Helpful Information Regarding Liquidation of Open Encumbrances (PO Force Close)

There are several helpful inquiry options available within PeopleSoft to assist end-users with tracking their requisitions, purchase orders, receipts, payments, and open encumbrances. Below provides some guidelines regarding how to monitor and close out old purchase orders/encumbrances.

1) Where do I start when investigating an open PO encumbrance? ePro PO Activity Summary

- Easy to follow online instructions regarding How to Use the PO Activity Summary in ePro are available from the eProcurement Quick Reference Users Guide:
  
  Link: How to Use PO Activity Summary in ePro

- From Activity Summary compare the quantity and amount ordered to the quantity and amount invoiced for each line item.
- If all items/quantities have been paid, but were paid at a discounted price and an open encumbrance remains:
  - the PO will automatically close after 90 days from the last activity which will liquidate any open PO encumbrance
- If you cannot wait the 90 days, send an e-mail to PurchasingSOSPOChange@utmb.edu with justification requesting that the PO be forced close
- If all items/quantities have been paid, but there are canceled or no charge (free) items:
  - send an e-mail to PurchasingSOSPOChange@utmb.edu requesting that the purchase order be forced closed due to a free item
- If all items/quantities have been paid in full (and there are no "free" items on the PO):
  - there should be no open encumbrance and there is no need to take action. The order will automatically close after 90 days from last activity.
- If for some reason you find that one of these fully paid PO’s has not closed after the 90 days:
  - send an e-mail to PurchasingSOSPOChange@utmb.edu requesting the purchase order be force closed

2) When looking at the PO Activity Summary, what if not all lines items have been “Received”?

- From Activity Summary compare the quantity Ordered to the quantity Received.
- Has the line item been received? If not, do you still want the item? If not, contact the vendor to cancel the line item. Then create a PO Change Request to cancel that line item.
- Has the line item been partially received? Do you want the outstanding items to ship? If not, contact the vendor to cancel the remainder of the items. Then create a PO Change Request to reduce the quantity of the line item down to the quantity that has already been received.
- Easy to follow online instructions regarding How to Create a PO Change Request are available from the eProcurement Quick Reference Users Guide via the link below:
  
  Link: How To Create A PO Change Request

3) When looking at the PO Activity Summary, what if the PO has been “Received”, but not “Paid”?

- Contact the vendor requesting that an invoice be sent to A/P so payment can be made.
- If the vendor advises there is no outstanding payment due, e-mail that information to the PurchasingSOSPOChange@utmb.edu requesting that the PO be force closed. Be sure to include who you spoke with at the vendor and what they said. In the event an invoice is received after PO has been force closed, a new PO will have to be created.
4) What about Blanket Orders where there is no Receipt?

- For blanket orders (where no receipt has been created), if no future invoices are anticipated and all outstanding invoices have been paid, create a PO Change Request to **reduce the dollar amount** down to the amount that has been paid.
- **Note** – if a receipt has been created against the blanket order, the end-user will need to send an e-mail to PurchasingSOSPOChange@utmb.edu requesting that the PO dollar amount be reduced to the amount already paid in order to release encumbrance. Be sure to include the already paid dollar amount in the e-mail.

5) What if the department cannot create the on-line PO Change Request?

- If the original requestor is no longer available to create a PO Change Request and no one else in the department has access to the original requestor’s transactions, the department needs to send an e-mail to PurchasingSOSPOChange@utmb.edu advising the PO number, what needs to be changed, and a statement as to why the original requestor cannot create the on-line change request (i.e., end-user is no longer at UTMB). Purchasing will then create and approve the on-line request on behalf of the department and attach the e-mail as documentation.
- **Note:** anyone that has access to the original requestor’s transactions from the Manage Requisitions page can create PO change requests for their PO’s. However, once the request is created, it will still need to be approved by the original buyer which in the case of DEP orders is the original requestor.
- If the original requestor/buyer is no longer available to approve the PO Change Request, send an e-mail to PurchasingSOSPOChange@utmb.edu requesting Purchasing to approve the PO Change Request. Include a statement advising that the original buyer is no longer available to approve the on-line change request.
- For changes that cannot be made via the PO Change Request process (e.g., changes to the chartfield string and pricing on already received items), the end-user needs to send instructions as to what needs to be changed and the reason for the change to PurchasingSOSPOChange@utmb.edu

6) What about Open Requisition Pre-Encumbrances?

- First look at the requisition status from the Manage Requisitions page in eProcurement:
  - If the status of the requisition is “denied”, the requestor needs to cancel the requisition to liquidate the pre-encumbrance.
  - **Note:** if the end-user is no longer available to cancel the requisition, send instructions to the Purchasing.helpdesk@utmb.edu and Purchasing will cancel the requisition on behalf of the department.
  - If the requisition is associated with a Purchase Order, but still has an open pre-encumbrance, please advise the Purchasing.helpdesk@utmb.edu for resolution.

Additional detailed instructions regarding many eProcurement functions are available from the eProcurement Quick Reference Users Guide available from the PeopleSoft landing page: http://www.utmb.edu/logistics/purchasing/eprogui.asp

Questions regarding eProcurement, DEP Procedures, and Purchase Orders should be directed to the Purchasing Help Desk at extension 7-8000 or via e-mail at purchasing.helpdesk@utmb.edu
Req Pre-Enc > PO Encumbrance > Req Liquidation > Expense > PO Liquidation
Updated March 2010

1. Create/Edit Requisition
   - Submit Requisition for Funding Approval
     - Approved?
       - YES: Create/Edit Purchase Order from Approved/Valid Requisition
       - NO: Budget Check Requisition
         - Valid?
           - YES: System Pre-Encumbers Funds
           - NO: No Pre-Encumbrance is created & no PO can be issued
     - NO: Budget Check Requisition
2. Expense Posts & Partial Liquidation of PO Encumbrance
   - DISCOUNTED Price Paid?
     - YES: Pay against Purchase Order
     - NO: Receive against Purchase Order
   - Reconcile/Close Associated Matched Req's with No Activity in Past 90-Days
3. System Changes Status to Complete
   - Run Requisition Budget Check Process for "Complete" Req's
     - Valid?
       - YES: Any Remaining Requisition Pre-Encumbrance Liquidates
       - NO: Error Report Sent to Finance for Resolution
     - NO: Any Remaining PO Encumbrance Liquidates

Note: For canceled purchase orders and canceled requisitions, the liquidation occurs as soon as the canceled document is budget checked successfully:
- PO budget checking process runs every 30-minutes throughout the work day
- Canceled Req budget checking process runs every evening

* If requested, remaining PO encumbrance can be liquidated prior to running the reconciliation and budget checking processes by sending an e-mail to AP.PO@umb.edu requesting that the associated voucher be finalized