

What Is This Check Paying For?

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Have you ever looked at the journal output from APS141 and been left wanting, completely unsure what you were about to sign a check to pay for? Does that debit to your AP account on GLS041PF or the fact that the journal check register amount on GLS041P5 doesn't necessarily equal the amount printed on the check cause you some apprehension about being the one to sign the check? If this is the case, my guess is that you are probably a Controller, an AP manager or just the person that has to audit disbursements. You also quite possibly know of incidents where disbursements were improperly made or shouldn't have been made at all and you were left to clean up the mess. This could have resulted from something as innocent as a mismatched PO and invoice or an erroneous duplicate entry of an invoice to something outright criminal such as a cover-up of an embezzlement. How do you overcome the apprehension of not knowing what a check is actually paying for in MOVEX?

First, you must adopt appropriate internal controls over the entire AP process.

This process begins at the creation and maintenance of the supplier master. Internal control must exist over the creation of valid purchase orders and on to the documentation of the receipt and quality approval. Controls must also be in place over the physical check documents and prompt reconciliation of the goods received not invoiced and cash accounts. Determining adequate internal control is the responsibility of top management and is based upon many factors including the nature and size of the business, the real separation of duties and the experiences of the controller. We will get into this in detail in our next article.

Having adequate internal controls in place doesn't help end the angst of not knowing where the value of the check is ending up in the general ledger, but it should ease some of the anxiety that the disbursement to be made is supposed to be made. Now, you just need to know that the appropriate accounts were charged so you don't have to explain to your boss (or auditors) why you signed the check for the invoice that is charging a liability account (GRNI) and not the operating expense or asset that is clearly indicated by the description on the invoice.

You can display pertinent check information from the AP checkbook. The checkbook can be set to display the checks by print date so assuming you sign checks by proposal batch you should be able to use this inquiry type to determine first the check amount including cash discount, unlike GLS041P5. There is an action to display the GL entry for the check that is the same as the entry on GLS041PF. Another action allows you to display the gross amounts of invoices that comprise the check. From this display, the user can display the original voucher for the entry of the invoice. At this point, you are in program APS215 displaying the details screen from the AP inquiry, APS200.

Depending upon the variety of AP entry FAM functions and your users adherence to using the appropriate FAM functions, you should be able to determine whether an invoice was received against a PO or was a straight expense invoice. To simplify follow-up auditing, one could create one FAM function for entry of PO invoices and one for the entry of Expense type invoices. Defining FAM functions for AP entry is a case where less is sometimes more. While you may define many different FAM functions, extra training will be required to make sure that your users select the correct function. By defining one with a label like PO INV and another with a label like EXPENSE you would immediately know from the APS215 display where to look for additional charge detail.

For expense invoices one only needs to display the voucher from APS215 to determine the account charged. In the case of PO invoices, one would only see the GRNI account and any PPV account amounts may have been incurred. You would need to select the action to display additional information to determine the PO that was selected for the invoice entry and the open PPS220 to display the PO. From the PO lines display, one would be able to display the invoices applied to any given PO line but would not know if you had reviewed all lines that apply to any given invoice. Alternatively, you could open PPS400 to display reported invoices. Here, you would just need to enter the Invoice number and position the list to the invoice number from the check. From this display you can then display the invoice quantity, invoice price, PO price, received quantity and date. This is the same display used if the PO type is configured to utilize a two-step approval method of processing AP invoices; however, this is the best display from the user perspective to display which PO lines are being paid for on a given invoice.

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To determine the account that was charged upon receipt of a material, you would need to open CAS300, select the inquiry type to display by Order number and enter the PO number. The program would then display the PP10 receipt accounting transactions. You could then find the debit account by displaying the 903 or 910 types depending on whether the item was inventory accounted or not.

While this will give you the required information, it is a time intensive task to review just one check's details not to mention the time it would take to review a stack of 50 checks. My guess is that businesses that are big enough to use MOVEX are most likely making more than 50 payments to suppliers a week, maybe even per day. There is a better solution.

