Finance Transformer

Purchase to Pay

PO Commitments: Maintenance & Closure Process

Introduction

On 30 June 2020, a new two-step process was introduced to ensure that redundant purchase order (PO) commitments can be cleared from the system on a timely basis and with minimal manual intervention. Low risk balances (i.e. those under £2,500 and at least one year old) are now closed automatically at the end of each month, removing much of the volume and allowing departments to focus their time on the higher value orders that matter. The monthly clear-down is then followed by a quarterly departmental review: departments are presented with a list of outstanding POs and asked to confirm which to close and which to retain. Confirmation is given in a format that allows direct upload into the system by AP, so that instructions can be actioned in a matter of days.

This guide explains how to use this new functionality. It assumes you have access to the PO Commitments report in Axiom but if you don't, please liaise with your Departmental Administrator who can request access where appropriate.

Automated Monthly Closure

Each month, Accounts Payable will run an automated system process to clear all open commitment balances that match certain set parameters: currently those balances that are under £2,500 in value and relate to POs that are at least 1 year old at the date the request is run. This process will be run on the first working day of each calendar month prior to the closure of the month end accounts.

On launch, the initial run is expected to close down approximately 25,000 historic PO balances and – given the volume – will take until 3 July 2020 to complete.

Departments are advised to wait until the process has completed each month before reviewing their remaining commitments. The quarterly departmental review is described in the next section.

Quarterly Review of Commitments

Quarterly reviews have been set to ensure that material PO commitments are subject to ongoing scrutiny throughout the year and to align with the financial year-end. Each quarter, following the schedule below, departments will be asked to download an Axiom PO Commitments report to review all outstanding open POs relating to their area:

Date of PO Commitment Report Request
4th working day of October
4th working day of January
4th working day of April
4th working day of July

1. Log into Axiom using UCL credentials. From the home page select the **PO Commitments** report:
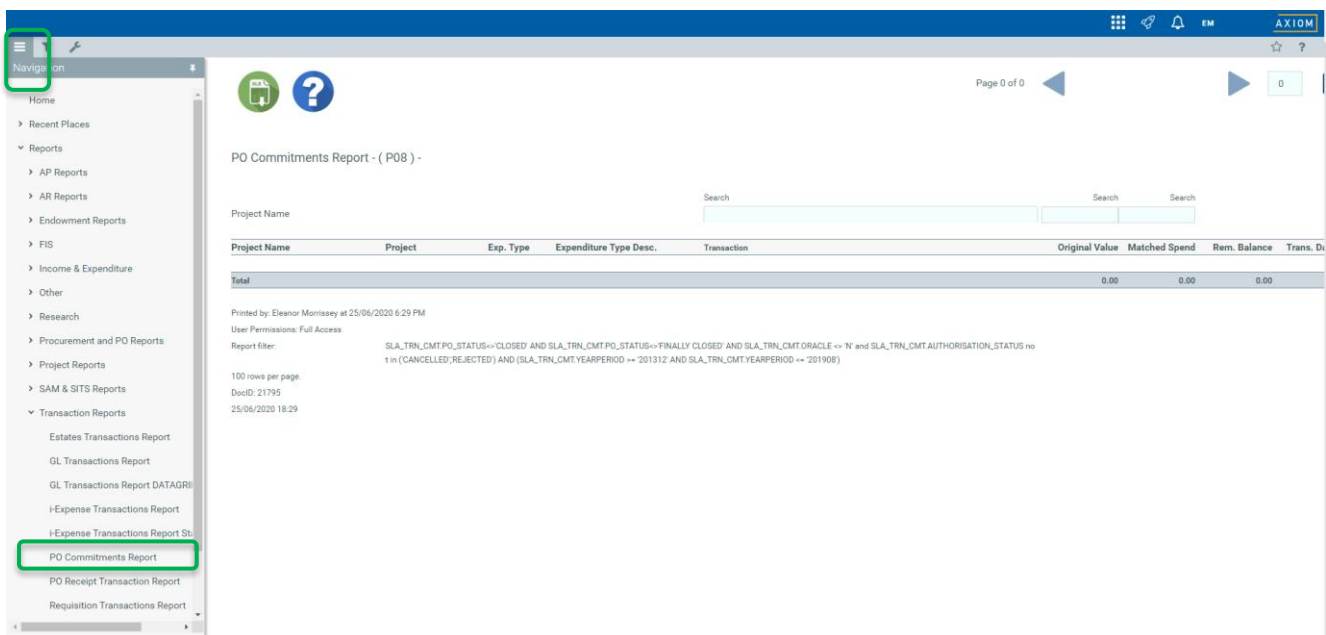
2. Select **Filters**. Enter the **Report Period** and the **Project Owning Org** (orgs available for selection are restricted to relevant user based on their permissions). The **Report Period** will denote the point of time for which values are returned i.e. JUL1819 will report on all open commitments relating to POs raised prior to 31 Jul 19:

