

# Tips and Tricks

How to Reconcile the Purchases Clearing Account..... 2  
Reconciling Open Purchase Order Report ..... 4  
Adjusting a Purchase Order Receipt of Invoice ..... 5  
APP Feature..... 8

## How to Reconcile the Purchases Clearing Account

It is recommended that the Purchases clearing account be reconciled once a period. This section provides instructions for reconciling the purchases clearing account.

Run the Purchases Clearing Account report. This report is used to reconcile to the GL.

Select Purchase Order Module → Period end Processing → Purchases Clearing Report. Select Purchases Clearing by Item.



Purchases Clearing by Items Only

**ABC Distribution and Service Corp.**

PURCHASES CLEARING REPORT BY ITEMS

*INVENTORY ITEMS ONLY  
(Should agree with the G/L Purchases Clearing account)*

P.O. NUMBER	ORDER DATE	P.O.VENDOR TYP NUMBER	ITEM NUMBER	PROD LINE	1M/G/L ACCT	QUANTITY ORDERED	QUANTITY RECEIVED	QUANTITY INVOICED	UNIT COST	PURCHASES CLEARING
0010003	05/15/10	\$ 01-CONT	VOG-CM-MP-B	WF&A115-00-03		100.00	99.00	1.00-	26.750	2,675.00
0010003	05/15/10	\$ 01-CONT	VOG-CM-MP-B	WF&A115-00-03		66.00	50.00	0.00	26.750	1,337.50
0010003	05/15/10	\$ 01-CONT	VOG-CM-MSC	WF&A115-00-03		50.00	40.00	10.00-	144.770	7,238.50
0010009	05/30/10	\$ 02-TELCOMM	MPFS-007-CONN-M	C&A 115-00-03		10.00	12.00	0.00	8.250	99.00
0010014	05/31/10	\$ 01-STEVE	1001-HON-H252	WF&A115-00-03		10.00	10.00	0.00	34.250	342.50
0010014	05/31/10	\$ 01-STEVE	2480-8-50	FD&A 115-00-03		2.00	2.00	0.00	1,545.300	3,090.60
0010018	04/09/07	\$ 01-CONT	1001-HON-H252	WF&A115-00-03		10.00	10.00	0.00	30.294	302.94
0010019	04/09/07	\$ 01-UNITED	8953	FD&A 115-00-03		10.00	10.00	0.00	148.300	1,483.00
0010020	04/09/07	\$ 01-UNITED	2480-8-50	FD&A 115-00-03		10.00	15.00	0.00	1,545.300	23,179.50
0010021	04/09/07	\$ 01-IBM	GB-MD791	DC 115-00-03		10.00	0.00	10.00	1,107.500	11,075.00-
0010022	04/09/07	\$ 01-CONT	1001-HON-H254LK	WF&A115-00-03		10.00	10.00	20.00	80.013	800.13-
REPORT TOTAL:										<u>27,873.41</u>

Page: 1

The report total should balance to the Purchases Clearing General Ledger Account. If the Purchases Clearing Report does not balance with the General Ledger Purchases Clearing Account, then review the general ledger for entries posted that is not from the Purchase Order Module.

## Reconciling Open Purchase Order Report

Run the Open Purchase Order Report to reconcile known completed purchase orders, yet the order displays as a back order status. Listed below are common causes and resolutions in cleaning up the backorders.

Select Purchase Order → Reports → Open Purchase Order Report. The report may be printed to display only purchase orders on back order status.

### **Issue 1- Goods not received**

A purchase order is created for a specified qty, in this case 10. A Receipt of Invoice (ROI) has been performed for qty 10. The material was physically received; however the Receipt of Goods (ROG) has not been performed. The purchase order is placed on a back order status and will remain on the Open Purchase Order Report until ROG is performed.

