Processing Purchase Orders at Year End (PO-PER-2)

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OVERVIEW

Enterprise ERP provides several methods of handling open Purchase Orders at fiscal year-end. Kentucky School Districts utilize the '**GAAP**' method which adheres to district audit requirements. Using the GAAP method, any open current year Purchase Orders (PO's) are carried forward to the new year.

Using the GAAP method, current-year encumbrance entries are reversed for all open Purchase Orders and re-encumbered in the new year. Therefore, it is important to review all purchase orders to determine if they should remain open before initiating the year-end process. During year-end processing fund balance is 'reserved' to reflect the obligation for outstanding Purchase Orders.

Purchase Orders carried into the new year are encumbered, liquidated, and expensed in the new year. New-year expenditure account budgets are increased to 'cover' the expense of carry forward Purchase Orders during budget completion processing. Only accounts included in a new year budget projection will realize an increase in the new-year budget. Therefore, encumbrances carried forward on current-year project accounts will not incur a budget increase.

REVIEWING CURRENT-YEAR ENCUMBRANCES

Year-To-Date Budget Reports are printed for Period 99 and for Period 13 to review current year encumbrance entries. The encumbrance totals on the reports are compared for discrepancies. Before printing the reports, complete the following steps:

1. Check for open PO batches in PO Entry. Output-Post all open purchase order batches.

2. Check for open AP batches in Invoice Entry/Proof. Output-Post all open accounts payable batches.

3. Check for open encumbrance journals in Encumbrance Journal Entry/Proof. Output-Post all open encumbrance journals.

To Review Current-Year Encumbrances, Select:
Financials > General Ledger Menu > Inquiries and Reports > YTD Budget Report

1. Select **Search** and click **Accept** to select all accounts.

2. Select the **Report-options** button. The following screen appears:

3. Establish the following options to print the report for Period 99:

Sequence 1, Field #	**01** - Fund
Sequence 1, Total	**Check** (Yes)
Sequence 1, Page Break	**Blank** (No)
Year/Period	**20XX/99** (current fiscal year)
Totals only	**Check** (Yes)

4.   Click **Accept** and close the window. Output the Report.

5.   Produce a second report by selecting the **Report-options** button.

6.   Enter the following options to print the report for Period 13:

Sequence 1, Field #	**01 – Fund**
Sequence 1, Total	**Check** (Yes)
Sequence 1, Page Break	**Blank** (No)
Year/Period	**20XX/13**
Totals only	**Check** (Yes)

8. Click **Accept** and close the window. Output the report.

9. Compare the encumbrance totals on the two reports. If the amounts do not match, contact Enterprise ERP Support for assistance in resolving the discrepancy.

For more information on creating the YTD Budget Report, refer to the document entitled ***Year-To-Date Budget Report (EERP GL-1)*** in the ***EERP Budget/General Ledger User Guide.***

REVIEWING OPEN POs PRIOR TO YEAR-END

In preparation for closing the fiscal year, all outstanding current-year Purchase Orders should be reviewed. Only those Purchase Orders which represent legitimate budget obligations for the new fiscal year should be left open and carried into the next year. All other Purchase Orders should be processed, closed or canceled prior to closing the fiscal year.

To Print a Report of All Open PO's, Select:

Financials > Purchasing > Purchase Order Inquiry and Reports > Standard PO Reports

Select the "Open PO by Account" button)

1. Select the **Define** button.

2. Select **Current** for PO Fiscal year to report and enter fiscal year start and end dates in the **PO entered** fields.

3. Press **Accept** to retrieve all open POs.

4. Analyze the output. Close any POs that should not carry forward to the next fiscal year. See the next section on **CLOSING/MASS CLOSING PURCHASE ORDERS.**

CLOSING/MASS CLOSING PURCHASE ORDERS

Any purchase order that will not be carried into the new year should be liquidated or closed. Enterprise ERP provides a couple of methods to assist in closing Purchase Orders.

Note: **Open purchase orders with a zero balance are carried into the new year. Please close these POs unless a specific requirement exists and they must be carried forward.**

Purchase orders may be closed individually or in mass through the Purchase Order Maintenance program. To access the program, select:

Financials > Purchasing > Purchase Order Processing > Purchase Order Change Orders

Individually Cancel/Close a PO:

1. Select **Search** and enter a PO number, year or other criteria **including** a **Status** greater than four (>4) and less than or equal (<=) the current fiscal year to select one or a group of open POs.

2. To cancel a PO simply select the **Cancel PO** button. This will set the status to close and liquidate the remainder of the purchase order.

3. Closing a PO involves changing a zero balance PO from open to closed by selecting the **Close PO** button. Only POs with no remaining balance can be closed, therefore no journal entries are produced.

Mass Cancelling POs:

1. Select the **Cancel by GL** button.

2. Multiple criteria may be entered to select a specific group of POs to cancel:

   a. The **Define** button allows the user to enter Fund range or Org/Obj range criteria used in conjunction with the **Report Options** button.

   b. The **Seg Find** button allows selection of POs by specific account segments. This option is also used in conjunction with the **Report Options** button.

   c. The **Report Options** button allows a further narrowing of groups of POs.

      i. A user can select POs with No amounts (open with zero balance) or POs with open amounts.

      ii. Select current or next year POs, a specific Department, POs created since a particular year/period etc. All of these options allow a user to specifically select and cancel a group of Purchase Orders.

3. Click the **Select** button to select POs matching the previously entered criteria.

4. The **Mass Cancel** button is used to close or cancel the currently selected group of POs. Before performing the Mass Cancel the user must **Print** or **Save** a report.   In processing the Mass Cancel, the user is prompted for a year and period to post the adjusting encumbrance/liquidation entries.

5. You may also use by **Segment** to select and cancel POs using slightly different criteria.