

MM Year End Purchase Order Cleanup Process Meeting Notes – FY2016**Announcements**

- New BOBJ report identifies potentially inactive and unneeded purchase orders. You can easily identify purchase orders that are open, have value remaining, but haven't had a good receipt posted this fiscal year. Roughly \$19 million is tied up city-wide in potentially inactive purchase orders.
 - A copy of the report (Open_POs_05_03_2016) is attached for you to use. I've color coded the purchase order line items based on when the last good receipt was entered. If there are no good receipts, I've color coded based on the fiscal year the PO was created. Be aware that a purchase order should not be closed if it has an unrecovered advance (down payment).
 - There is a tab in the spreadsheet that explains the color coding.
 - If your bureau wants to run the BOBJ Year-End PO Estimates, the work instruction process will be available soon. Someone with the BOBJ end user role can run report.
- Now is the time to start reviewing the new BOBJ report, running your PO condition reports, and cleaning up your purchase orders. Clean up has to be completed by Wednesday June 29th. We'll periodically run reports and send reminders.
- A new updated version of the Year End MM Document Cleanup Guide has been loaded to the SAP Learning Center
 - The guide, other useful work instructions and job aids can be found at the SAP Learning Center – MM – Materials Management / Procurement - Year-End Documents, Requisitioner or Bureau Buyer sections
 - <http://www.portlandoregon.gov/cao/62663>
- The meeting slides and these meeting notes will be posted shortly at the SAP Learning Center and the Enterprise Business Solutions – User Group Info web page
 - <http://www.portlandoregon.gov/cao/39395>
- On June 30th, don't manually set the Delivery Complete Indicator when doing a partial but final good receipt. In certain circumstances this will release the remaining encumbrance back to the requisition and can cause issues.
- On June 30th, if you are given an invoice but there is no purchase order you should wait until July 1st to do the requisition. Have your financial staff do an AP accrual.

Summary

- Important dates –
 - June 29th is the last day to create, approve, and adopt a DPR to a DPO for FY2016.
 - June 29th is the last day to cancel or close a PO or DPO for FY2016.

- June 29th is the last day for bureaus to close all partially ordered requisitions or cancel unordered, unreleased, release refused, fixed on hold, or order cancelled requisitions.
- The evening of June 29th, Procurement Services will start closing the remaining requisitions and will continue the process through June 30th
- Good receipts for FY2016 must be entered by 4:00 PM on June 30th
- Operational Accounting carries forward open purchase orders with value remaining end of day on June 30th
- Who to contact if you have questions? (MM resources)
 - Contracts and PO's/DPO/s – Jeff Blade 3-6858, Mahn Saechao 3-1075, Cate Antisdell 3-6850, Kelly Davis-McKernan 3-7574, Paula Wendorf 3-6889, or Phil Marchbanks 3-7172
 - Requisitions and Good Receipts – Cate Antisdell 3-6850, Rachel Beane 3-9293, Mahn Saechao 3-1075, or Phil Marchbanks 3-7172
- How to fully close a purchase order line item
 - Check the Delivery Completed Indicator on the Delivery tab. This indicates that the purchase order is closed. It releases any remaining encumbrance except when GR non-valuation is set (multiple account assignments)
 - Change the Latest GR Date on the Delivery tab to a prior date. Indicates no more good receipts are expected and prevents future good receipts.
 - Check the Final Invoice Indicator on the Invoice tab. This indicates that the purchase order is closed. It releases any remaining encumbrance on a purchase order with multiple account assignments (GR non-valuation)
- The PO Condition 1 variant is used to identify both Partly Received (condition 1) and Partly Invoiced (condition 2) purchase orders. The report has to be exported to a spreadsheet. Add a column calculating Partly Received by subtracting Projected GR to Date from Net Order Value. Add a second column calculating Partly Invoiced by subtracting Total Invoiced to Date from Projected GR to Date.
- The PO condition reports should be run by fiscal year if running for a business area. Otherwise, the volume of data being processed can cause the report to run for 45 minutes and then time out.
- The PO condition reports should be run for the current fiscal year and each prior fiscal year since purchase orders get carried forward from year to year until closed. Running for multiple fiscal years can cause the report to run for 45 minutes and then time out because of the volume of data being processed.