#### Resolution:

Verify the material has been received and the material has not been adjusted into inventory through other methods (physical count, inventory transaction entry, etc.). Once determined then perform the ROG. If the items were adjusted into inventory proceed in performing the ROG, however immediately adjust the qty received out of inventory through Inventory Transaction Entry so not to overstate inventory.

### **Issue 2 – Goods over invoiced**

A purchase order is created for a qty of 10. A ROG is performed for a qty of 10. One or more ROI have been performed for a qty of 20. The purchase order is placed on a back order status and will remain on the Open Purchase Order Report until corrected.

#### Resolution:

Verify the actual quantity received. If actual received quantity is 20, access the purchase order → select the line item and change the quantity ordered from 10 to 20 and refer to Issue 1. If the invoice was accidentally over received then adjust the invoice via Purchase Order Receipt of Invoice Data Entry to correct by entering a negative received quantity.

### **Issue 3 – Goods over received**

A purchase order is created for a qty of 10. One or more ROG is performed for a total qty 20. The purchase order is placed on a back order status and will remain on the Open Purchase Order report until corrected.

#### Resolution:

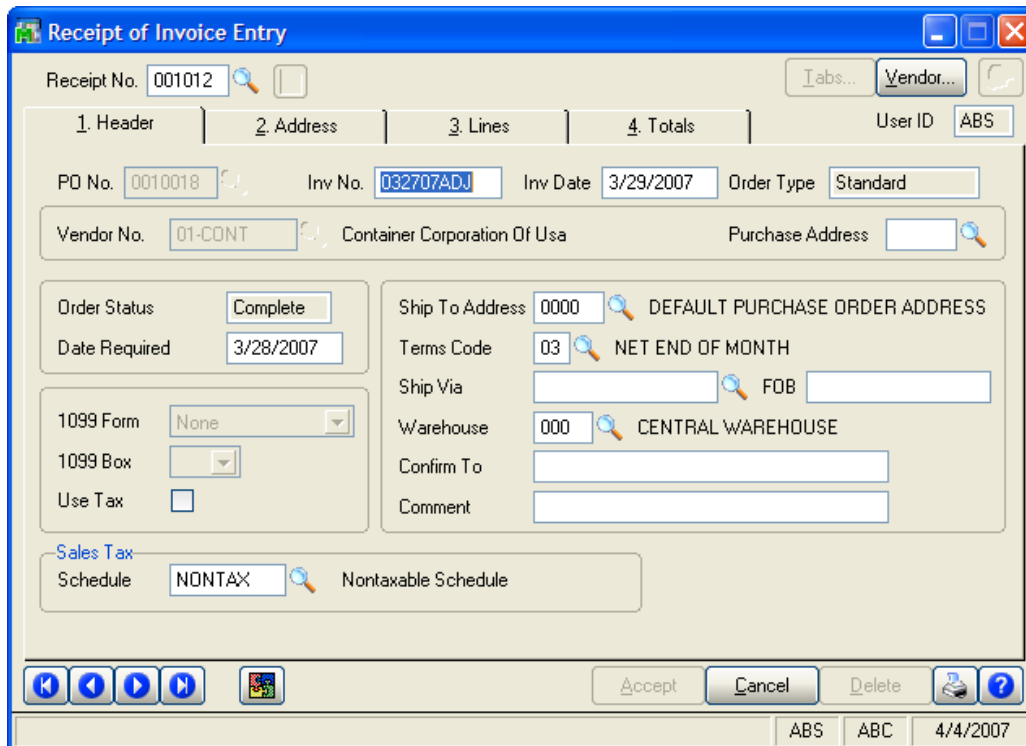
Verify the actual quantity received. If actual received quantity is 10, access the purchase order → Mat. Req/Return → Return of Goods Entry → select the # icon to generate the next available return number, select the purchase order, do not enter an invoice number in the invoice number field → Select the lines tab → answer NO to return complete → select the line item → then enter a return quantity of 10. Complete the return of goods entry and post.

