it used?

The business invoice is an essential legal document presented to Caltech to serve as a record of goods or services sold. You, as the supplier or service provider need to retain a copy as a record of your sales. Caltech needs to retain a copy as a record of it's purchases or expenses. The invoice indicates to Caltech how much is due and instructs us on where to mail your payment.

The invoice should be sent together in conjunction with, or after the delivery of the goods or on completion of services performed.

Essentially, an invoice best ensures that you will be paid for the goods delivered or services rendered when verified and authorized by the proper internal Caltech authorities. Without a proper invoice, payment may be delayed or overlooked. It also serves as Caltech's receipt and is required for audit compliance.

How to Prepare and Invoice

Basically an invoice is divided into 3 main parts: The Header, Body and Footer.

Invoice Header (Top Part)

- Your letterhead: Your logo, business name, address, telephone, email and web address.
- The words "Invoice" or "Bill" clearly written towards the top of the page.
- An invoice number. This is a running serial number that you maintain. You should only have one number per invoice issued. Hence, no two invoices should have the same number.
- An invoice date.
- The customer's Purchase Order number. This is especially important for helping your customer identify their internal Purchasing Agent, specifically in larger organizations. (Note: In most cases, Caltech requires a Purchase Order be established prior to the delivery of goods or start of services).
- Your payment terms or how soon you expect to be paid. e.g. "2% 10, Net 30", "55 days" etc. (Note: Caltech's payment terms are Net 55)
- Your customer's name and address (the contact name and address of the Purchasing Agent who placed the order).
- Your customer's billing address where you are mailing the invoice (the "bill to" address).

Invoice Body (Middle Part)

- A description of the goods you have supplied, quantity, unit of measure, price per unit and total amount for individual items. Include part numbers, stock numbers, etc for merchandise.
- In the case of services, a brief scope of work and amount for individual services, hours worked, rate per hour, etc.

Invoice Footer (Bottom Part)

- Total amount of all individual items.
- Shipping or freight charge, if applicable
- If applicable, a tax amount and total after tax.
- Payment instructions. Tell your customer how to make out their payment and where to mail a check.
- Other comments you may have, such as delivery instructions, goods return policy, overdue payment policy etc.

Sample Forms

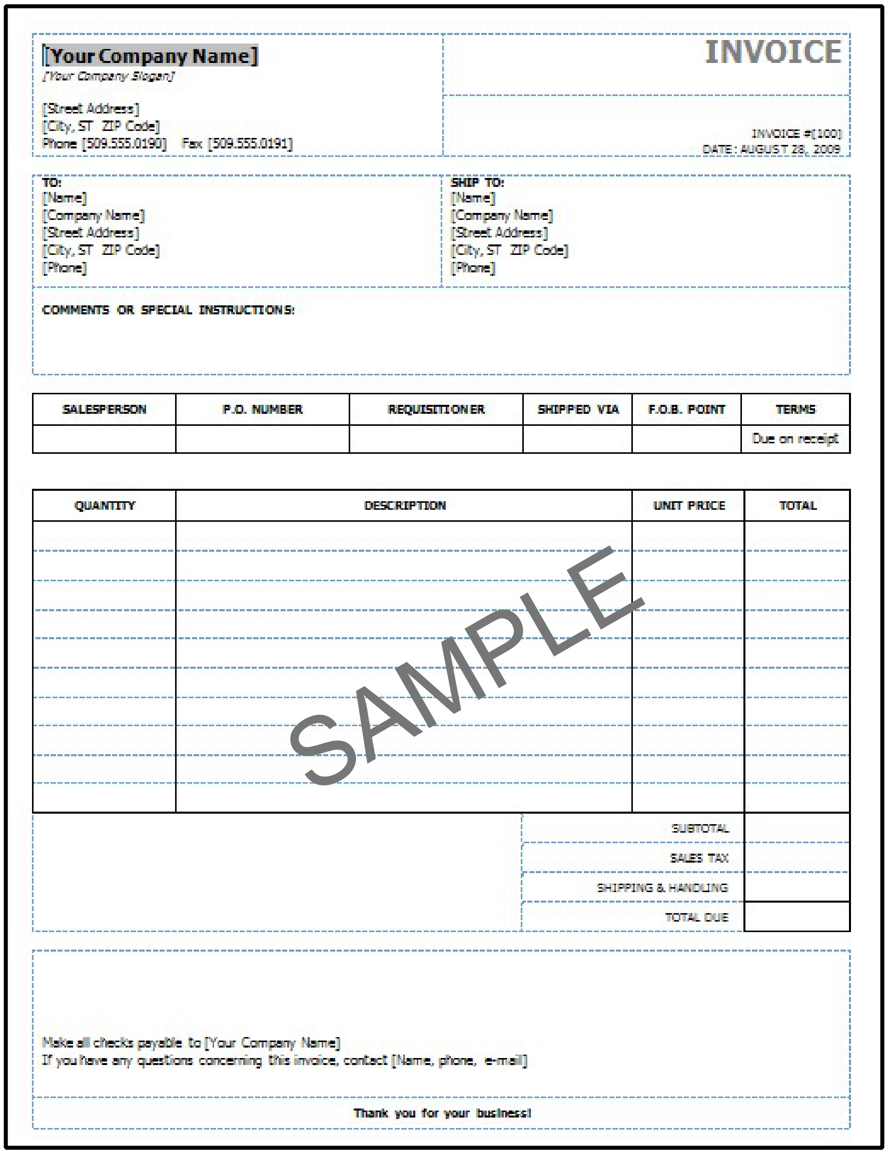
You may purchase software programs that help you track the accounting for your business. These have an invoice creation process within the program. Some smaller businesses manage their billing manually so an invoice can be as simple as obtaining a book of invoice forms from your local stationery or office supply store. Additionally, Microsoft provides invoice templates that can be used with Microsoft Office Word or Excel. Free sample invoice templates can be downloaded online from Microsoft here:

