Creditor Manual User Guide

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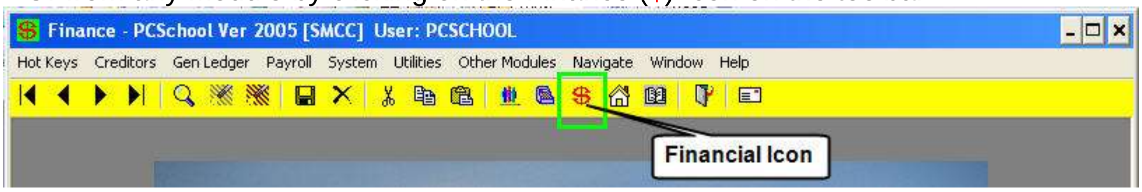
Introduction

Creditors is contained within the Finance Module which can be access via either:

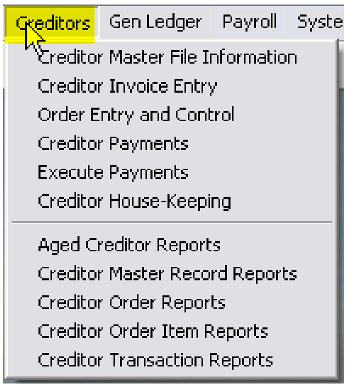
- The Main Menu by selecting Finance

- Or from any Module by clicking on the Finance (**$**) Icon on the toolbar.



Once you have entered the Finance Module you can access Creditors through:

Path: **Creditors**



Choose from either:

•	**Processing of Creditors** via any area **above the grey line**.
•	**Standard Reports for Creditors** via any area **below the grey line**.

Prerequisites

There are a series of steps to be performed before processing within the Creditors is possible. Follow the instructions below for details on each of these steps:

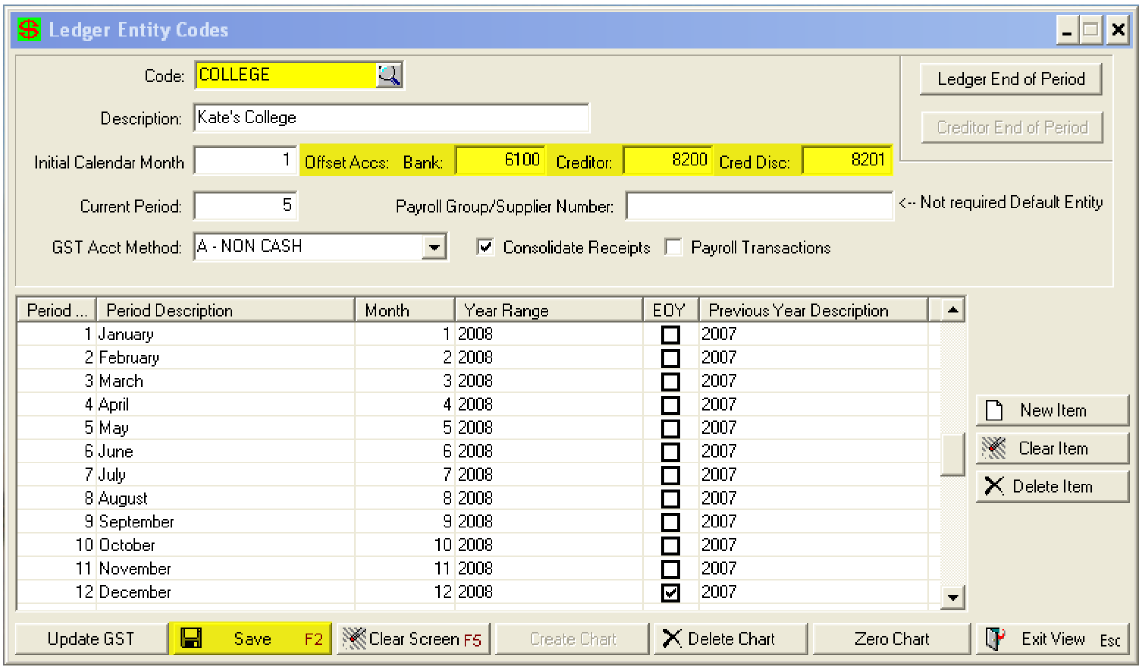
- Entity Code.
- Control Account - Bank Account
- Electronic Payment Detail.
- Cash or Accrual Accounting.
- Creditor Period ID's.