3. Scroll down and ensure **Display All** and **Inc PO Columns** are selected. These options ensure the necessary columns and information required to review the commitments are included when the report is downloaded. Select **Apply**:

4. Download report by selecting **XLS**, then **OK**:
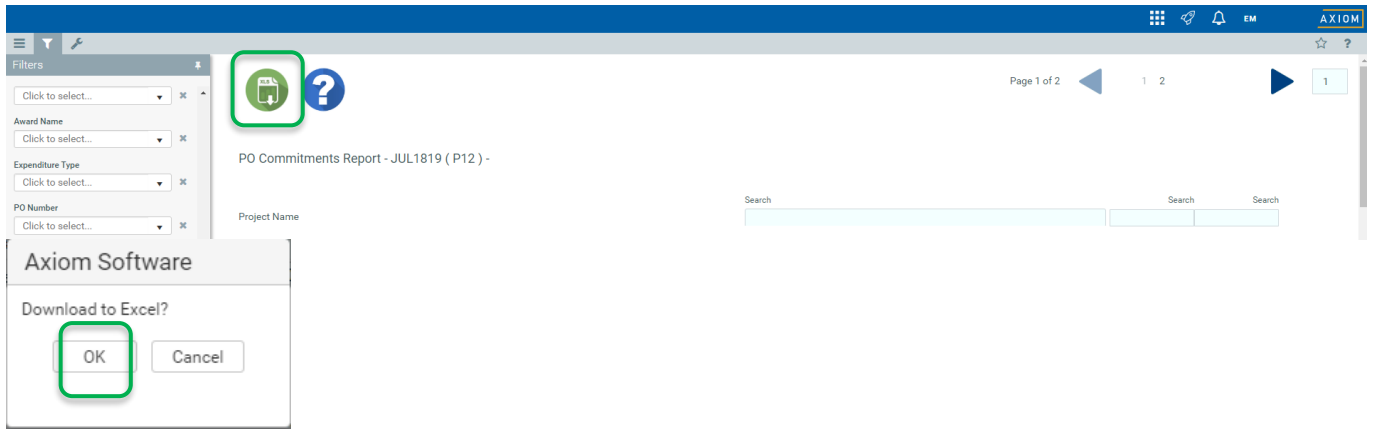
5. Rename and save report. **Please ensure file name does not have spaces**:
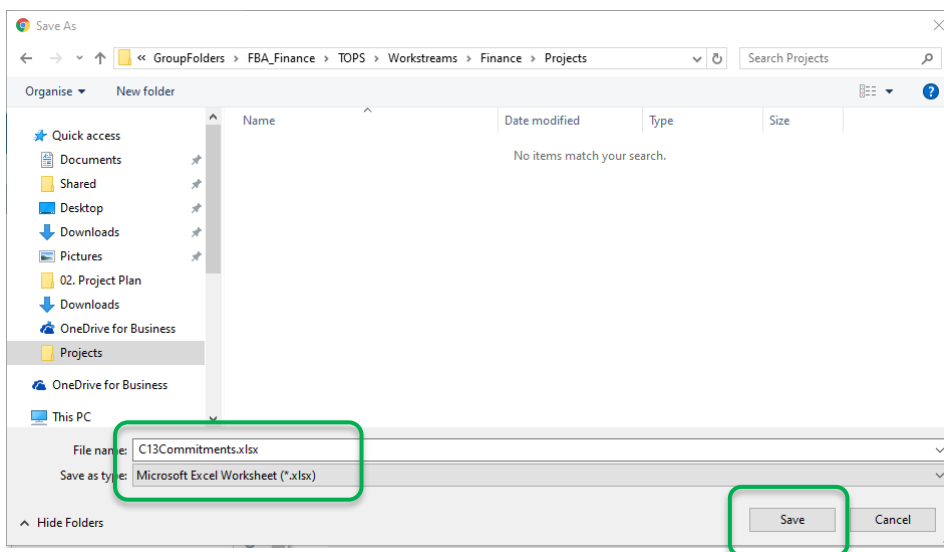
6. Open report in Excel. There are two new columns to be populated: 'Close Y/N' and 'Comments'.

