

AOSD FLASH #281: POTENTIAL IMPACT OF VOUCHER DELETION/REUSE ON UNDERLYING PURCHASE ORDERS

Background

When processing vouchers, departments may run into various situations that prevent posting and payment (erroneous invoice, non-approval, etc.). To expedite payment, departments sometimes process a replacement voucher and either delete the original voucher, or reuse or delete individual lines on the original voucher.

Issue

Vouchers liquidate their underlying purchase order encumbrance during the *Budget Check* process. Further, budget-checked vouchers (and their individual lines) that are deleted or reused will automatically create an entry to reverse the original liquidation.

If a replacement voucher is budget-checked **before** the original voucher or lines are deleted/reused, the system will only liquidate up to the remaining balance on the purchase order. Because the original voucher has already liquidated its encumbrance, the remaining PO balance may not have a sufficient balance for the replacement voucher's full liquidation amount. In this case, the liquidation entry will be less than the true amount (see Appendix A – Voucher Deletion Error).

However, when the original voucher is deleted/reused, the system will reverse the entire original liquidation amount, thus overstating the true encumbrance balance.

This applies to all cases in which a voucher line is budget checked against a purchase order. Specifically:

- Entire vouchers that are budget checked, then deleted;
- Individual lines that are budget checked, then deleted or;
- Entire vouchers and individual lines that are budget checked, then reused for a different, unrelated purchase order/invoice

Recommendations

It is important that departments review all their vouchers to ensure the voucher entries are properly liquidating their underlying purchase orders.

- (1) Do not create replacement vouchers until **after** the original, outstanding voucher is deleted or reused.
 - By first deleting the original voucher or reusing the original voucher lines, the system can properly reverse any existing liquidation entries and restore the PO balance. Once the encumbrance is returned to the purchase order, the replacement voucher can generate the correct liquidation entries.

- (2) Departments should **not** change supplier invoice numbers to bypass the system duplication check (e.g. change "Invoice 123" to "Invoice 123A").
- The system will check for duplicate invoice numbers issued by the same supplier. If a user encounters the error, it is possible that a voucher already exists for the subject payment. If so, the user should review to ensure all vouchers (and underlying liquidations) have been processed correctly.

APPENDIX A

Example – Voucher Deletion Error

(1) Department XYZ has a \$61.00 single line purchase order for goods.

Maintain Purchase Order

Purchase Order

Business Unit SFGOV
 PO ID 0000161355
 Copy From []

PO Status Dispatched
 Budget Status Valid
 Hold From Further Processing

Header

*PO Date 03/13/2018 Supplier Search
 Doc Tol Status Valid
 Backorder Status Not Backordered Create BackOrder

*Supplier PRECISIONP-001 Supplier Details
 Receipt Status Not Recvd
 *Supplier ID 0000012935 PRECISION PAY PHONES
 *Buyer 168114 Chavez,Nicholas A
 *Dispatch Method Print Dispatch

PO Reference February 2018 Services
 Purchasing Authority PROPQ-NO BID PROP Q AUTHORITY NOT BID

Header Details Activity Summary Project Team
 PO Defaults Edit Comments
 PO Activities Add ShipTo Comments
 Requisitions Document Status
 Actions

Amount Summary

Merchandise	61.00	
Freight/Tax/Misc.	0.00	Calculate
Total Amount	61.00	USD
Encumbrance Balance	61.00	USD

Add Items From [] Item Search
 Catalog Purchasing Kit

Select Lines To Display [] Search for Lines Line [] To [] Retrieve

Lines

Line	Item	Description	PO Qty	*UOM	Category	Supplier ID	Supplier Name	Price	Merchandise Amount	Status
1		Service charge for public pay phone at JJC lobby area. Payment for February 2018 Invoice.	1.0000	EA	91577			61.00000	61.00	Approved

(2) After receipt, the department receives an invoice for \$61.00 and creates a voucher (“Voucher A”) for payment. Voucher A completes budget check, but is not fully approved/posted because of an issue with the supplier.