Set Up Control Files :

Entity Codes

Path: System → Entity Codes

Entity Codes will have been created during initial installation / set up of PCSchool. The Entity Code must have valid ledger accounts from the Chart of Accounts for the Offset Bank, Offset Creditor and Offset Creditor Discount accounts.



Description of Offset Accounts in the Entity Codes:

•	**Offset Bank:** Enter default General Ledger (GL) Bank Account number where the majority or all of the creditor payments will be drawn.
•	**Offset Creditor:** This will be your Creditor Control Account and will be a General Ledger **Liability** Account utilised if running an Accrual Accounting System.
•	**Offset Cred Disc:** Enter if utilising Creditor Discounts, if not use the Offset Creditor account in this field.
•	Click **Save**.

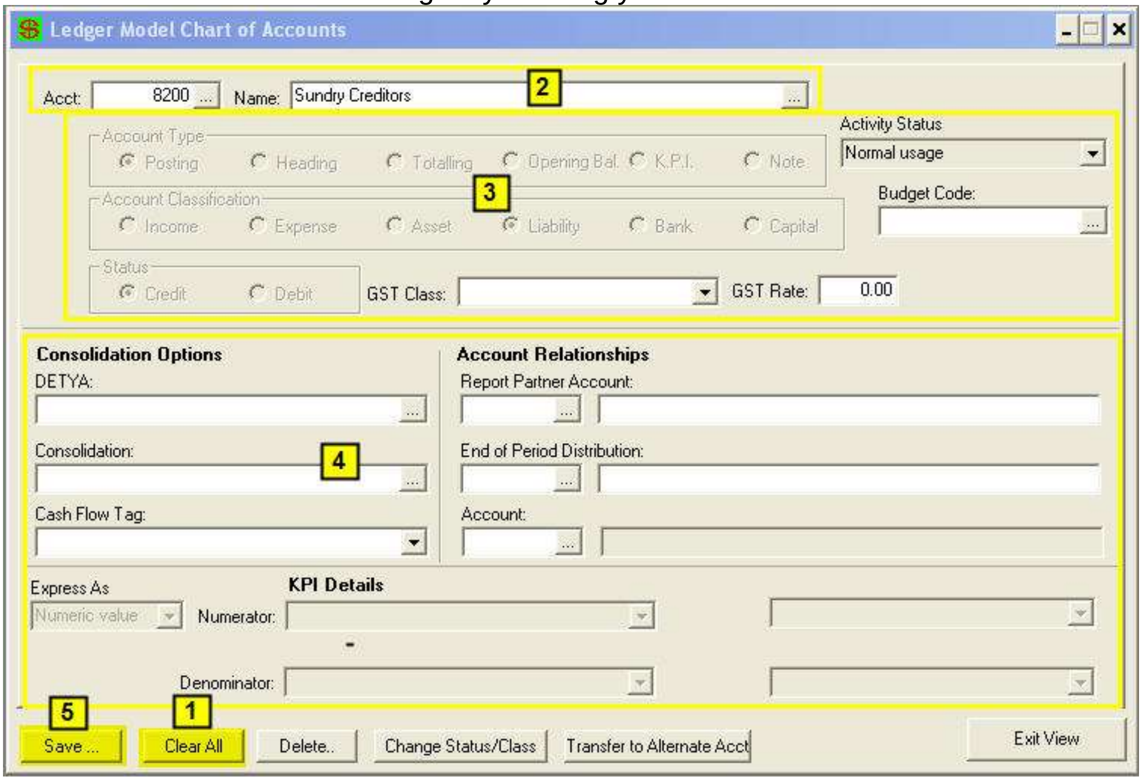
Control Account – Bank Account

Ledger Posting Accounts must be set up for Bank Account, Creditor Control Account and Creditor Discount Account as well as any Expense or Capital accounts you wish to post creditor payments against. Below are basic instructions for setting up your offset accounts used in your Entity Code Set Up, please refer to the General Ledger User Manual for more detailed information on creating model and posting accounts.