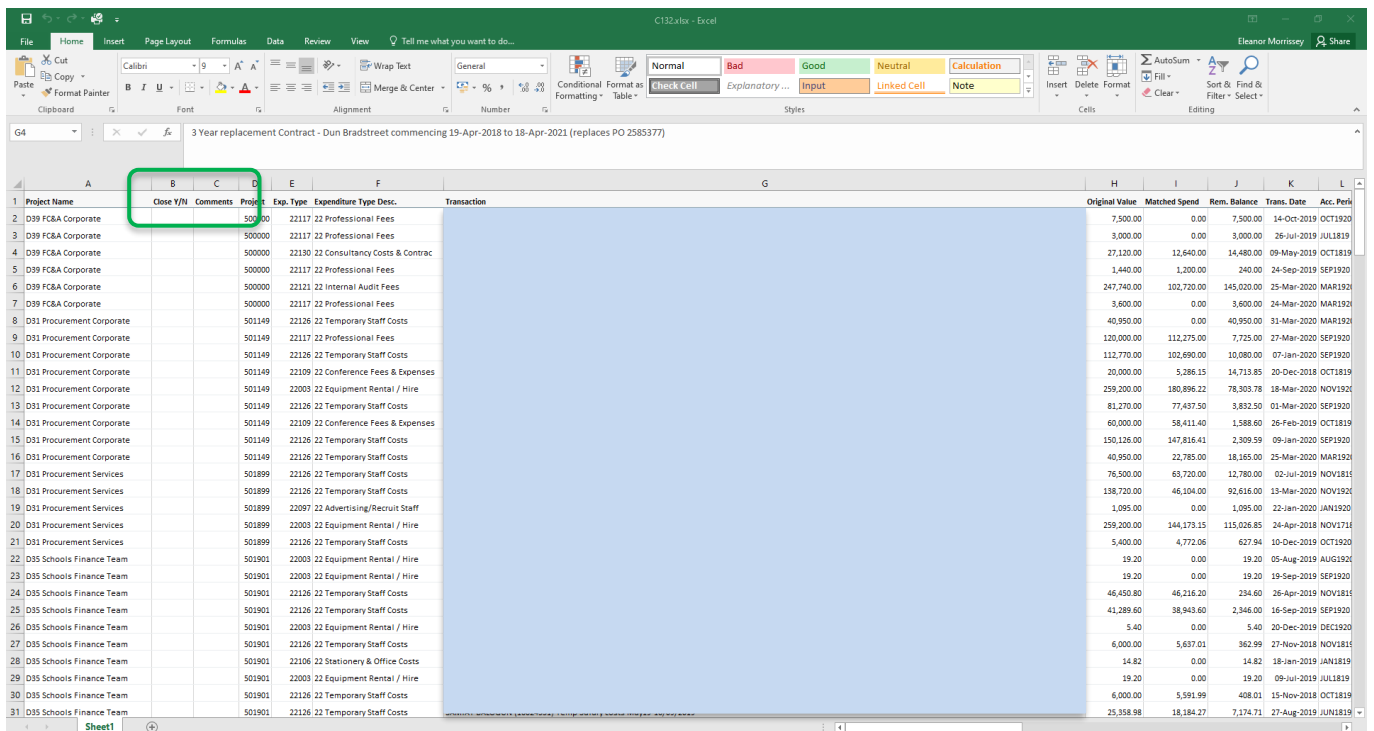7. Review the commitments on the report and enter a **Y**es or **N**o decision next to each commitment (with 'Yes' denoting that the PO should be closed). Notes may also be added in the **Comments** column and these will be saved against the PO if required for future reference. Please note however that balances can only be closed in their entirety and that partial closure is not possible.

It is also important to note that once a PO is closed, it cannot be re-opened, and instead a new PO would need to be raised for any PO closed in error. It is advisable therefore that the following checks / actions are considered when reviewing open commitments:

   a. If the PO is marked as receipted on the report, it is investigated and an invoice obtained and applied where appropriate.
   b. If the goods/services for items marked un-receipted have been received, that the PO is receipted and kept open to ensure the related invoice can be paid.

Departments may also wish to liaise with the relevant supplier and / or AP to verify order status and ensure that invoices have been obtained and processed where appropriate.

Please ensure the column order and format of the spreadsheet is not changed. The format has to remain exactly as downloaded to ensure AP can upload the file.

