

Navistar, Inc.



Evaluated Receipt Settlement Invoice Procedures

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ERS Invoice Inquiry Procedures

General Information

International is presently doing ERS (Evaluated Rceipt Settlement) payment with suppliers shipping material to International Engine Plants, International Truck Plants, IC Corp, IC of Oklahoma, LLC, and International Military Group. The International locations involved are the Melrose Park, Big Bore and Huntsville Engine Plants; Springfield (Assembly, Cab Assembly, and ODW), SST Garland, and Chatham Assembly Truck Plants; Conway Bus Plant; Tulsa Bus Plant; Military (West Point and Navistar Defense); Navistar Mexico S.A. de C.V. (this includes both Escobedo and Monterrey Engine); Blue Diamond Truck, S. de R.L. de C.V..

The Procedure for ERS invoices is **different** between the Engine and Truck/Bus Plants. Please read carefully the descriptions and procedures for the different Plants outlined below. For Engine Plants, the ERS payment to the supplier is based on the EDI 846 transmission from the Engine Plant back to the supplier for managed inventory taken out of the Logistical Warehouses. For Truck/Bus Plants, the ERS payment to the supplier is based on the EDI 856 Advanced Shipping Notice transmitted to the Truck/Bus Plants.

The supplier will be paid via a paper check, but the remittance advice will be an EDI820 Electronic Remittance Advice. This Advice will have all the invoices paid on the check listed, and this includes invoices for locations that are not ERS. The ERS invoices will also have the part number detail information (part number, quantity, unit price, and receiving ticket number). **Suppliers IT department will need to provide the EDI820 Electronic Remittance Advice to their Accounting Departments so that they can reconcile their Accounts Receivable.**

If you have **special charges** (surcharges, etc.) that you should be paid for on the part numbers on the ERS invoices, these charges should be rolled up into the piece price of the parts.

ERS – ENGINE PLANTS

ERS invoice payment was effective March 6, 2000 with the Engine Plants, and June 1, 2011 with Miami Engine. The Engine plants involved are the Indianapolis, Melrose Park, Huntsville, and Big Bore Engine Plants. Suppliers' ship to managed inventory warehouses (SMI). An EDI-830 is transmitted to the supplier (this is a forecasting tool only and not to be used as authorization to ship). The supplier ships the material to each Engine Plant's Logistics Provider to maintain the established minimum and maximum inventory levels. A list of the Logistics Providers is provided at the end of this section. The suppliers' ASN is transmitted to the using Engine Plant at the time of shipment. This is used to facilitate receipt into the Logistics Provider facility. The ASN **will not** be used in the payment process. Once the material is received by the Logistics Provider, a secured website will be updated to reflect the receipt and on-hand quantities for the suppliers' use. When the Engine plant requires material, the Logistics Provider will prepare the material for shipment and create an ASN on the behalf of the Supplier. The website will be updated to reflect the shipment and on-hand quantities. The suppliers' are to use the website to track shipments (this can be used for tracking ASN numbers for payments) and on-hand levels. The ASN number will be unique to the Logistics Provider. The ASN number will be the ERS invoice number.

ERS invoices for shipments to Logistics Providers for the Engine Plants are identified per the following:

- 1. The ERS Invoice Number will be the ASN NUMBER the Logistics Provider sent to the Engine Plant.** The ERS Invoice Numbers (ASN NUMBERS) can be identified on the EDI 820 beginning with **PZ** for Perez (Huntsville shipments), **BZ** for Perez (Big Bore shipments), and **MZ** for ODW (Melrose Park shipments).
2. The supplier must use the Logistics warehouse firm's ASN NUMBER to reconcile their A/R. The supplier's ASN is not used in these transactions.

The following is the procedure ALL suppliers are to follow when inquiring about ERS invoices for the Engine Plants. It is the supplier's responsibility to determine the type of discrepancy before calling Knoxville. **Contact the analyst in Knoxville that is responsible for your account.**

- 1.. If there is a pricing error, you will be referred to Navistar Buyer (Supply Manger) in Purchasing for resolution. The Supply Manager must correct the pricing on the contract and purchase order file so that future ERS invoices will have the correct pricing.

- 1.1. The determination of whether you are being paid short because of price is based on the information on the EDI820 (compare the part number detail found on the 820 to your records).

2. If there is a quantity or part number payment discrepancy, provide the information to the analyst in Knoxville that is responsible for your account. They will provide the contact information at the Engine Plant that the supplier will need to contact. The Engine Plant will contact the supplier later with the resolution.

- 3. If you find that an ASN/BOL has not been paid, you will need to contact the analyst in Knoxville that handles your account.** If the transaction is not found in our A/P system, you will need to contact the

Engine plant. The contact for Indianapolis, Huntsville, Big Bore, and Melrose Park is Cathy Yates (708-409-7513. If the material was shipped to Melrose Park Engineering, you should contact Tom Fath (708-865-4031).