Create the Model Account

Path: Gen Ledger → Model Account Entry

To create Creditor Offset accounts begin by creating your Model Accounts.



1.	Click **Clear All**.
2.	Enter in the **Account Number** and **Name** for the new Model Account.
3.	Select the **Account Type, Account Classification, Status, GST Class** etc.
4.	Select the **Consolidation Options** and **Account Relationships** if you wish to use these.
5.	Click **Save**.

Create the Posting Account

Path: General Ledger → Posting Account Entry

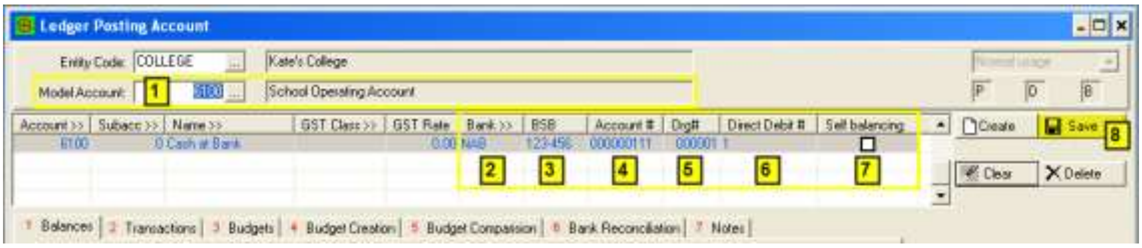
Once the Model Account is created you will need to create your Posting Account.

1.	Select the **Model Account** you created using the drop down list.
2.	Click **Create** to add a new Sub Account or use the tab key to move through to the next field.
3.	Enter the **GST Classification** and **GST Rate**.
4.	Requires entry of the **school bank details** if this is to be the bank account where payments will be drawn from or leave blank if a standard posting account. See **Electronic Payment Detail** information below for more information on these fields.
5.	Click **Save**.

Electronic Payment Detail

Once the Offset GL Bank Posting account is created you will need to enter the necessary banking details to process creditor payments electronically.

This is the default General Ledger Bank Account number where the majority or all of the creditor payments will be drawn. Second and subsequent Bank Accounts can be selected instead of the default when processing creditor payment runs.



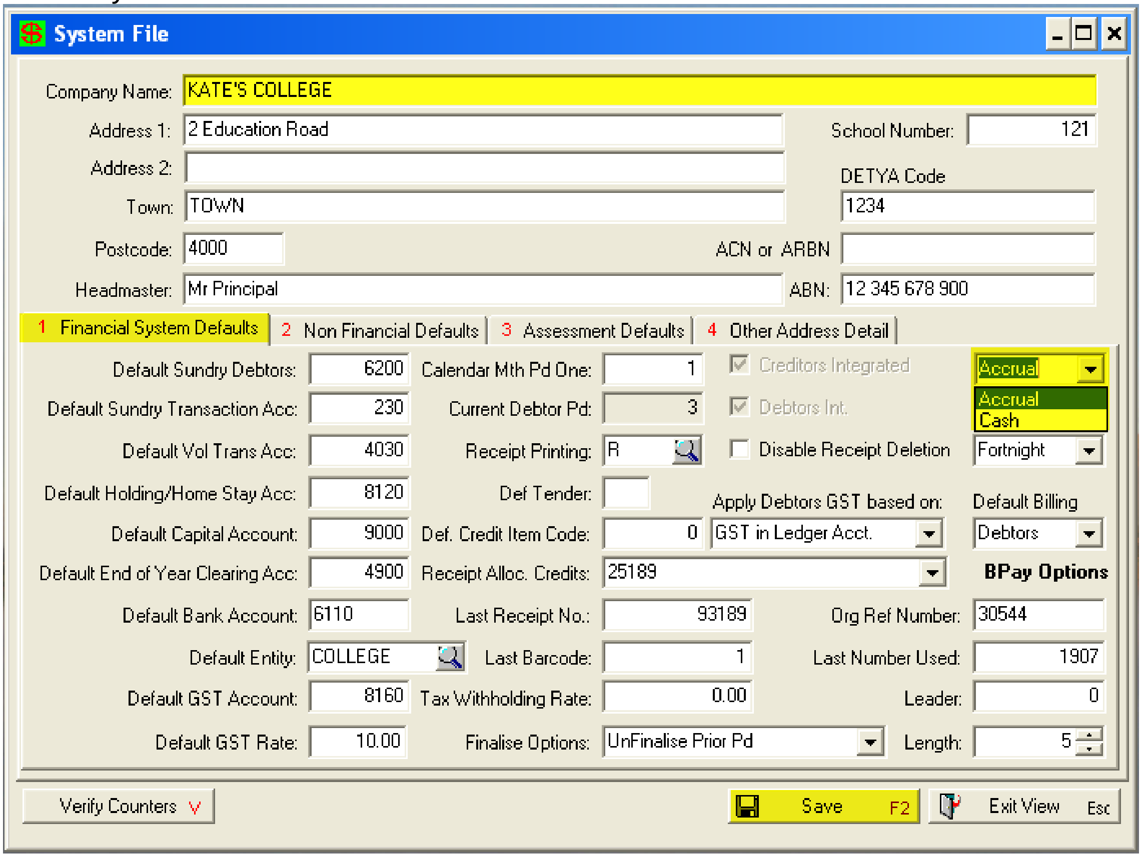
To set up your **Offset Bank Account for Electronic Processing** as per **Step 4** above:

