

LESSON 3: MANAGING PURCHASING PROCESSES

STATE INFORMATION TECHNOLOGY



SC BUDGET AND CONTROL BOARD

Lesson 3 Learning Objectives



- Output Upon completion of this lesson, you should be able to:
 - Understand the importance of completing all goods receipts by June 30th and invoice receipts by July 15th
 - Generate a list of open purchase orders (POs).
 - Close purchase orders and corresponding requisitions (if applicable) in the current fiscal year.





@ ME2N – List Display by Purchase Order Number

@ ME23N – Change Purchase Order



Purchasing at Year-end



- It is important to post <u>all</u> required Goods Receipts and invoices prior to year-end.
- If a PO requires Goods Receipts, <u>payments cannot be</u> <u>processed</u> until the GR is posted.
- Invoices for goods and services received by June 30 should be paid in the current year.
 - Otherwise you will be paying for this year's goods and services with next year's funds, thus causing potential budget shortfalls in the new fiscal year

Purchasing at Year-end, cont.



- It is important to manage your <u>open purchase orders (POs)</u> to free-up budget necessary to complete payments.
- Because purchase orders encumber budget, it is important to modify those purchase orders which are not required or will not be paid in the current fiscal year.
- This action will ensure your agency will have sufficient budget in State funds to make payments.

Purchasing at Year-end, cont.



A list of Open Purchase Orders can be useful in identifying

- PO's that are no longer necessary,
- PO's that may need to be modified in order to un-encumber funds.
- Open POs
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- We transaction code <u>ME23N</u> to modify and release encumbrances of Purchase Orders as necessary.

Open Encumbrance Report



The Business Warehouse Open Encumbrance Report shows ALL open Encumbrances including:

- Open Purchase Orders
- Open Requisitions
- Parked FI documents
- Funds Block
- Funds Reservation

*Business Warehouse (BW) training is posted on the SCEIS Website in uPeform.

Open PO Options



Options for Open Purchase Orders

- 1. Do Nothing
- 2. Final Invoice/Block PO
- 3. Delete PO
- 4. Carryforward PO into next fiscal year

Reviewing Open POs



- If PO will be received and paid in the current fiscal year, make no revisions to the PO, follow standard process.
- You may find items that need to be modified for various reasons:
 - PO that has items that will not be delivered
 - PO that has items that cannot be delivered prior to year end
 - PO that has items that need price reductions
- Remember, POs encumber budget. In order to free up budget for payments at year-end, it is important that only PO's that will be paid in the current fiscal year remain open.

ME2N – List Display by Purchase Order



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ME2N – List Display by Purchase Order



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Final Invoice a PO Line Item



After final-invoicing a PO line item:

- The encumbrances on that PO line item are released.
- If a PO has a Goods Receipt or an Invoice, it <u>should</u> <u>not</u> be deleted. To release any encumbrances assigned to the PO, click "Final Invoice" under the Invoice tab.



Blocking a PO Line Item



After Blocking a PO line item <u>no further activity</u> (goods receipts and invoice payments) can be made against that PO line item.

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Final Invoice and Block Line Items



- Final Invoice and Blocking the Line Item should always be used together.
- Reasons for using these indicators should be included in the PO line item text field.
- The Final Invoice Indicator must be set before Blocking the line item.
- You should not set the Final Invoice indicator without Blocking the Line Item.
- The line item can be unblocked if necessary to allow further processing (goods receipt, invoice)

Final Invoice and Block Line Items



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Deleting a Purchase Order Line Item



- All encumbrances are released
- The corresponding Shopping Cart's Requirement <u>re-appears</u> in Carry Out Sourcing.
- A new PO can be created from SRM.

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Verification of Encumbered Funds





Verification of Encumbered Funds



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Verification of Encumbered Funds



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Carry Forward Purchase Orders



- PO's that need to be carried forward to FY 2012 should not be Final Invoiced, Blocked, or Deleted
- The list of purchase orders that need to be carried forward will be given to the designated person at your agency to run the ZFMJ2 transaction.

Final Verification



- It is a good practice to run the BW Open Encumbrance Report again after PO clean-up to ensure no encumbrances remain.
- W is updated overnight. PO's updated today will appear on the BW report the following business day.

Lesson 3 Summary



You should now be able to:

- Understand the importance of completing all goods receipts by June 30th and invoice receipts by July 15th.
- Generate a list of open purchase orders (POs).
- Close purchase orders in the current fiscal year.