PO CHANGE

March 6, 2024
PO Process – Working as Intended

1. REQUISITION APPROVED/PO CREATED
   WHAT HAPPENS: MOVES FROM COMMITMENT LEDGER TO OBLIGATION LEDGER

2. INVOICE APPLIED
   WHAT HAPPENS: MOVES FROM OBLIGATIONS LEDGER TO ACTUALS LEDGER

3. PO CLOSED
   WHAT HAPPENS: REMOVES ANY REMAINING OBLIGATIONS ON CURRENT VERSION OF THE PO

WHAT HAPPENS: CREATES ACCOUNTING IN THE COMMITMENT LEDGER

REQUISITION CREATED (NOT YET APPROVED)
PO Process – Working as Intended

- $1 RQ-0011171792

Example: Buying a $1 Pencil
PO Process – Working as Intended

Example: Buying a $1 Pencil

- $1 RQ-0011171792
- $1 RQ-0011171792
= $0 RQ-0011171792

Obligations

Commitments

- $1 PO-0197437

Actuals
PO Process – Working as Intended

Example: Buying a $1 Pencil

Commitments

- $1 RQ-0011171792

$1 RQ-0011171792

= $0 RQ-0011171792

Obligations

- $1 PO-0197437

$1 PO-0197437

= $0 PO-0197437

Actualls

- $1 SI-0000306820
PO Change Process – Change Order IS Approved before Invoice

1. REQUISITION APPROVED/PO CREATE
   - WHAT HAPPENS: MOVES FROM COMMITMENT LEDGER TO OBLIGATION LEDGER

2. CHANGE ORDER SUBMITTED
   - WHAT HAPPENS: SENT TO APPROVER

3. CHANGE ORDER APPROVED
   - WHAT HAPPENS: ONCE APPROVED, MOVE OBLIGATION FROM THE ORIGINAL WORKTAGS TO THE UPDATED WORKTAGS ON THE CHANGE ORDER

4. INVOICE APPLIED
   - WHAT HAPPENS: MOVES FROM OBLIGATIONS LEDGER TO ACTUALS LEDGER WITH UPDATED WORKTAGS

5. PO CLOSED
   - WHAT HAPPENS: REMOVES ANY REMAINING OBLIGATIONS ON PO (CURRENT VERSION - UPDATED WORKTAGS)
PO Change Process – Change Order IS Approved before Invoice

Example: Buying a $1 Pencil

- $1 RQ-0011171792 (OG)

Commitments

Obligations

Actuals

OG = Original Worktags
UP = Updated Worktags
Example: Buying a $1 Pencil

Commitments

- $1 RQ-0011171792 (OG)

$1 RQ-0011171792 (OG)

= $0 RQ-0011171792 (OG)

Obligations

- $1 PO-0197437 (OG)

Actuals

OG = Original Worktags
UP = Updated Worktags
PO Change Process – Change Order IS Approved before Invoice

Example: Buying a $1 Pencil

- $1 RQ-0011171792 (OG)
- $1 PO-0197437 (OG)

Commitments

$1 RQ-0011171792 (OG)

Obligations

= $0 RQ-0011171792 (OG)

Actuals

OG = Original Worktags
UP = Updated Worktags
PO Change Process – Change Order IS Approved before Invoice

Example: Buying a $1 Pencil

Commitments

- $1  RQ-0011171792 (OG)

$1  RQ-0011171792 (OG)

= $0  RQ-0011171792 (OG)

Obligations

- $1  PO-0197437 (OG)

$1  PO-0197437 (OG)

= $0  PO-0197437 (OG)

Actuals

- $1  PO-0197437 (UP)

OG = Original Worktags
UP = Updated Worktags
PO Change Process – Change Order IS Approved before Invoice

Example: Buying a $1 Pencil

**Commitments**

$-1$ RQ-0011171792 (OG)

$1$ RQ-0011171792 (OG)

$= 0$ RQ-0011171792 (OG)

**Obligations**

$-1$ PO-0197437 (OG)

$1$ PO-0197437 (OG)

$= 0$ PO-0197437 (OG)

**Actuals**

$-1$ PO-0197437 (UP)

$1$ PO-0197437 (UP)

