

Reconciling Your Purchasing Card Default General Ledger Account

A unique default fund/center/object account is assigned to each purchasing card. At month end it is imperative that we identify the outstanding balance as well as document the individual transactions that make up the balance. Problems or situations with transactions or vendors should be explained as part of the reconciliation documentation.

The timing of transactions posted to the default account changed when the Ariba procurement process was put into place in 2001-2002.. Previously, the “bank” charge to the default account occurred mid-month and the re-assignment of charges was accomplished via a Fox-Pro upload or journal voucher during the SAME month. Thus it was possible and expected that the default accounts would be zero at month end unless there was a problem such as a charge in dispute.

Timing of Monthly Transactions

With Ariba processing, the “bank” charge to the default account still occurs mid-month for transactions from the 7th of the previous month to the 6th of the current month. However, Ariba charges are processed daily as received from the bank.. Since there is no cut off this results in charges being reconciled (re-assigned) before the “bank” charge posts to the default account. This generally results in a credit balance on the default account. For example in January 2002 the process was:

Entry	Action	Posting Date	Transactions
Entry code 52	Posting to the default account – “bank” charges. Generally a debit to the default account.	GL posting date is 1/14/02. This transaction is always posted mid-month.	Transactions within this batch are for the time period 12/07/01 to 01/06/02. Generally, the transactions for a specific order are summed by vendor. This may represent several Ariba detail charges by vendor if the order has not been completely received.
Entry code 97	Ariba assignment of charges. Assignment is generally a debit to the assigned account and an automatic credit to the default account.	Posting date is a daily GL effective date for the current month of January. Entries post based on approved reconciliations.	Transactions during the month can be credits matching up with the entry code 52 from the PREVIOUS month, from the CURRENT month 52 or for NEXT month’s 52 entry code.

With Ariba reconciliation, there will most likely be credit balances in the default accounts because we can be posting the assignment of charges (entry code 97) in one month and the debit (entry code 52) in the next month.

Reconciliation Process

Monthly, we should determine the month ending balance in the pcard default account. For example, the ending balance for a department for January 2002 was \$11,220.01. This figure can be found by looking at the year-to-date object code balance on the monthly SMURS, MSAS general ledger inquiry on screen 016, or by running a BRIO query in DSS/ODS on object code balance.

Again, given the timing of transactions as indicated, we would expect that there be a credit balance and that this balance is represented by assignment of charges for which the 52 entry debit has not posted (but will post mid-month next month).

A brio query can be run to extract all 97 entry codes on the default account via the transaction file. The general ledger complete transaction carries a credit card transaction date.

NOTE: this is NOT the GL transaction date, but a date that represents the approximate date the transaction occurred with the vendor. This is normally within 3-5 days of the date on which the bank received the transaction. This date may facilitate the reconciliation since we must try to separate and identify the cycle dates on the 52 entry with the assigned charges on the 97 entry. In DSS, this is shown in the OBLIG field where you would normally see a PO on an invoice voucher. On Ariba 97 entries, this “oblig” field shows the credit card transaction date.

Submit the Brio query, extracting 97 entry codes for the default account for the month you are reconciling and be sure to include the Oblig field on the report. In pivot, make the Oblig field the first side label to sort on. This report can then be exported in Excel.

Checking the list of 97 entries, you should key in on dates in the first week of the month in the Oblig field. The earliest transaction dates will most likely be included in the prior months 52 entry. The later transaction dates will be included in the 52 entry which has not yet posted. Again, we are attempting to locate those transactions which caused a credit balance. Also remember that as a new year begins, there may be a continuing reconciliation item for that year which represents a prior year ending balance.

If you are unable to reconcile the account quickly, you should check for any notes or situations leftover from last month, and then begin checking all individual entries in the default account. Also audit the account for other entries beside the expected 52 entry codes and 97 entry codes. Another Brio query can be run to extract both the 52 and 97 entry codes. The list could then be sorted in vendor name order to facilitate matching up the initial charges (52 entry code) with the assignment of charges (97 entry code).

Follow Up

Immediately following the GL reconciliation process, reconcilers must review outstanding charges in their unassigned purchasing card file of documents (including ordering, receiving, packing slip, paperwork etc.). Any charges over 60 days from date of the transaction should be followed up immediately.

Documentation

Each month the account reconciliation documentation should be on file and/or provided to the appropriate business office. Specific expectations are :

- the reconciliation will occur monthly
- a detailed listing representing the account balance including any problems will be done
- outstanding purchasing card paperwork/charges/credits will be followed up on immediately
- if problems arise or work loads change, a supervisor will be notified that the reconciliation is behind.

Date Definitions

GL effective date. – 97 entry code. Date applied by Ariba system for the assignment of charges. The push to general ledger occurs daily (plans are in place to automate this job and it will run overnight in the future).

Cycle date range – for bank charges. This date range is normally the 7th of the month to the 6th of the next month. The dates on which the credit card activity took place WITH the vendor will usually not be more than 3-5 days from the date the bank received and posted the transaction.

Questions ?? Contact Credit Card & Accounting Operations: ccoa@purdue.edu.