Logistics Providers for each Engine Plant:

Navistar Big Bore Diesels, LLC

Perez Services Incorporated

255 Short Pike

Huntsville, AL 35824

Navistar Diesel of Alabama, LLC

Perez Services Incorporated

255 Short Pike

Huntsville, AL 35824

Navistar Indianapolis Engine Plant

Celadon Dedicated Services

1440 Brookville Way

Indianapolis, IN 46239

Navistar Melrose Park Plant

ODW Contract Services

5300 Proviso Drive

Melrose Park, IL 60160

ERS – TRUCK AND BUS PLANTS

ERS invoices for the Springfield Operations and Chatham Truck Plants was effective with the first half of our suppliers on November 1, 2001, and the second half of our suppliers on February 1, 2002. The SST Garland Plant went ERS on August 11, 2003. The Conway and Tulsa Bus Plants was effective with the first group of existing suppliers already ERS on November 1, 2004, and the second group of the suppliers on December 6, 2004. Navistar Mexico S.A. de C.V. and Blue Diamond Truck, S. de R.L. de C.V was effective with the first group of existing suppliers already ERS on October 17, 2005, and the second group of the suppliers on January 3, 2006. All remaining suppliers currently ERS with the other Truck Plants but not ERS with the Mexico plants, went ERS on June 1, 2006. Military invoices (West Point and Navistar Defense) went ERS with existing suppliers effective May 11, 2009. For the Truck and Bus Plants, ERS does not include Third Party consignment suppliers and bulk and fluid suppliers.

The invoice number for ERS invoices may or may not be the same invoice number you display on your invoices or in your A/R system. **The ERS invoice number will be the bill of lading number found in the REF segment of the ASN that you transmit to the Plants.** The shipment identification (SID) number comes from REF02 in the REF segment containing the "BM" (Bill of Lading) qualifier in REF01. **The invoice date is the date the ASN is received by the Truck Plants.** If the ASN failed or if the shipment arrives at the plant before the ASN is received, a MANUAL ASN will be created by the Plants. The **MANUAL ASN** will be used for the ERS invoice number from what the receiving plant determined to be the bill of lading number using the shipping papers the carrier provides.

The following is the procedure ALL suppliers are to follow when inquiring about ERS invoices for the Truck and Bus Plants. It is the supplier's responsibility to determine the type of discrepancy before calling Knoxville. **Contact the analyst in Knoxville that is responsible for your account.**

1. Quantity, and Part Number Inquiries - When inquiring on these errors with ERS invoices, you must provide the ERS invoice number and plant receipt number from the EDI820 remittance advice.

1.1. If there is a quantity or part number error, the supplier needs to check for an EDI861 (Discrepancy Advice) on the ASN. If an EDI861 was issued, this discrepancy should have been communicated to the suppliers A/R department so that their records could be adjusted. Quantity and part number questions will be referred to the material group at the Truck Plant where the material was received. The contact for Springfield Assembly, Springfield CAS, Springfield ODW is LeaAnn Hoefer (937-342-7504); Chatham Assembly is Nancy Kluge-Cabral (519-436-4193); SST Garland is Barbara Mead (972-487-2941); Conway is Angie Saunders (501-505-2123); Tulsa is Sheila White (918-833-6083); Navistar Mexico and Blue Diamond is Alma Torres (011-52-818-154-2000 ext. 2819); West Point is Kary Parker (662-494-3421 x2034); Navistar Defense is Jennifer Senkerik (331-332-3902); Miami Engine is Michelle Setnik (708-786-2764); Rollins 3PL is Tammy Deforest (937-325-2484).

2. Pricing Inquiries - When inquiring on pricing errors with ERS invoices, you must provide the ERS invoice number paid on the check stub or from the EDI820 remittance advice.

2.1. If there is a pricing error, you will be referred to Navistar Buyer (Supply Manger) in Purchasing for resolution. The Supply Manager must correct the pricing on the contract and purchase order file so that future ERS invoices will have the correct pricing.

2.2. The determination of whether you are being paid short because of price is based on the information on the EDI820 (compare the part number detail found on the 820 to your records).

3. Past Due Invoice Inquiries - When inquiring about past due shipments to be paid as ERS invoices, you must provide the **complete bill of lading number** transmitted in the **REF** segment of your ASN.

3.1. If your invoice number is not the BILL OF LADING number, go to your shipping dept. and find out the BILL OF LADING number that corresponds to the invoice in question. **You must have the complete BILL OF LADING number when inquiring about unpaid invoices.** Ask your shipping dept. if an EDI824 (Application Advice) was transmitted on the ASN due to an error in the transmission. This means the ASN failed and a **MANUAL ASN** could have been created if the material was received before a corrected ASN was re-sent.

3.2. Contact the person in Knoxville that handles your account. You will need to provide the **BILL OF LADING number and your supplier code**. If the BILL OF LADING is not in our A/P system, you will need to contact the material group at the Truck Plant where the material was received. They will need the same information you gave Knoxville. Please let them know if the ASN failed, and that the BILL OF LADING NUMBER was not found in Knoxville's A/P system. The contact for Springfield Assembly, Springfield CAS, Springfield ODW is LeaAnn Hoefer (937-342-7504); Chatham Assembly is Nancy Kluge-Cabral (519-436-4193); SST Garland is Barbara Mead (972-487-2941); Conway is Amanda Horton (501-505-2123); Tulsa is Sheila White (918-833-6083); Navistar Mexico and Blue Diamond is Alma Torres (011-52-818-154-2000 ext. 2819).

3.3. **If the ASN failed or if the shipment arrives before the ASN, a MANUAL ASN will be created by the Plants.** You may have already received payment. The MANUAL ASN will show up on the 820 with what the receiving plant determined to be the bill of lading number from the shipping papers as the ERS invoice number. Use the ERS invoice date and the invoice details from the 820 to determine if any unapplied ERS invoice payments match past due invoices around the same dates. In addition, a single ASN shipment may cover multiple invoice numbers in a suppliers A/R system.