$= 0$ PO-0197437 (UP)

OG = Original Worktags
UP = Updated Worktags
PO Change Process – Change Order NOT Approved before Invoice

1. Requisition Approved/PO Created
   - What happens: Moves from Commitment Ledger to Obligation Ledger

2. Change Order Submitted
   - What happens: Sent to Approver

3. Invoice Applied
   - What happens: Moves from Obligations Ledger to Actuals Ledger with Original Worktags

4. Change Order Approved
   - What happens: Once approved, move obligation from the original worktags to the updated worktags on the change order

5. PO Closed
   - What happens: Removes any remaining obligations on current PO version (updated worktags)

Extra credit on original worktags in Obligation ledger

Closing the PO does NOT remove the Extra Obligation
PO Change Process – Change Order IS Approved before Invoice

Example: Buying a $1 Pencil

- $1 RQ-0011171792 (OG)

Commitments

Obligations

Actuals

OG = Original Worktags
UP = Updated Worktags
PO Change Process – Change Order IS Approved before Invoice

Example: Buying a $1 Pencil

Commitments

- $1 RQ-0011171792 (OG)

Obligations

- $1 PO-0197437 (OG)

= $0 RQ-0011171792 (OG)

Actuals

OG = Original Worktags
UP = Updated Worktags
PO Change Process – Change Order IS Approved before Invoice

Example: Buying a $1 Pencil

Commitments

- $1  RQ-0011171792 (OG)
  $1  RQ-0011171792 (OG)
  = $0  RQ-0011171792 (OG)

Obligations

- $1  PO-0197437 (OG)

Actuals

OG = Original Worktags
UP = Updated Worktags
Commitments

$1  RQ-0011171792 (OG)

$1  RQ-0011171792 (OG)

= $0  RQ-0011171792 (OG)

Obligations

-$1  PO-0197437 (OG)

$1  PO-0197437 (OG)

= $0  PO-0197437 (OG)

Actuals

-$1  PO-0197437 (OG)

OG = Original Worktags
UP = Updated Worktags
PO Change Process – Change Order IS Approved before Invoice

Example: Buying a $1 Pencil

Commitsments:

- $1 RQ-0011171792 (OG)
- $1 RQ-0011171792 (OG)

= $0 RQ-0011171792 (OG)

Obligations:

- $1 PO-0197437 (OG)
- $1 PO-0197437 (OG)

= $0 PO-0197437 (OG)

$1 PO-0197437 (OG)

Actuals:

- $1 PO-0197437 (OG)

OG = Original Worktags
UP = Updated Worktags
PO Change Process – Change Order IS Approved before Invoice

**Example:** Buying a $1 Pencil

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Requisition Created (Not Yet Approved)</td>
</tr>
<tr>
<td>2</td>
<td>Requisition Approved/PO Created</td>
</tr>
<tr>
<td>3</td>
<td>Change Order Submitted</td>
</tr>
<tr>
<td>4</td>
<td>Invoice Applied</td>
</tr>
<tr>
<td>5</td>
<td>Change Order Approved</td>
</tr>
<tr>
<td></td>
<td>PO Closed</td>
</tr>
</tbody>
</table>

**What happens:**
- Creates accounting in the commitment ledger
- Moves from commitment ledger to obligation ledger
- Sent to approver
- Moves from obligations ledger to actuals ledger with original worktags
- Once approved, move obligation from the original worktags to the updated worktags on the change order
- Removes any remaining obligations on current PO version (updated worktags)

**Commitments**

- $1 RQ-0011171792 (OG)
- $1 RQ-0011171792 (OG)

**Obligations**

- $1 PO-0197437 (OG)
- $1 PO-0197437 (OG)

**Actuals**

- $1 PO-0197437 (OG)
- $1 PO-0197437 (UP)

OG = Original Worktags
UP = Updated Worktags
What can you do?

When you submit a PO Change:

✓ Work with the Approver to get the PO Change approved as quickly as possible.
What can you do?