PO Accounting Entries after Voucher A is budget checked


PO Accounting Entries

Business Unit SFGOV
 From PO 0000161355 To PO 0000161355
 PO Status
 From Fiscal Year To Fiscal Year
 Accounting Line View Option Standard Ledger Group CC_DETAIL

Accounting Entries

Purchase Order	Status	Supplier ID	Change Order	Trans Type	Unpost Seq	Line	Sched	Dist	Account	GL Unit	Monetary Amount	Base Curr
0000161355	D	0000012935		PO_POENC	0	1	1	1	1 532410	SFGOV	61.00	USD
0000161355	D	0000012935		REVERSAL	0	1	1	1	1 532410	SFGOV	-61.00	USD

Total Encumbrance Balance 0.00 USD



- (3) Once the issue with the supplier is resolved, the department creates a new voucher ("Voucher B") to issue payment for the \$61.00. They intend to delete Voucher A once Voucher B is processed.
- (4) Voucher B completes budget check. Because Voucher A is already budget checked and has liquidated its encumbrance amount, the purchase order no longer has a balance for Voucher B to liquidate. As a result, the system creates a single \$0 liquidation entry (see below).

PO Accounting Entries after Voucher B is budget checked

PO Accounting Entries																																																																
Business Unit SFGOV						To PO 0000161355																																																										
From PO 0000161355						PO Status																																																										
From Fiscal Year						To Fiscal Year																																																										
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<table border="1"> <thead> <tr> <th>Purchase Order</th> <th>Status</th> <th>Supplier ID</th> <th>Change Order</th> <th>Trans Type</th> <th>Unpost Seq</th> <th>Line</th> <th>Sched</th> <th>Dist</th> <th>Account</th> <th>GL Unit</th> <th>Monetary Amount</th> <th>Base Currency</th> </tr> </thead> <tbody> <tr> <td>0000161355</td> <td>D</td> <td>0000012935</td> <td></td> <td>PO_POENC</td> <td>0</td> <td>1</td> <td>1</td> <td>1</td> <td>532410</td> <td>SFGOV</td> <td>61.00</td> <td>USD</td> </tr> <tr> <td>0000161355</td> <td>D</td> <td>0000012935</td> <td></td> <td>REVERSAL</td> <td>0</td> <td>1</td> <td>1</td> <td>1</td> <td>532410</td> <td>SFGOV</td> <td>0.00</td> <td>USD</td> </tr> <tr> <td>0000161355</td> <td>D</td> <td>0000012935</td> <td></td> <td>REVERSAL</td> <td>0</td> <td>1</td> <td>1</td> <td>1</td> <td>532410</td> <td>SFGOV</td> <td>-61.00</td> <td>USD</td> </tr> </tbody> </table>													Purchase Order	Status	Supplier ID	Change Order	Trans Type	Unpost Seq	Line	Sched	Dist	Account	GL Unit	Monetary Amount	Base Currency	0000161355	D	0000012935		PO_POENC	0	1	1	1	532410	SFGOV	61.00	USD	0000161355	D	0000012935		REVERSAL	0	1	1	1	532410	SFGOV	0.00	USD	0000161355	D	0000012935		REVERSAL	0	1	1	1	532410	SFGOV	-61.00	USD
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Total Encumbrance Balance											0.00	USD																																																				



- (5) Voucher B is fully processed. Now that the invoice has been paid, the department requests that Voucher A be deleted since it is no longer needed.

Delete Voucher | Voucher Details

Business Unit SFGOV Voucher 00278054

Supplier

Supplier 0000012935 PRECISION PAY PHONES
 Short Name: PRECISIONP-001

Voucher Information

Invoice VOUCHER A Origin ONL Header Budget Status Valid
 Date 03/14/2018 Group Non-Prorated Budget Status Valid

Gross Amount 61.00 USD
 Related Voucher

Delete Voucher | Voucher Details

Message

Budget transactions related to this voucher have been deleted. (7030,473)

Please review your budget account balance and activity.

- (6) When Voucher A is deleted, the system automatically reverses the liquidation entry from Step 2.

PO Accounting Entries and Encumbrance Balance after Voucher A Deletion

PO Accounting Entries

Business Unit SFGOV
 From PO 0000161355 To PO 0000161355
 PO Status
 From Fiscal Year To Fiscal Year
 Accounting Line View Option Standard Ledger Group CC_DETAIL

Accounting Entries Personalize | Find | View All | First 1-2 of 2 Last

Purchase Order	Status	Supplier ID	Change Order	Trans Type	Unpost Seq	Line	Sched	Dist	Account	GL Unit	Monetary Amount	Base Currency
0000161355	D	0000012935		PO_POENC	0	1	1	1	532410	SFGOV	61.00	USD
0000161355	D	0000012935		REVERSAL	0	1	1	1	532410	SFGOV	0.00	USD

Total Encumbrance Balance 61.00 USD

Summary: Although expenditure and payment was recorded by Voucher B, the purchase order will show an incorrect remaining encumbrance balance of \$61.00, the reversed liquidation amount of deleted Voucher A.