## Adjusting a Purchase Order Receipt of Invoice

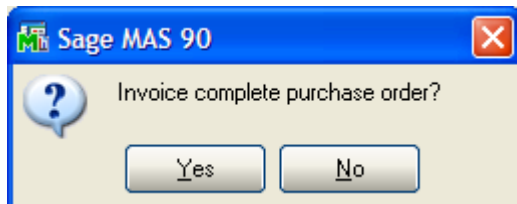
Accounts payable invoices may be adjusted in the AP module as well as the PO module. Determining where to adjust the AP invoice may be a challenge. Rule of thumb is if an invoice is associated with a purchase order then adjustment should be performed in the Purchase Order Module. This insures proper general ledger account reversal and changes the purchase order status.

Listed below are instructions for adjusting an Accounts Payable Invoice through the PO module.

Select Purchase Order → Main → Receipt of Invoice Entry → Select the # icon to generate the next available receipt number → Select the purchase order number → enter an invoice number (cannot be the same as the original invoice) and date for the reversing entry as shown below.



Select the lines tab – the following screen is presented → select NO



Receipt of Invoice Entry

Receipt No. 001012

1. Header | 2. Address | 3. Lines | 4. Totals

User ID ABS

Item Number: 1001-HON-H252 | Description: HON 2 DRAWER LETTER FLE W/O LK | Tax Class: TX | UT:

Req'd Date: 3/28/2007 | G/L Acct: 200-03-00

Whse: 000 | U/M: EACH | Ordered: 40.00 | Received: 40.00 | Invoiced: 40.00 | Unit Cost: 29.475 | Extension: 1,179.00

Line	Item Number	Description	TC	UT	Req Date	G/L Account	Extension
1	1001-HON-H252	HON 2 DRAWER LETTER FLE	TX	N	03/28/07	200-03-00	.00

Total Amount: .00

Enter the Unit Cost | ABS | ABC | 4/4/2007

Select the line item – in this case there is only 1 line item on the purchase order. Once selected enter the quantity being adjusted as shown above. Notice the invoiced quantity and extension are negative amount.

Complete and post the ROI. Carefully review the Daily Transaction Register (DTR). The purchase clearing account is credited and accounts payable account is debited. This is properly reversing the general ledger account entries and places the purchase order status on back order.

**View Daily Transaction Register**

ABC Distribution and Service Corp. (ABC)

Postings For: 4/4/2007

Source Journal	Account Number	Account Description/Posting Comment	Debit	Credit
PO-00014	200-01-00	Accounts payable - trade	1,179.00	
	200-03-00	DIV:01 TRADE ACCOUNTS PAYABLE Purchases clearing account Container Corporation Of INV:032707ADJ		1,179.00
<b>Journal 00014 Totals:</b>			1,179.00	1,179.00
<b>Source PO Totals:</b>			1,179.00	1,179.00
<b>4/4/2007 Totals:</b>			1,179.00	1,179.00
<b>Report Totals:</b>			1,179.00	1,179.00

Purchase Order is now placed on backorder

**Purchase Order Entry**

Order Number: 0010018

Order Date: 03/28/2007

Type: Standard Order

Vendor No.: 01-CONT

Order Status: Back Order

Ship To Address: 0000 ABC Distributing Company

Terms Code: 03 NET END OF MONTH

Warehouse: 000 CENTRAL WAREHOUSE

Telephone: (312) 667-7721

Tax Schedule: NONTAX

Buttons: Accept, Cancel, Delete

Adjusting the invoice in Accounts Payable does change the status of the Purchase Order on back order.

Once the adjustment is completed the system generates a negative invoice against the vendor. The final step is to apply the credit to the debit.

**APP Feature**

Vendor credit memos entered in Accounts Payable Invoice Data Entry, a negative entry entered in Purchase Order Receipt of Invoice Entry or PO Return of Goods Entry generates a negative invoice. In each situation the negative invoice must be applied to the positive invoice to reflect the current unpaid balance. If the credit is less than the vendor invoice, the credit can be selected and cleared through normal check processing methods. However if the credit memo is equals the invoice, Accounts Payable Manual Check Entry provides the ability to apply the credit to the debit invoice.

