PO Year End Procedures – Unencumber Balances that will not be used

All open Purchase Order (PO) encumbrances should be reviewed and any funds that will not be needed should be unencumbered. This is achieved by requesting Procurement to close or cancel the Purchase Order associated with the encumbrance. The following queries detail how to review open encumbrances and then close or cancel the Purchase Order. While this procedure addresses year end procedures, a monthly review of open encumbrances should be completed.

Queries: The below queries are available in the Financial Management System Query Viewer and may also be accessed through the Business Management WorkCenter.

<table>
<thead>
<tr>
<th>#</th>
<th>Query Name</th>
<th>Description/Action</th>
<th>Subawards Included?</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>UGA_PO_OPEN_AMOUNT</td>
<td>This query will return open POs with a remaining amount greater than $0.00. This query is provided for information only. It cannot be submitted via spreadsheet for closing purposes. (See the section titled Subaward purchase orders)</td>
<td>Yes – see column titled Click SubID#</td>
<td>June 21, 2019</td>
</tr>
<tr>
<td>2</td>
<td>UGA_PO_CLOSE</td>
<td>This query will return open POs with a remaining amount greater than $0.00 that have at least one payment made against it. This query is for action, and may be returned via spreadsheet for closing purposes. Indicate the requested action in the column titled “Action CLOSE or Remain Open”.</td>
<td>No</td>
<td>June 21, 2019</td>
</tr>
<tr>
<td>3</td>
<td>UGA_PO_FOLLOWUP</td>
<td>This query will return open POs with a remaining amount greater than $0.00 that have had no payments made against it. This query is for information only and will assist the department in determining if follow-up with the vendor is necessary to receive outstanding items/services, to request invoices or to submit a request to Procurement for the PO to be cancelled. Cancellation requests should be submitted via comment in UGAmart and sent to the appropriate buyer.</td>
<td>No</td>
<td>June 21, 2019</td>
</tr>
<tr>
<td>4</td>
<td>UGA_PO_CLOSE_NONEXPENSE</td>
<td>This query will only return open POs with distributions using non-expense account codes (begin with a “1” or “2”). Note that not all departments use non-expense account codes. This query is for action, and may be returned via spreadsheet for closing purposes.</td>
<td>N/A</td>
<td>June 21, 2019</td>
</tr>
</tbody>
</table>

Procurement will automatically close all purchase orders with a zero balance.

Departmental Action:

Review queries and advise Procurement to close balances that are no longer needed. Procurement can be advised of the need to close a purchase order in one of two manners using query #2 and #4.
1. Download query #2 or #4 to a spreadsheet, complete the ACTION column and indicate Close or Remain Open. Email the spreadsheet to POClose@uga.edu. For POs funded outside of the current fiscal year, justification should be provided as to why the PO needs to remain open.

2. Find the applicable purchase order in UGAmart and utilize the comment feature; sending the comment to POClose@uga.edu with an indication of close purchase order or justification to leave the remaining encumbrance open.

Subaward purchase orders:

In reviewing query #1 to determine if the subaward purchase order should remain open or be closed, the reviewer must take the following actions:

1) UGA departments obtain the sub-recipient’s final invoice and submit the invoice with the subaward payment request marked “final” in UGAmart. Sponsored Project Administration reviews and approves the final payment request. When Accounts Payable (AP) processes the “final” payment, they will send a comment in UGAmart to POClose@uga.edu so Procurement receives notification to close the subaward purchase order and release any remaining funds during the final payment request processing. A query is not needed for this process.

2) Download query #1 and insert an “S” in the Click SubID# prompt to obtain a report of all sub-awards.
   a. Advise Procurement of all sub-awards that need to be closed by sending a comment in UGAmart to POClose@uga.edu and state “Close purchase order”
   b. Closed sub-award purchase orders can be re-opened if they were inadvertently closed.

Invoices and Credit Memos

If an invoice/credit memo is received within the same fiscal year in which the PO was created, attach the invoice/credit memo and submit a comment in UGAmart to the applicable Accounts Payable operator on the closed PO that states that the invoice/credit is for the Closed PO. If there are multiple invoice/credit memos, scan the invoices/credit memos together to make one document, as UGAmart comments only allow one attachment per comment. If the invoice/credit memo is received outside of the fiscal year in which the PO was created, then the department should submit a payment request.

