



Fiscal Leadership for Georgia

Financial Systems

DATE: January 16, 2008

AREA: Purchasing

TOPIC: PO Receipt Issues

EFFECTIVE: Immediately

MESSAGE:

The improper use of the PO Receiving in PeopleSoft Financials is causing issues for agency, SAO, and Fleet Management personnel. With the upgrade to PeopleSoft 8.8, it became necessary to create receivers in the system prior to processing vouchers and payments in the Accounts Payable module. There were many good reasons for this change, including capturing data for 3-way matching between receipt, PO and voucher; collecting vendor performance data, and making use of new system functionality related to partial payments. However, it appears that many agencies are circumventing this process by creating full receipts for Purchase Orders as soon as they are dispatched. This is not the proper use of the system, causes numerous system and data problems, and creates more additional work by AP personnel than it saves in Receiving. **Receipts should be added as goods or services are actually received and not before.** There are numerous reasons for this.

1. Entering receipts before goods are actually received misrepresents actual receipt dates. Vendor Performance statistics are based on actual receipt dates which are meaningless if the receipt is entered early.
2. Receipts of Purchase Orders for assets initiated in the Maximo system interface the receipt information back to Maximo. Early receiving makes it impossible for Fleet Management to reconcile since assets are being created for vehicles that have not yet been received.
3. PO change orders that are done after the receipt is processed do not get passed to Accounts Payable because the receipt was created before the change was done. If receipts were created only for the actual amounts received, then each new receipt would always contain the most recent information from the PO which would subsequently feed to Accounts Payable.

4. Receiving the correct amount or quantity allows the system to create the voucher for the correct amount. This is especially important when multiple lines and split distributions are involved. If there is only one receipt for the full amount and a partial amount is vouchered, Accounts Payable has to reduce each voucher line and distribution to the appropriate partial amount. This may involve calculating the amount for each distribution based upon the percentages of the split. The system performs this calculation when the receipt is for the correct amount so the voucher can be created without need of modification.

Amount Only Functionality was one of the big improvements with the upgrade and is not being used by many agencies. **All Purchase Orders lines for a quantity of one which might require multiple partial payments should always be set up as “Amount Only” Orders.** This is done while entering the PO by checking the “Amount Only” checkbox on the PO Line “Attributes” page. Checking this forces the line quantity to be 1 and the line to be charged by “amount” rather than by quantity. This will then allow the receipts to be entered for a dollar amount instead of a quantity. A separate receipt should be done for each invoice (or group of invoices to be paid on one voucher) for the exact amount of the invoice. The voucher then needs no modification and system problems related to receipts not being available for vouchering are avoided. As mentioned above, the system will also calculate the correct amounts for each distribution so that Payables personnel do not have to perform this calculation manually. Please do not go back and change a PO line to “Amount Only” if it has any voucher activity as this may lead to other problems. It is OK to change as long as no receipts or vouchers have been processed against the PO line.

Proper use of the Receiving Module will eliminate many system issues and allow much more accurate and meaningful data for procurement and asset management.

ACTION:

Create PO Receipts only when goods or services are actually received. Use “Amount Only” checkbox on PO lines when the quantity is 1 and multiple partial payments may be needed.

ADDITIONAL INFORMATION/RESOURCES:

See **UPK 9.3.1 – Add an Open Market PO** for further explanation of “Amount Only”– line 2 on this training PO is an “Amount Only” line. <http://saofnupk.state.ga.us/>

QUESTIONS: Financials Systems Help Desk

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