Tasked with this issue and the fact that present MOVEX functionality almost pulls all the details together, a utility program was defined to retrieve these disconnected details and put them into a work file that could then be output as required. The resulting work file contains the following fields:

Job number	Accounting dimension 2
Job date	Accounting dimension 3
Job time	Accounting dimension 4
Company	Accounting dimension 5
Division	Accounting dimension 6
Year	Accounting dimension 7
Journal number	Accounted quantity
Journal sequence number	Recorded amount
Transaction code	Exchange rate
Search key	Foreign currency amount
Bank number	Currency
Check number	Voucher number
Seq #	Fam entry Id
Payee	Voucher name
Supplier number	Accounting number
Supplier invoice number	Accounting event
Purchase order number	Accounting type
Purchase order line	Transaction date
Purchase order line subnu	Accounting date
Item number	Journal number-chk
Accounting dimension 1	

This utility program was then integrated into the AP portion of the GLS041 update and an additional printer file was added to GLS041. Below is an example of one client's required fields for their new printer file GLS041PD. This report pulls all the details from receipt through check creation and identifies the accounting dates, voucher numbers, and accounting dimension one of receipts, charges and invoices when posted as well as when disbursements were posted. This single report can be reviewed as an alternative to the procedure above giving the check signer additional assurance that charges were properly applied.

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GLS041/PD		Supplier payment journal year/number 2004 /7040038				Date: 9/25/03	Page: 1
Line 2 Text		Payment - Check Details				Time: 15:15:18	
Line 3 Text						User: USERID	
Acc dt	Supplier	Supplier Name	Vouch no	Supplier invoice	Check #	Account Description	Recorded amount
092503	060151	Office Depot	30841407	1426-10	0098990	010080 Cash Discounts taken	23.00
082703	060151	Office Depot	21381127	1426-10	0098990	071050 Supplies	2300.11
092503	060151	Office Depot	30841406	1426-10	0098990	071050 Supplies	.11
Check 0098990 Total:							2277.00
							=====
092503	981215	Randy Ash	30841405	092203	0098991	831001 Travel Exp.	1900.00
Check 0098991 Total:							1900.00
							=====
090503	000058	Quality Foods Inc.	21381396	12421	0098992	060003 Raw Materials-Vegetables	2200.00
090503	000058	Quality Foods Inc.	21381396	12421	0098992	600003 Freight In Accrued	200.00-
092503	000058	Quality Foods Inc.	30841404	12421	0098992	601003 RM Variance-Vegetables	100.00
091503	000058	Quality Foods Inc.	21381405	14324	0098992	060005 Raw Materials- Dairy	26800.00
091003	000058	Quality Foods Inc.	21381400	14324	0098992	060003 Raw Materials-Vegetables	11658.00
091003	000058	Quality Foods Inc.	21381400	14324	0098992	600003 Freight In Accrued	1000.00-
092503	000058	Quality Foods Inc.	30841403	14324	0098992	601005 RM Variance-Dairy	400.00
092503	000058	Quality Foods Inc.	30841403	14324	0098992	601003 RM Variance-Vegetables	2808.00
092503	000058	Quality Foods Inc.	30841403	14324	0098992	601003 Freight In -Vegetables	950.00
Check 0098992 Total:							38100.00
							=====
Grand Total:							42277.00
							=====
*** End of journal ***							

This report is output in addition to GLS041PF and GLS041P5 when AP checks are posted from APS140 or APS120 and when journal reprints are processed through GLS500. One such report would be output for each payment proposal processed or each entry batch of manual checks with the grand total amount equal to the credit to cash.

Level breaks and additional output fields are only limited by how much information you want to place on the report. One could have required the PO number, item number and quantity as well as summary breaks by invoice number. The values are all in the work file and could be output as required.

Now, even though you know where the charges were applied, that doesn't necessarily mean the inventory receipts or expenses were properly accounted. Only difference is that you'll know they are wrong sooner. Making sure accounting setups are correct and your AP clerk is charging the correct accounts is a whole different issue!!!

For more information on this utility, please contact Tribex Consulting at www.tribex.biz or 650-366-4627.