In the example below, invoice 1265 has been posted. The invoice was adjusted in Purchase Order Invoice Data Entry. As shown below there are 2 invoices that we need to apply.

Vendor Inquiry (ABC) 4/9/2007

Vendor No. 01-CONT Name Container Corporation Of Usa

1. Main | 2. Additional | 3. Statistics | 4. Summary | 5. History | 6. Invoices | 7. Transactions | 8. Checks | 9. P/Os

Invoice No.	Inv Date	Inv Due Date	Disc Date	Amount	Discount	Balance	Comn
3456	5/4/2010	5/30/2010		675.43	0.00	0.00	
10234719	5/1/2010	5/30/2010		12,540...	0.00	0.00	
44-4567	5/1/2010	5/30/2010		92,332...	0.00	80,332...	
0001043090	4/30/2010	4/30/2010		50,553...	0.00	0.00	Month
0002043090	4/12/2010	4/30/2010		3,905.00	0.00	0.00	Wareh
669821	3/15/2010	4/14/2010	3/25/2010	2,899.45	0.00	0.00	
040907ADJ	4/9/2007	4/30/2007		302.94-	0.00	302.94-	
1265	4/9/2007	4/30/2007		302.94	0.00	302.94	

Trans Date	Trans Type	Trans Amount	Discount	Check Date	Check No.

Balance	Current	30 Days	45 Days	60 Days	90 Days
130,886.49	130,886.49	0.00	0.00	0.00	0.00

Select Accounts Payable → Main → Manual Check Entry.

Check No field – enter APP + numerical sequence as shown below. The sequencing of the Apply feature is manual; the system will not automatically sequence the number. The highest you can go is 999. The APP### should be unique per bank code.

Select the vendor

Enter a comment that reflects action being taken

Manual Check Entry (ABC) 4/9/2007

Bank Code: D Cash Account: 101-01-00 Vendor...