If the PO Change is approved after a Supplier Invoice is posted:

✓ If the Supplier Invoice is NOT paid
  • Send an email to AskFinance:
    • Ask them to send to the PSDS Invoices Queue
    • Ask them to label as Urgent
    • Subject line: Reprocess Supplier Invoice – Supplier Invoice processed before PO Change Approval
    • Include the Supplier Invoice number(s)
  • The invoice can be reprocessed as long as it has not been paid. This will correct the fantom credit.
What can you do?

If the PO Change is approved after a Supplier Invoice is posted:

✓ If the Supplier Invoice has already been paid
  • There is no way to fix it through the PO/Supplier invoice.

Options:
➢ Let it alone
  • Obligations from closed POs don’t get rolled over to the new fiscal year.
  • The fantom credit will go away the next fiscal year.
  • You will not see them on non-grant reports.
  • Because grant reporting pulls Actuals, Obligations, and Commitments Life-to-Date (not Fiscal Year-to-date), you will still see the fantom obligation credit in grant reporting, but it will not affect the close out process.
➢ Obligation Journal to correct – Can only be done if in the same Fiscal Year
  • Send an email to AskFinance:
    • Ask them to send to the Financial Reporting Queue
    • Subject line: Obligation Journal to correct PO Change Approval Error
    • Include the Supplier Invoice number(s)
More Information

➢ When does this occur?
  ➢ It only occurs with Supplier Invoices that come in through UVA Marketplace integrations.
  ➢ The system does block manually entered Supplier Invoices from being entered if a PO Change is in process.

➢ What does the PO look like?
  ➢ The PO shows zero obligations or balances because the updated worktag obligations have been cleared.
  ➢ The fantom credit on the original worktags will not show on the PO

➢ How often does this occur?
  ➢ The number of times this happens is relatively small.

➢ Obligations for closed POs are not rolled over to the new Fiscal Year.
  ➢ If the PO shows zero obligations/balances, that PO obligation will not roll over into the next Fiscal Year.
  ➢ This means that there is not a record of that obligation in the General Ledger and an Accounting Journal will not be able to be completed to correct the issue.
PO Process – Working as Intended

PO - Obligation to Actuals

1. **Requisition Created (not yet approved)**
   - **What happens:** Creates accounting in the commitment ledger
   - **Specifics:** The amount of the requisition is charged (debited) to the commitments ledger through operational journals

2. **Requisition Approved/PO Created**
   - **What happens:** Moves from commitment ledger to obligation ledger
   - **Specifics:** The amount of the requisition/PO is liquidated (credited) on the commitment ledger and charged (debited) to the obligations ledger through operational journals

3. **Invoice Applied**
   - **What happens:** Moves from obligations ledger to actuals ledger
   - **Specifics:** The amount of the invoice is liquidated (credited) in the obligations ledger and charged (debited) to the actuals ledger through operational journals

4. **PO Closed**
   - **What happens:** Removes any remaining obligations on current version of the PO
   - **Specifics:** The amount left on the PO after all invoices have been paid is liquidated (credited) in the obligations ledger through operational journals
PO Change Process – Change Order IS Approved before Invoice

1. REQUISITION APPROVED/PO CREATED
   WHAT HAPPENS: MOVES FROM COMMITMENT LEDGER TO OBLIGATION LEDGER
   SPECIFICS: THE AMOUNT OF THE REQUISITION/PO IS LIQUIDATED (CREDITED) ON THE COMMITMENT LEDGER AND CHARGED (DEBITED) TO THE OBLIGATIONS LEDGER THROUGH OPERATIONAL JOURNALS

2. CHANGE ORDER SUBMITTED
   WHAT HAPPENS: SENT TO APPROVER
   SPECIFICS: NOTHING HAPPENS WITH THE ACCOUNTING UNTIL THE CHANGE ORDER IS APPROVED.

