

Procedure to Scrutinise Overseas Partners and Supplier's Tax Invoice

Objective

Merciful Group employs strict financial procedures and policies to increase the likelihood of the accuracy of project payments to overseas partners and meticulous verification of their tax invoices. Merciful Group upholds transparency through due diligence before partnerships, a three-way/two-way matching verification system, and consistent compliance audits. To establish a standardised process for verifying invoices to ensure accuracy, compliance, and the integrity of financial transactions.

Scope

This procedure applies to all invoices the Merciful Group receives, including those from domestic and overseas suppliers and partners.

Procedure Overview

Receipt of Invoice

- Invoices are received either electronically via email or in hard copy.
- All invoices are immediately stored for documentation purposes.

Initial Review

- The delivery team conduct an initial review of the invoice for completeness and compliance with purchasing terms.
- Key details checked include supplier name, invoice date, invoice number, and the alignment of billed items/services with the Purchase Order (PO) or contract.

Three-Way/Two-Way Matching

- **Purchase Order (PO) Matching:** Verify that the goods or services billed in the invoice match the description, quantity, and price as per the PO (optional)
- **Delivery Receipt (DR) Matching:** Confirm that the goods were received or services were rendered satisfactorily, referencing the delivery receipt or service acceptance document or a signature from a Merciful Group representatives
- **Invoice Matching:** Ensure the invoice reflects the PO and DR details accurately, including the correct calculation of prices, taxes, and total amount.

Verification of Terms

- Confirm that payment terms, delivery charges, and any applicable discounts or taxes are as agreed upon.

Approval Process

- Invoices that pass the three-way/two-way match are forwarded for payment.
- Approved invoices are then sent for payment.

Discrepancy Resolution

- In case of discrepancies, the delivery team will coordinate with the supplier and the relevant internal department to resolve issues before payment.

Payment Processing

- The invoice is processed for payment according to the agreed terms upon final approval.
- Payment details are recorded in the financial system, and the invoice status is updated to "Paid."

Record Keeping

- All documentation related to the invoice verification and payment process is filed electronically and, if necessary, in hard copy.
- Maintain records for audit purposes and future reference.

Continuous Improvement

- Regularly review and update the invoice verification process to incorporate best practices and address efficiency issues.