Check No.: APP001

1. Header | 2. Lines

Check Date: 4/9/2007

Check Amount: .00

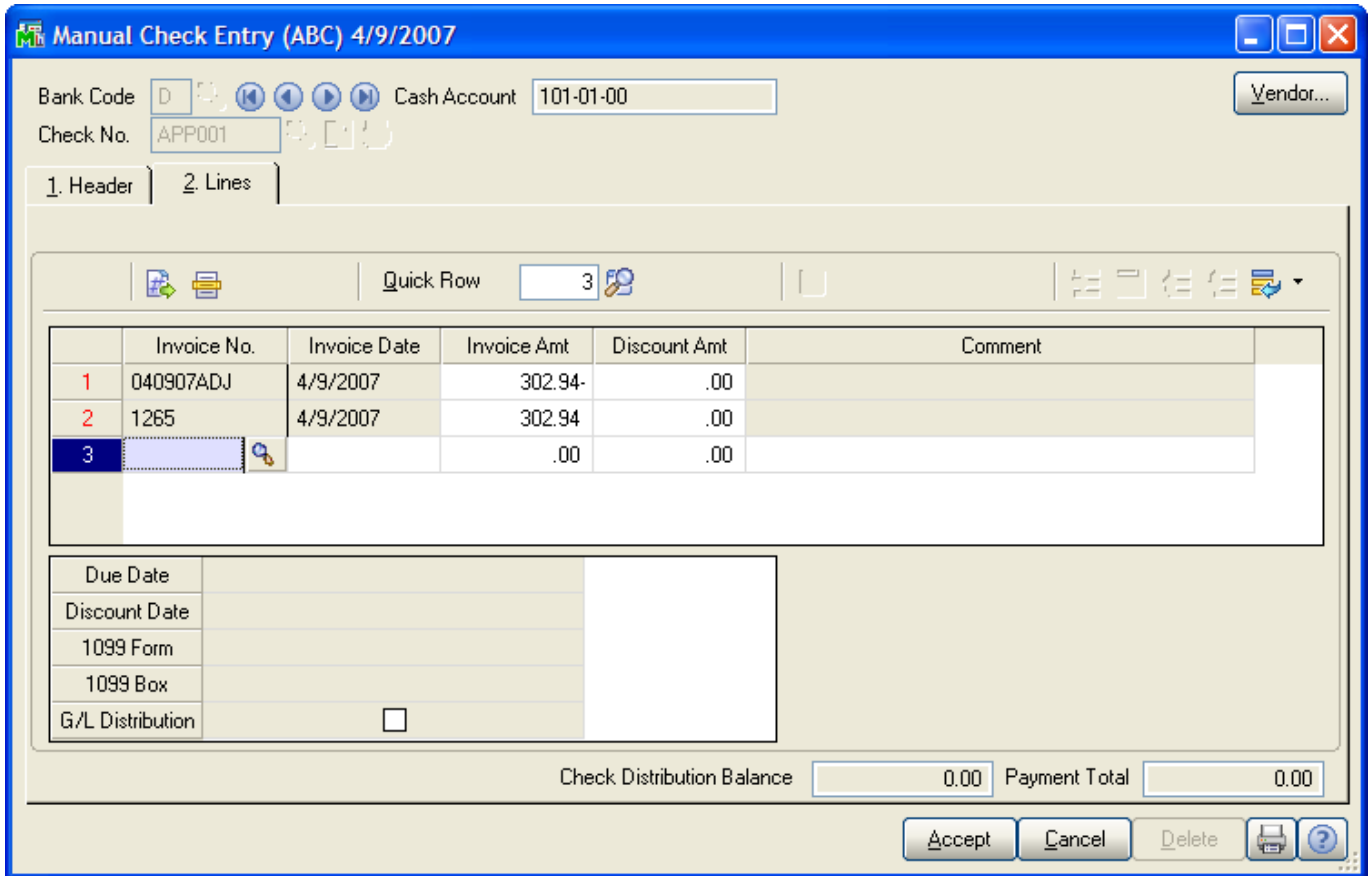
Vendor No.: 01-CONT Container Corporation Of Usa

Comment: APPLY INVOICES

Accept Cancel Delete ?

Select tab 2 – Lines

Invoice No – when applying a debit to a credit, select the credit memo first. Once selected, then select the invoice. Notice above that the invoice and credit memo washes therefore the payment total is zero.



Once completed, accept the entry of the manual check entry.  
Post the entry.

Access Vendor Inquiry to review the correction made against the vendor as shown below.

**Vendor Inquiry (ABC) 4/9/2007**

Vendor No.  Name

1. Main | 2. Additional | 3. Statistics | 4. Summary | 5. History | 6. Invoices | 7. Transactions | 8. Checks | 9. P/Os

Invoice No.	Inv Date	Inv Due Date	Disc Date	Amount	Discount	Balance	Comm
3456	5/4/2010	5/30/2010		675.43	0.00	0.00	
10234719	5/1/2010	5/30/2010		12,540...	0.00	0.00	
44-4567	5/1/2010	5/30/2010		92,332...	0.00	80,332...	
0001043090	4/30/2010	4/30/2010		50,553...	0.00	0.00	Month
0002043090	4/12/2010	4/30/2010		3,905.00	0.00	0.00	Wareh
040907ADJ	4/9/2007	4/30/2007		302.94-	0.00	0.00	
1265	4/9/2007	4/30/2007		302.94	0.00	0.00	

Trans Date	Trans Type	Trans Amount	Discount	Check Date	Check No.
5/31/2010	Invoice	302.94	0.00		
5/31/2010	Payment	302.94-	0.00	4/9/2007	APP001

Balance	Current	30 Days	45 Days	60 Days	90 Days
130,886.49	130,886.49	0.00	0.00	0.00	0.00