3. CHANGE ORDER APPROVED
   WHAT HAPPENS: ONCE APPROVED, MOVE OBLIGATION FROM THE ORIGINAL WORKTAGS TO THE UPDATED WORKTAGS ON THE CHANGE ORDER
   SPECIFICS: THE AMOUNT OF THE PO IS LIQUIDATED (CREDITED) ON THE ORIGINAL WORKTAGS AND CHARGED (DEBITED) TO THE UPDATED WORKTAGS IN THE OBLIGATION LEDGER THROUGH OPERATIONAL JOURNALS

4. INVOICE APPLIED
   WHAT HAPPENS: MOVES FROM OBLIGATIONS LEDGER TO ACTUALS LEDGER WITH UPDATED WORKTAGS
   SPECIFICS: THE AMOUNT OF THE INVOICE IS LIQUIDATED (CREDITED) IN THE OBLIGATIONS LEDGER AND CHARGED (DEBITED) TO THE ACTUALS LEDGER THROUGH OPERATIONAL JOURNALS USING UPDATED WORKTAGS

5. PO CLOSED
   WHAT HAPPENS: REMOVES ANY REMAINING OBLIGATIONS ON PO (CURRENT VERSION - UPDATED WORKTAGS)
   SPECIFICS: THE AMOUNT LEFT ON THE PO AFTER ALL INVOICES HAVE BEEN PAID IS LIQUIDATED (CREDITED) IN THE OBLIGATIONS LEDGER THROUGH OPERATIONAL JOURNALS
PO Change Process – Change Order NOT Approved before Invoice

1. REQUISITION APPROVED/PO CREATED
   WHAT HAPPENS: MOVES FROM COMMITMENT LEDGER TO OBLIGATION LEDGER
   SPECIFICS: THE AMOUNT OF THE REQUISITION/PO IS LIQUIDATED (CREDITED) ON THE COMMITMENT LEDGER AND CHARGED (DEBITED) TO THE OBLIGATIONS LEDGER THROUGH OPERATIONAL JOURNALS

2. CHANGE ORDER SUBMITTED
   WHAT HAPPENS: SENT TO APPROVER
   SPECIFICS: NOTHING HAPPENS WITH THE ACCOUNTING UNTIL THE CHANGE ORDER IS APPROVED.

3. INVOICE APPLIED
   WHAT HAPPENS: MOVES FROM OBLIGATIONS LEDGER TO ACTUALS LEDGER WITH ORIGINAL WORKTAGS
   SPECIFICS: THE AMOUNT OF THE INVOICE IS LIQUIDATED (CREDITED) IN THE OBLIGATIONS LEDGER AND CHARGED (DEBITED) TO THE ACTUALS LEDGER THROUGH OPERATIONAL JOURNALS USING ORIGINAL WORKTAGS

4. CHANGE ORDER APPROVED
   WHAT HAPPENS: ONCE APPROVED, MOVE OBLIGATION FROM THE ORIGINAL WORKTAGS TO THE UPDATED WORKTAGS ON THE CHANGE ORDER
   SPECIFICS: THE AMOUNT LEFT ON THE PO AFTER ALL INVOICES HAVE BEEN PAID IS LIQUIDATED (CREDITED) FROM THE CURRENT PO VERSION'S WORKTAGS (UPDATED WORKTAGS) IN THE OBLIGATIONS LEDGER THROUGH OPERATIONAL JOURNALS

5. PO CLOSED
   WHAT HAPPENS: REMOVES ANY REMAINING OBLIGATIONS ON PO (CURRENT VERSION - UPDATED WORKTAGS)
   SPECIFICS: THE AMOUNT LEFT ON THE PO AFTER ALL INVOICES HAVE BEEN PAID IS LIQUIDATED (CREDITED) FROM THE CURRENT PO VERSION'S WORKTAGS (UPDATED WORKTAGS) IN THE OBLIGATIONS LEDGER THROUGH OPERATIONAL JOURNALS
# PO Change Process – Change Order Not Approved before Invoice

## Accounting with example of $1 PO line

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### What Happens:
- **Move from Commitment to Obligation OG worktags**
- **Move from Obligation to Actuals**
- **Move from Obligations from OG worktags to UP worktags**
- **Remove Obligations from current version of PO**

### Accounting Moves:
- Commitment: +$1 OG (zeroed out)
- Obligation: -$1 OG
- Obligation: +$1 OG
- Obligation: +$1 UP (zeroed out)

### Accounting Remaining:
- Obligation: -$1 OG
- Actuals: -$1 OG
- Actuals: -$1 OG
- Actuals: -$1 OG

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OG = Original Worktags  
UP = Updated Worktags  
Orange Arrow = transactions that zero each other out