Responses to questions asked at the meeting and since the meeting

- **How do you close a purchase order with multiple account assignments?**

When a purchase order uses multiple account assignments it is automatically set to GR non-valuation. This means that expenses are not recorded when the good receipt is entered. Instead, the expense is recorded when the invoice is entered. Checking the Delivery Complete Indicator on a purchase order set to GR non-valuation doesn't release the PO encumbrance. The encumbrance is tied to the invoice receipt not the goods receipt. To release the PO encumbrance, in addition to the other closing steps, you

must check the Final Invoice Indicator on the Invoice tab of the purchase order line item. To fully close a purchase order do the following:

- Change the Latest GR date to a prior date
- Check the Deliver Complete indicator
- Check the Final Invoice Indicator

- **Why shouldn't you manually set the Delivery Complete Indicator when doing a good receipt on June 30th?**

The short answer is that this causes the purchase order line item to be closed and you don't close any purchase orders on June 30th. When you manually change the Delivery Complete Indicator on a good receipt from "Set automatically" to "Set", it causes the Delivery Complete Indicator to be set on the purchase order line item even if not fully received. This closes the purchase order line item and releases the PO encumbrance. In certain circumstances this releases the encumbrance back to the requisition. This creates a Condition 2 (partially ordered) requisition. When this requisition is mass closed by Procurement Services the encumbrance may remain as a commitment against a WBS element or internal order. This prevents closure of the cost object, even years later.

- **The new BOBJ Year-End PO Estimates report lists the Buyer. Why doesn't the Y_DRP_63000031 Purchase Order Listing Report?**

I don't know why it wasn't included in the original version of this report. We'll see if we can add the Created By field which lists buyer to the Y_DRP_63000031 report for next fiscal year clean up. We'll also see if the two calculations for condition 1 and condition 2 can be programed into the report.

- **Can you change or add text to a good receipt after it is posted?**

The text fields on the good receipt document in MM (materials management) cannot be changed once it is posted. The text fields on the accounting document in FI (financial accounting) for the good receipt can be edited.

- **Why does the Delivery Complete Indicator on a purchase order line item have to be unchecked by the buyer in order to enter a cancellation or partial return delivery?**

In December 2014, a change was made to SAP regarding how it processes goods receipts for POs and DPOs. This change was made to prevent contract target values from being exceeded. If a purchase order is only partially closed, and a goods receipt is made against a PO/DPO line item that has the "delivery complete" indicator checked, the goods receiver will get the following error message: **M743 The delivery completed indicator is set for the purchase order item.**

Previously, if a PO/DPO was only partially closed (e.g. delivery complete indicator checked but latest GR date not changed to a prior date) the system would actually re-encumber any remaining value on the PO/DPO line and increase the Net Value of the contract (if applicable). Occasionally, this resulted in the contract target value being exceeded.

Now you must contact the buyer for the PO/DPO to make sure you are using the correct line. If you are using the correct line, the buyer can try unchecking the Delivery Complete Indicator. If the amount is within the budget and target value amount, then the change to

the PO/DPO can be saved. Otherwise, an error message will let the buyer know there isn't enough money in the budget or on the contract. In this case the buyer should fully close the line item as follows:

1. Change the Latest GR date to a prior date – a goods receipt cannot be posted if the latest GR date is in the past.
2. Check the Deliver Complete indicator – this releases any encumbrance
3. Check the Final Invoice Indicator – this releases any encumbrance on a PO/DPO with GR non-valuated set (e.g., multiple account assignment PO/DPOs).

- **Can you post an invoice after the Final Invoice Indicator is checked on a purchase order line item?**

Yes, you can.

- **Do all purchase orders have to be closed at the end of the fiscal year? Why?**

No. All purchase requisitions have to be closed or cancelled by June 29th. Purchase orders can't be carried forward to the new fiscal year until the requisitions are closed. Purchase orders need to be cleaned up following the instructions in the Fiscal Year-End Procurement Document Cleanup Guide. If the order process has been completed, but the purchase order has open quantity/value remaining, then it should be closed by June 29th so that it doesn't get carried forward to the new fiscal year and unnecessarily encumber funds.