When review completed, save file:
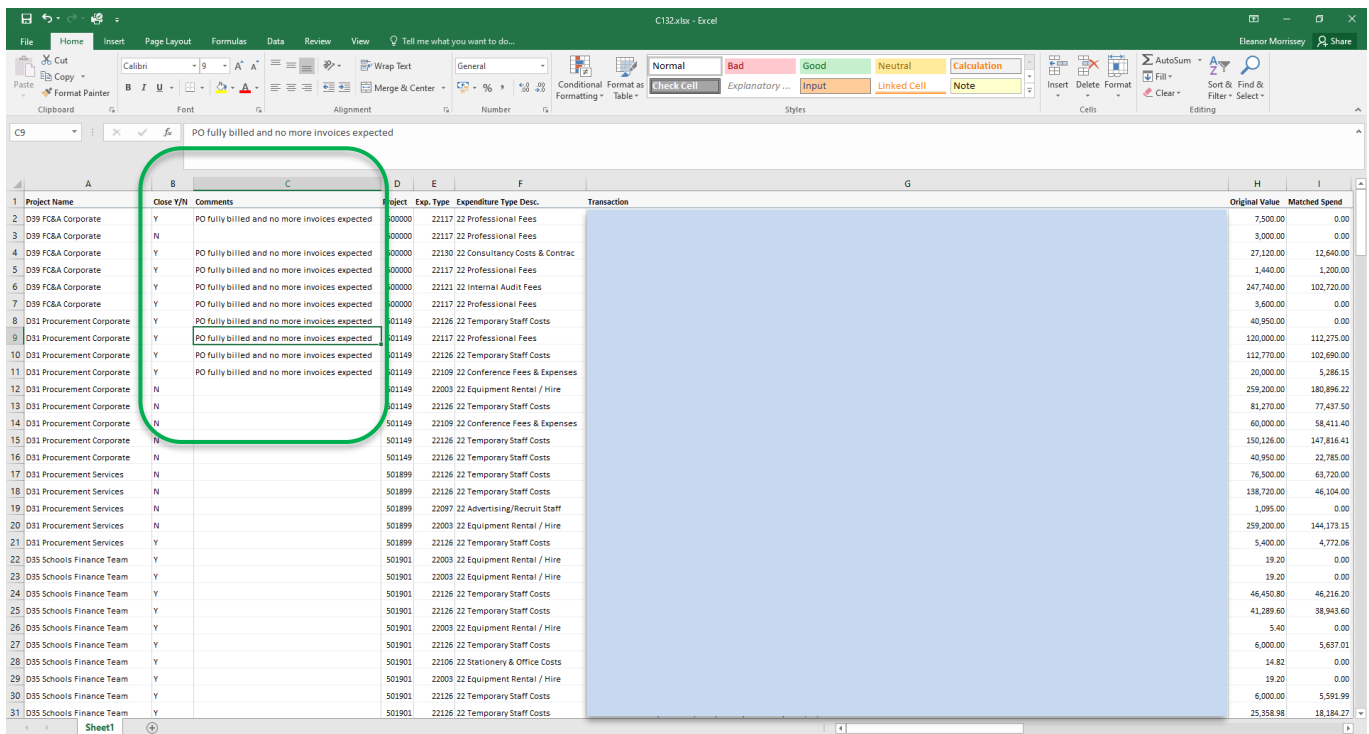
8. Email the file to accountspayable@ucl.ac.uk in line with the schedule set out below. Accounts Payable will load the report and ensure the closures are completed in line with the timetable. Timings are set reflects the requirement for commitments to be reviewed and closed prior to month and year-end:

Date of PO Commitment Report Request	Date to be Submitted to AP	Date Closure Completed
4th working day of October	14th working day of October	1st working day of November
4th working day of January	14th working day of January	1st working day of February
4th working day of April	14th working day of April	1st working day of May
4th working day of July	14th working day of July	1st working day of August

Exceptional Requests

It is recognised that it may be necessary for a department to request a PO to be closed outside of the standard monthly and quarterly cycle as well.

In the cases where a single PO was raised in error or with incorrect details, the user should email accountspayable@ucl.ac.uk including the relevant PO number and reason for cancellation. Accounts Payable will then clear the commitment within 5 working days of request.

If a series of POs need to be closed due to a research grant ending. The relevant department should run an Axiom PO commitment report for the individual project code, carry out appropriate checks and mark the report with the closure decision. This should be emailed to accountspayable@ucl.ac.uk. AP will close the POs within 7 working days of request.