

Procurement to Payment Overview



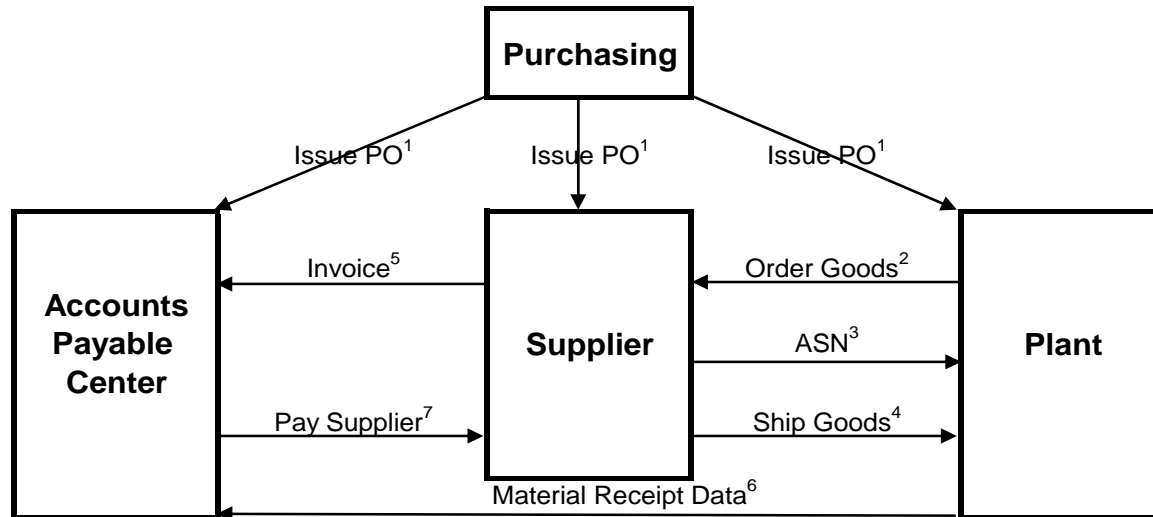
Filtration

Procurement to Payment Overview

Purpose is to ensure suppliers fully understand Cummins shipping and invoicing documentation requirements

Goal is to help ensure requirements are met so suppliers are paid timely

Cummins Inc. Procurement to Payment Overview



Seven Key Steps:

- 1) Issue PO:** Valid PO number, unit of measure specified, Cummins part numbers noted, payment terms identified.
- 2) Order Goods:** Valid PO number, unit of measure specified, Cummins part numbers noted, quantity noted.
- 3) ASN:** Must follow EDI guidelines for DESADV ASNs and INVOICs as defined at www.cummins.com/suppliers.
- 4) Ship Goods:** Complete & accurate Bill of Lading, separate packing list for each shipment, quantities must match invoice.
- 5) Invoice:** Cummins Business Services (CBS) Nashville supports payment of invoices for goods provided to Cummins US plants. Prefer EDI or Webforms (if EDI, must follow EDI guidelines for INVOICs at www.cummins.com/suppliers). If non EDI or Webforms, paper invoices and credit memos should be mailed to CBS, PO Box 290909, Nashville, TN 37229-0909. E-mailed invoiced not accepted. Credit memos may not be transmitted via EDI. See Key Invoicing Requirements slide for additional invoicing information.
- 6) Material Receipt Data:** Accurate receipt data transmitted to Accounts Payable.
- 7) Pay Supplier:** Pay within PO terms.

Key Invoicing Requirements

Correct PO number

Valid Cummins part number

Accurately priced

Reference one PO number per invoice

Invoice date equals shipment date and invoice date must be consistent between paper invoice, EDI/Webforms, and supplier statement

One invoice per shipment (Do not consolidate shipments over time / Still 1 PO per Invoice)

Invoice quantity equal ship quantity

Invoice UOM matches PO UOM

Invoice currency matches PO currency

Freight charged to Cummins designated handler

Invoice numbers must be consistent between paper invoice, EDI/Webforms and supplier statement

If corrected invoices are required, a credit for the original invoice will be requested

Common Invoicing Errors

Invoice number is duplicative for the same supplier number. The same invoice number should never be reused unless specifically requested by Accounts Payable to re-submit an invoice with the same invoice number.

Total dollar amount of the lines does not equal the invoice total.

An inactive or invalid PO number is submitted.

Common Invoicing Errors - Continued

Invoice number is not the same as the invoice number on the supplier's Accounts Receivable system.

Invoice references more than one Cummins PO.

There is not a separate invoice for each shipment.

Product supplied to Cummins UK and MX plants should have paper invoices sent to the CBS UK and MX locations, respectively.