

Why 'Goods Received Not Invoiced' Report doesn't equal the GL.

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The Goods Received Not Invoiced Report PPS572 (PPS570 to run) is the report detail that supports the G/L balance in the account the represents those receipts of materials, both inventory and non-inventory, that an organization has not yet entered an A/P invoice for. In addition to materials, services rendered are also included in this accrual when category 70 purchase orders are used to pay for sub-contracted manufacturing operations. Seems straight forward, but why does the detail not always add up to the G/L balance?

First, lets examine what gets posted to the GRNI report PPS572...PO receipts entered in PPS300 create MITTRA transactions or CRACTR transactions depending on whether they are inventory or non-inventory (includes sub-contract operations). At this point, nothing will appear on PPS572. Running CAS950 and selecting Stock transactions will create the CINACC entries for MITTRA transactions found with a zero accounting number. Selecting Other Transactions will create the CINACC entries for Non-inventory and sub-contract operations. At this point, report PPS572 will still have no entries for these receipts. Only after running CAS960 and transferring the entries to the G/L will the receipts appear on the report. It is also important to note that if the journal entry had invalid accounting (GLS037) it would not be reflected in the G/L balance but would appear on the report.

Next, A/P invoices are entered for the given PO's. Users select the appropriate PO lines and process the A/P voucher. Once the A/P voucher is created (again if the voucher ends up in GLS037 it will be reflected in the report but not the G/L), the invoice will appear opposite the receipt on the report if the quantity invoiced is not exactly equal to the quantity received. If those quantities are equal, receipts and invoices for the PO line get dropped from the report. Again, all of this seems straight forward, so why doesn't the detail always add up to the G/L balance?

It appears there are several things accountants are typically responsible for that can contribute to this situation. First, there is the scenario where a voucher is stuck in GLS037 Invalid Accounting. These entries must be posted before the report will reconcile to the G/L. More basic than this is the definition of the accounting setup for accounting events PP10, PP20, and PP25. If a single GRNI account is used, the 902 and 909 accounting types for each accounting event must all reference the same G/L account. If multiple GRNI accounts are utilized, the same exceptions must be defined for these three accounting events. No other accounting setups should reference the(se) GRNI G/L account(s). Finally, the most basic reason one finds differences between report detail and G/L balances would be a manual G/L entry to the GRNI account. As before, this all still seems straight forward, so why doesn't the detail always add up to the G/L balance?

Another factor that needs to be taken into account are purchasing unit of measure conversions. UOM calculations in the A/P processing result in slightly different posting values than those originating from the CAS950 update. Normally, these differences would be cents at most but if someone inadvertently changes a UOM conversion factor after receipt, huge differences can arise between the report details and the G/L balance. These differences can also result if the number of decimals used in the conversion is changed even though the conversion factor itself was not changed.

The final and most significant factor involved in reconciling G/L to report differences is the use of program PPS350 to close or open PO lines for invoicing. Program PPS350 is utilized to close out PO lines that were left open to receive against, to close received PO lines for invoicing and to reopen closed PO lines so they can be invoiced. PPS350 is used when a Purchasing/Planning user wants to close a PO line that didn't automatically or manually get closed to receiving when accessed in PPS300. This processing also removes the open PO line from the MRP calculation. The need for this processing often occurs when a PO line is only partially received and the supplier indicates the balance will not be shipped as a back order but the receiving user either doesn't manually close the line or they are not permitted to manually close the line. This processing has no effect on the PPS572 report. Using the same program to close the PO line to invoicing; however, does affect the report. The user closing the PO line to invoicing causes the creation of a CRACTR entry that gets included in the GRNI calculation once posted through to the G/L in the CAS950/960 update. Further, the reopening of the PO line for invoicing using PPS350 also creates the CRACTR records as the close did and once updated to the G/L are included on the report.

One other issue that prevents this report from being a significantly better internal control tool is the report sort itself. While listing PO's by warehouse an PO number is helpful, a better or more focused analysis would be possible if the sort were

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first, the control account, then fiscal year and period of the receipt and then PO and line number. With this sort, accounting users could quickly focus on old or stale receipts that have no invoices. A policy needs to explicitly state the number of periods an open PO receipt may be allowed to be un-invoiced. Old un-invoiced entries almost always mean something is amiss as most vendors promptly bill for goods or services rendered.

Invalid accountings must be resolved quickly and correctly, procedures must be in place to prevent the unauthorized maintenance of purchasing UOM factors, and issues (bugs) concerning the correct processing of entries created by PPS350 must be addressed in order for accounting users to be able to reconcile the GRNI account with the PPS572 report total in a timely manner. Finally, internal control procedures must be in place to ensure that all receipts are promptly entered and their quantities and amounts validated as being reasonable in order for this report to function as the internal control it is meant to be.



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