http://office.microsoft.com/en-us/templates/CT101172551033.aspx

Presented here are the most traditional invoice layouts.

Sample Form #1: Sale of Tangible Goods

This type of invoice is traditionally used for tangible goods. It shows the quantities ordered and the price negotiated for sale to the customer.



[Your Company Name]
[Your Company Slogan]

[Street Address]
[City, ST ZIP Code]
Phone [509.555.0190] Fax [509.555.0191]

INVOICE

INVOICE #[100]
DATE: AUGUST 28, 2009

TO:
[Name]
[Company Name]
[Street Address]
[City, ST ZIP Code]
[Phone]

SHIP TO:
[Name]
[Company Name]
[Street Address]
[City, ST ZIP Code]
[Phone]

COMMENTS OR SPECIAL INSTRUCTIONS:

SALESPERSON	P.O. NUMBER	REQUISITIONER	SHIPPED VIA	F.O.B. POINT	TERMS
					Due on receipt

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL
		SUBTOTAL	
		SALES TAX	
		SHIPPING & HANDLING	
		TOTAL DUE	

SAMPLE

Make all checks payable to [Your Company Name]
If you have any questions concerning this invoice, contact [Name, phone, e-mail]

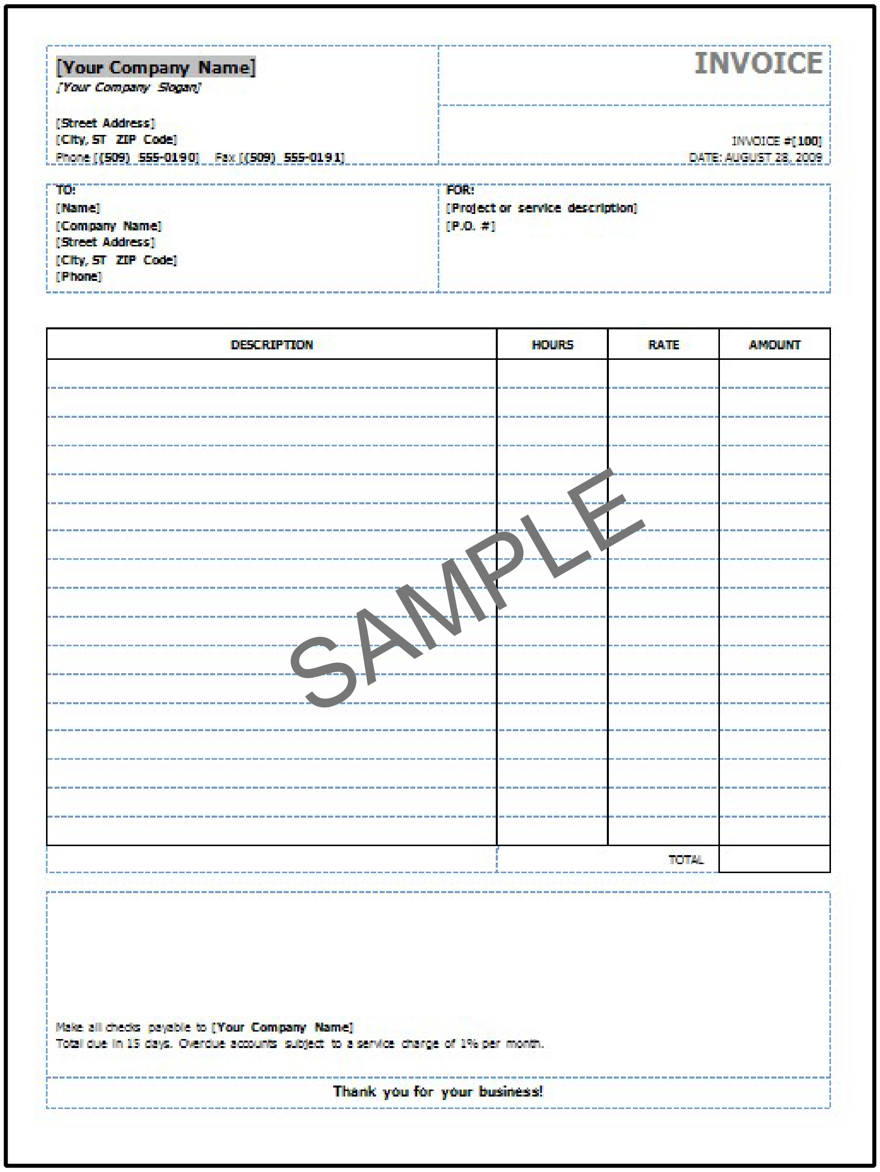
Thank you for your business!