1.	Select the **Offset GL Bank Account** for creditor payments. Click **Create** to add a new Sub Account or use the tab key to move through to the next field.
2.	**Bank:** select your Bank from the drop down list.
3.	**BSB:** enter the BSB number (New Zealand schools should ignore this field and enter the entire account number under Account #).
4.	**Account #:** enter the bank account number.
5.	**Org#:** enter your Bank Authorisation Number which enables electronic processing of payments (contact your bank to obtain this). If the number is incorrect the bank file will be rejected when submitting data via your banks software.
6.	**Direct Debit #:** this is a Bank Authorisation Number required for Direct Debit Processing (Debtors) and is obtained by contacting your bank.
7.	**Self Balancing:** Tick if the file being sent to the bank is self balancing. Contact your bank if you are unsure of this feature as it affects validity of the bank file.
8.	Click **Save**.

Cash or Accrual Accounting

Path: Utilities → System File Maintenance → Financial System Defaults

The Creditors can be run under either a Cash or Accrual System which is controlled under the System File Maintenance. This area may be restricted by Security so if access is denied contact your School System Administrator.

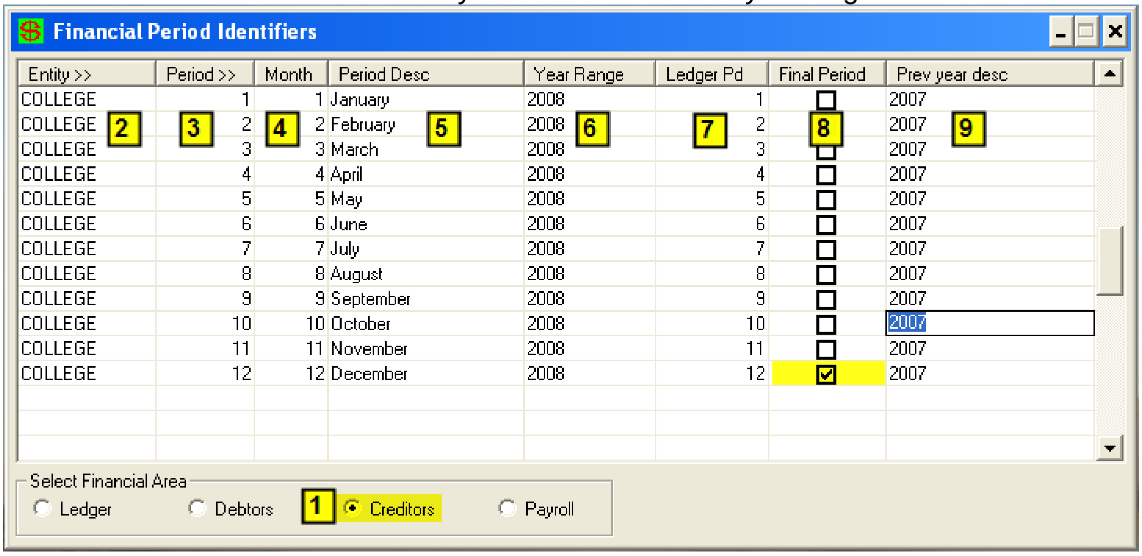


•	**Accrual:** If running under an **Accrual System** both invoices and payments will impact the general ledger: ○ Entry of invoices will ***Credit*** the Creditor Control A/c and ***Debit*** the Expenses A/c. ○ Payments will ***Credit*** the Bank A/c and ***Debit*** the Creditor Control A/c.
•	**Cash:** If running under a **Cash System,** entry of invoices will NOT impact on the ledger: • Only upon payment will the processes ***Credit*** the Bank A/c and ***Debit*** the Expenses A/c.
•	**IMPORTANT:** As this field controls all facets of the financial modules, i.e. Debtors, Creditors, Payroll and Ledger – if other modules are already in use **DO NOT CHANGE FROM THE DEFAULT THAT EXISTS** as this may jeopardise the validity of the data in other areas.
•	Select **Save** to save changes.

Creditor Period ID

Path: System → PeriodID

Creditor Period Identifiers indicate when your creditor financial year begins and ends.


Financial Period Identifiers

Entity >>	Period >>	Month	Period Desc	Year Range	Ledger Pd	Final Period	Prev year desc