Example – Voucher Line Deletion Error

- (1) Department XYZ has a multiple line purchase order for goods. The purchase order contains Line 1 for \$22.22, Line 2 for \$42.33, and an additional \$3.60 for sales tax applied to Line 2.

Purchase Order

Business Unit SFGOV PO ID 0000161234 PO Status Dispatched Budget Status Valid

Copy From [] Hold From Further Processing

Header

*PO Date 03/13/2018 Supplier Search Doc Tot Status Valid
 *Supplier CARDINALHE-002 Supplier Details Backorder Status Not Backordered Create BackOrder
 *Supplier ID 000003356 CARDINALHEALTH MEDICAL PRODUCTS & SVCS Receipt Status Not Recvd
 *Buyer 39441 Aguillo,Daisy M *Dispatch Method EDX Dispatch
 Purchasing Authority []

Amount Summary

Merchandise	64.55	
Freight/Tax/Misc.	3.60	
Total Amount	68.15	USD
Encumbrance Balance	68.15	USD

Lines

Line	Item	Description	PO Qty	UOM	Category	Supplier ID	Supplier Name	Price	Merchandise Amount	Status
1	H8100042	SOLUTION RESPIRATORY AIRLIFE STERILE WATER FLEX BAG NONSTERILE DISPOSABLE 1000ML	12.0000	EA	26940			1.85200	22.22	Approved
2	H7602710	CHAMBER HUMIDIFICATION FISHER PAYKEL AUTO FEED	4.0000	EA	34584			10.58300	42.33	Approved

- (2) After receipt, the department receives an invoice for the entire \$68.15. The department creates a voucher ("Voucher Y") for full payment Line 1 (\$22.22), Line 2 (\$42.33), and sales tax (\$3.60). Voucher Y completes budget check, but is not fully approved/posted because of an issue with the supplier.

PO Accounting Entries after Voucher Y is budget checked

PO Accounting Entries

Business Unit SFGOV From PO 0000161234 To PO 0000161234

PO Status From Fiscal Year To Fiscal Year

Accounting Line View Option Standard Ledger Group CC_DETAIL

Accounting Entries

Purchase Order	Status	Supplier ID	Change Order	Trans Type	Unpost Seq	Line	Sched	Dist	Account	GL Unit	Monetary Amount	Base Curren
0000161234	D	000003356		PO_POENC		0	1	1	1 544610	SFGOV	22.22	USD
0000161234	D	000003356		PO_POENC		0	2	1	1 545990	SFGOV	42.33	USD
0000161234	D	000003356		REVERSAL		0	1	1	1 544610	SFGOV	-22.22	USD
0000161234	D	000003356		REVERSAL		0	2	1	1 545990	SFGOV	-42.33	USD
0000161234	D	000003356		REVERSAL		0	2	1	1 552115	SFGOV	-3.60	USD
0000161234	D	000003356		PO_POENCNP		0	2	1	1 535210	SFGOV	0.00	USD
0000161234	D	000003356		PO_POENCNP		0	2	1	1 535990	SFGOV	0.00	USD
0000161234	D	000003356		PO_POENCNP		0	2	1	1 552115	SFGOV	3.60	USD
0000161234	D	000003356		PO_POENCNP		0	2	1	1 552115	SFGOV	0.00	USD
Total Encumbrance Balance											0.00	USD

- (3) The department works with the supplier and receives approval to pay Line 2. The department creates a new voucher ("Voucher Z") to issue payment for the \$42.33 and \$3.60 in sales tax. They intend to delete the portion for Line 2 on Voucher Y once Voucher Z is processed.