Sample Forms

Sample Form #2: Hourly or Professional Services

This invoice layout is traditionally used to bill the customer for services rather than goods. This invoice has a place to indicate hours and services performed, the billing rate of your services and the amount due. For services rendered, it is particularly important that you provide a detailed description of the services provided, the goals accomplished the date and location of where services were performed and hours billed.

Note: To comply with the State of California's backup withholding requirement, you should also indicate whether or not the services were performed within the State of California or outside California. See the *Guide to Information Reporting and Backup Withholding for further information.*



[Your Company Name]
[Your Company Slogan]

[Street Address]
[City, ST ZIP Code]
Phone [(509) 555-0190] Fax [(509) 555-0191]

INVOICE

INVOICE #[100]
DATE: AUGUST 28, 2009

TO:
[Name]
[Company Name]
[Street Address]
[City, ST ZIP Code]
[Phone]

FOR:
[Project or service description]
[P.O. #]

DESCRIPTION	HOURS	RATE	AMOUNT
		TOTAL	

SAMPLE

Make all checks payable to [Your Company Name]
Total due in 15 days. Overdue accounts subject to a service charge of 1% per month.

Thank you for your business!

Submitting Invoices for Payment

Where to send Invoices

By Mail:

You should submit an invoice for payment to the address indicated on Caltech's Purchase Order or as instructed by the Purchasing Agent. Sending your invoice to the correct location ensures prompt payment. If in doubt as to where your invoice should be mailed, send it directly to Payment Services at the following address:

California Institute of Technology
Payment Services
PO Box 3237
Scranton, PA 18505
United States

By Email in PDF Format:
The following email address is for submission of invoices only:

accountspayable@caltech.edu

Email Requirements:

- Submit only one invoice per email. We cannot accept multiple invoices on a single email.
- Send your invoice in Adobe .pdf format. We cannot accept other formats.
- When submitting via email, do not forward physical copies in the postal mail. These will be considered duplicates and discarded.
- If an invoice is being resubmitted or is past due, please indicate it on the invoice itself before sending the image via email.

By Electronic CXML format:
Suppliers can request the ability to submit invoices over the internet in an electronic file (cXML) to Caltech's procure-to-pay system. The benefits of electronic invoicing to both the supplier and Caltech include eliminating paper invoicing, reducing supply expenses (e.g., paper, toner, postage), reducing manual data entry and data entry errors, and simplifying workflow.

Just as with a paper or PDF invoice, accuracy is essential in ensuring timely payment. If the electronic invoice has discrepancies or lacks required information, it will be rejected. Certain conditions apply when integrating with Caltech's procure-to-pay system. Suppliers that can support this option will be reviewed on a case-by-case basis.

Payment Inquiries

Once you submit your invoice for payment, Payment Services will route and secure approval from the proper authorities within the Institute. If you have not received timely payment and wish to inquire about the status of your invoice, you may contact our Hotline at:

Email: procurementhotline@caltech.edu
Phone: 626-395-8900