COLLEGE	1	1	January	2008	1	☐	2007
COLLEGE	2	2	February	2008	2	☐	2007
COLLEGE	3	3	March	2008	3	☐	2007
COLLEGE	4	4	April	2008	4	☐	2007
COLLEGE	5	5	May	2008	5	☐	2007
COLLEGE	6	6	June	2008	6	☐	2007
COLLEGE	7	7	July	2008	7	☐	2007
COLLEGE	8	8	August	2008	8	☐	2007
COLLEGE	9	9	September	2008	9	☐	2007
COLLEGE	10	10	October	2008	10	☐	2007
COLLEGE	11	11	November	2008	11	☐	2007
COLLEGE	12	12	December	2008	12	☑	2007

Select Financial Area: Ledger, Debtors, Creditors, Payroll

1.	**Select Financial Area**, click Creditors.
2.	**Entity:** Leave field blank as invoices are attached to Entities as they are being processed. If, as in the above example, you already have an Entity showing this will not affect anything.
3.	**Period:** Enter the Period Number. This should generally be 1 through to 12 if you are using monthly periods.
4.	**Month:** Enter in the corresponding month for the period. If you operate on a calendar year months should be 1 through to 12, if you operate on a financial/tax year months should be 7 through to 6.
5.	**Period Desc:** Enter in the corresponding period name. If you operate on a calendar year descriptions should be January through to December, if you operate on a financial/tax year descriptions should be July through to June.
6.	**Year Range:** Enter in the Current Year.
7.	**Ledger Pd:** Enter in the corresponding Ledger Periods for each of your Creditor Periods.
8.	**Final Period:** Place a tick in the appropriate period that signifies the final period. This should be December for a calendar year or June for a financial year.
9.	**Previous Year Desc:** Enter in the Previous Year.
•	Changes will save automatically when you move off the line.

Flowchart for Processing from Orders to Payment

Optional - Order Entry and Control

- *Using the Ordering System is optional*, creditor invoices can be processed and payment made without the use of orders.
- Process / raise purchase orders as required.
- Flag orders as supplied or part supplied.

Creditor Invoice Entry

- Invoices can be entered on a regular basis (daily, weekly) depending on volume.
- Invoice entry creates a batch based on the invoice date.
- Invoice batches do not have to match in entry and $ value to the Creditor Payment Batches if running a true accrual system.
- Batches must be finalised to impact on the General Ledger.