In the future, departments will be encouraged to run and review queries on a monthly basis to avoid the accumulation of purchase orders to review at yearend. Justification will be required to leave previous fiscal year purchases open. The University’s normal expectation is that most POs will be completed within 6 months, 12 months at a maximum with recognition of the existence of some exceptions, such as construction contracts, equipment purchases with long manufacturing lead time, implementations of a major system, etc.
Instructions for UGAmart comments

Navigate to the PO in UGAmart, then to the Comments tab. Enter the desired comment, add or search for the correct email recipient, select any desired/required attachments, and click the “Add Comment” button. If there are multiple attachments, enter multiple UGAmart comments, as UGAmart Comments only allow one attachment per comment.

Locating the Accounts Payable (AP) Operator

Go to ugamart.uga.edu, login, and this will take you to UGAmart’s Home/Shop Page. From the Home/Shop page, see Contact Information on the left, and under Contact Information click on Accounts Payable Vendor Assignments for a list of the Accounts Payable Operators. Additionally, you may call Accounts Payable at 706-542-2786 for assistance in determining the AP operator.
The Procurement Office recently released guidance on PO Year End Procedures (https://busfin.uga.edu/procurement/pdf/PO_Closing_Year_End_Procedures.pdf). Thank you for all you are doing to assist Procurement in closing POs. We have noticed a few issues as we begin using the new process and want to provide the following guidance. Following these guidelines will help improve efficiency and avoid improper release of funds that are needed to pay vendor invoices which have not yet been received or processed.

1. **You do not need to request that POs with a $0 encumbrance be closed.**
   Procurement will close POs with a $0 encumbrance. You do not have to submit a PO Close request for these POs.

2. **To maximize efficiency, do not submit a separate spreadsheet for each individual PO you would like to close.**
   To maximize efficiency, run the queries for all your departments (rather than one PO at a time) and mark CLOSE or REMAIN OPEN in the appropriate column. Use the Wildcard (%) to run multiple departments: ex. 16% will return all departments beginning with 16xxxxx, 1601% would return only those departments beginning with 1601xxxx.

3. **Only use the 2 specified methods to request “PO Close” as outlined in the PO Year End Procedures.**
   The two methods are:
   
   A. In UGA Financial Management System, run the UGA_PO_CLOSE query (and the UGA_PO_CLOSE_NONEXPENSE query for departments that use account codes beginning with a “1” or “2”) and export to an Excel spreadsheet. Type “CLOSE” or “REMAIN OPEN” in the appropriate column, and submit that spreadsheet via email to POClose@uga.edu. **Please note:** this is the preferred method to request PO closings.
   
   OR

   B. Enter a comment on the PO in UGAmart indicating if the PO should be closed or provide justification to leave the PO open. This comment must be sent to POClose@uga.edu.
      a. This email address is intended solely for the closing of POs in the manners outlined in the document linked above.
      b. The only direct email to this address should be for sending spreadsheets.
      c. If utilizing the comment method (rather than the spreadsheet method), the comment must be sent to POClose@uga.edu. This is to ensure that documentation for the PO close request is present on the PO.

4. **Do not submit PO Close requests for POs that have not yet been invoiced or have unpaid invoices.**
   Departments should only request that a PO be closed if all invoices/vouchers have been entered into UGAmart and have a “Paid” status in UGAmart. Closing a PO returns all remaining funds to the chart string(s) listed on the PO. If a PO is closed before final payment has been made, the funds will not be encumbered on the PO when the final invoice is received.
• Log into UGAmart, locate the PO, and click on the Invoices tab. Review the “payment status” column of each invoice to make sure that the invoices have a “Paid” status in UGAmart before requesting that the PO be closed.

• If an invoice has a “Payable” or “In-Process” status in UGAmart this means that payment has not been completed and the department should not request that the PO be closed until the payment is completed and has a status of “Paid”.

• If the department has received an invoice that has not been submitted for payment, please take the following steps:
  o Scan the invoice, attach it to an email and send the email to UGAmartInvoices@uga.edu
  o The next day, log into UGAmart, locate the PO, and click on the Invoices tab. Look for the invoice that had been submitted and then look for the status (see above bullet points).
  o If the invoice has a “Paid” status, and no other invoices are expected for the PO, proceed requesting that the PO be closed in accordance with the procedures provided in the PO Year End Procedures document.

5. Do not request that individual PO lines be left open.
• Procurement can only close entire POs and cannot close individual lines of a PO.
• When reviewing the query results to identify which POs need to be closed and which need to remain open, look at the PO in its entirety.
• If one line of a PO needs to remain open, then each line for that PO on the spreadsheet should reflect “Remain Open”.

Departments are encouraged to direct questions regarding PO Closing to their College/Unit Fiscal Director or:

Christopher Versola at cversola@uga.edu
Claire Boyd at cboyd@uga.edu
Annette Evans at amevans@uga.edu