The screenshot displays the 'Invoice Information' tab for 'VOUCHER B'. Key details include: Business Unit SFGOV, Voucher ID 00278058, Invoice Date 03/14/2018, and Supplier ID 0000003356. An 'Invoice Total' summary shows a Line Total of 42.33, Sales Tax of 3.60, and a Total of 45.93. A 'View Source PO/Receiver Information' dialog box is open, showing PO Number 0000161234, PO Line 2, and a quantity of 4.0000. The dialog also includes fields for PO Unit, PO No., PO Line, PO Schedule, Receipt Unit, Receipt Number, and Schedule.

- (4) Voucher Z completes budget check. Because Voucher Y is already budget checked and still exists in the system, the system does not detect an encumbrance to liquidate for Voucher Z. Instead, it creates two \$0 liquidation entries for Line 2 and its sales tax (see below).

PO Accounting Entries after Voucher Z is budget checked

PO Accounting Entries

Business Unit SFGOV
 From PO 0000161234 To PO 0000161234
 PO Status
 From Fiscal Year To Fiscal Year
 Accounting Line View Option Standard Ledger Group CC_DETAIL

Accounting Entries Personalize | Find | View 3 | First 1-11 of 11 Last

Purchase Order	Status	Supplier ID	Change Order	Trans Type	Unpost Seq	Line	Sched	Dist	Account	GL Unit	Monetary Amount	Base Curren
0000161234	D	0000003356		PO_POENC	0	2	1	1	545990	SFGOV	42.33	USD
0000161234	D	0000003356		PO_POENC	0	1	1	1	544610	SFGOV	22.22	USD
0000161234	D	0000003356		PO_POENCNP	0	2	1	1	552115	SFGOV	3.60	USD
0000161234	D	0000003356		PO_POENCNP	0	2	1	1	552115	SFGOV	0.00	USD
0000161234	D	0000003356		PO_POENCNP	0	2	1	1	535990	SFGOV	0.00	USD
0000161234	D	0000003356		PO_POENCNP	0	2	1	1	535210	SFGOV	0.00	USD
0000161234	D	0000003356		REVERSAL	0	2	1	1	545990	SFGOV	0.00	USD
0000161234	D	0000003356		REVERSAL	0	2	1	1	552115	SFGOV	0.00	USD
0000161234	D	0000003356		REVERSAL	0	2	1	1	545990	SFGOV	-42.33	USD
0000161234	D	0000003356		REVERSAL	0	2	1	1	552115	SFGOV	-3.60	USD
0000161234	D	0000003356		REVERSAL	0	1	1	1	544610	SFGOV	-22.22	USD

Total Encumbrance Balance 0.00 USD

- (5) Voucher Z is fully processed. Now that Line 2 has been paid through Voucher Z, the department returns to Voucher Y to delete its Line 2. When Line 2 from Voucher Y is deleted, the system automatically reverses the \$42.33 liquidation entry from Step 2.

PO Accounting Entries

Business Unit SFGOV
 From PO 0000161234 To PO 0000161234
 PO Status
 From Fiscal Year To Fiscal Year
 Accounting Line View Option Standard Ledger Group CC_DETAIL

Accounting Entries Personalize | Find | View 3 | [21] | First 1-10 of 10 Last

Purchase Order	Status	Supplier ID	Change Order	Trans Type	Unpost Seq	Line	Sched	Dist	Account	GL Unit	Monetary Amount	Base Curren
0000161234	D	0000003356		PO_POENC		0	2	1	1 545990	SFGOV	42.33	USD
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0000161234	D	0000003356		PO_POENCNP		0	2	1	1 535210	SFGOV	0.00	USD
0000161234	D	0000003356		PO_POENCNP		0	2	1	1 535990	SFGOV	0.00	USD
0000161234	D	0000003356		PO_POENCNP		0	2	1	1 552115	SFGOV	0.00	USD
0000161234	D	0000003356		REVERSAL		0	2	1	1 552115	SFGOV	0.00	USD
0000161234	D	0000003356		REVERSAL		0	2	1	1 545990	SFGOV	0.00	USD
0000161234	D	0000003356		REVERSAL		0	2	1	1 552115	SFGOV	-3.60	USD
0000161234	D	0000003356		REVERSAL		0	1	1	1 544610	SFGOV	-22.22	USD
Total Encumbrance Balance											42.33	USD

Summary: Voucher Y will fully pay Line 1. Voucher Z will fully pay Line 2. However, the purchase order will still show an incorrect remaining encumbrance balance of \$42.33, the reversed liquidation amount of deleted Line 2.