Creditor Payments

- Payments can be made daily, weekly, fortnightly or monthly.
- Invoices can be selected for payment individually, based on due date or priority.
- It is at this point that the system regards the invoices as paid.
- Payment processing creates a batch which must be finalised to impact on the GL accounts.

Execute Payments

- This view is a holding file of all payments, here is where you choose your output options.
- Payments can be printed in the form of cheques, remittance advices and/or to a file for electronic payment processing.
- Payments can be re-tagged and printed in various formats (doing so will NOT DUPLICATE the payment run).
- Payments can be reversed through this view.
- Once output is as required this holding file should be cleared in readiness for the next run.

Reporting

- Creditor Invoice and Creditor Payment batches can be printed to paper or pdf format.
- Aged Creditor Reports can be printed for 'up to date outstanding balances' at least monthly for audit purposes or when required (this report is a REAL TIME report and will only print based on CURRENT data).
- Creditor Reconciliation Reports should be done at least monthly to validate the creditor data against the General Ledger Control Account.

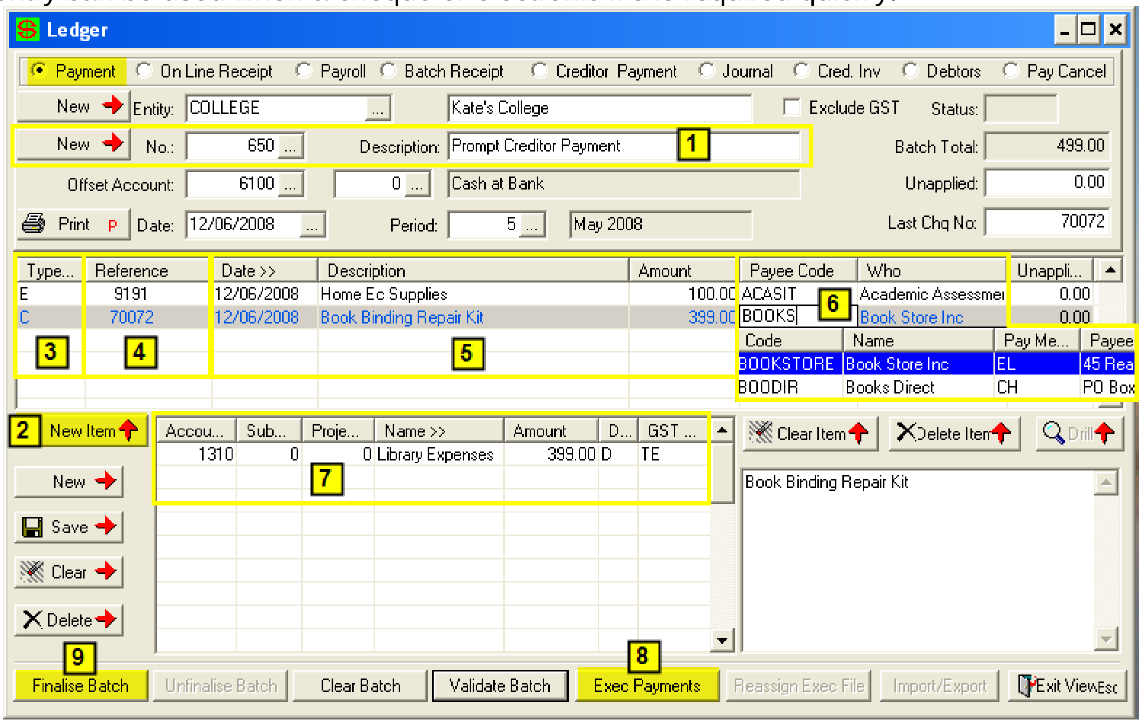
Payment Entry via General Ledger

Path: Gen Ledger → Batch Transaction Entry → Payment

It is possible to process a prompt creditor transaction;

- This Transaction creates the Invoice and payment concurrently.
- The **Payee Code** is sourced from the Creditor Master File Information.
- No Creditor Invoice Entry and Creditor Payment are required.
- Basic details such as; Date, Description, Amount and Creditor Code are all that is required.

This entry can be used when a cheque or electronic file is required quickly.

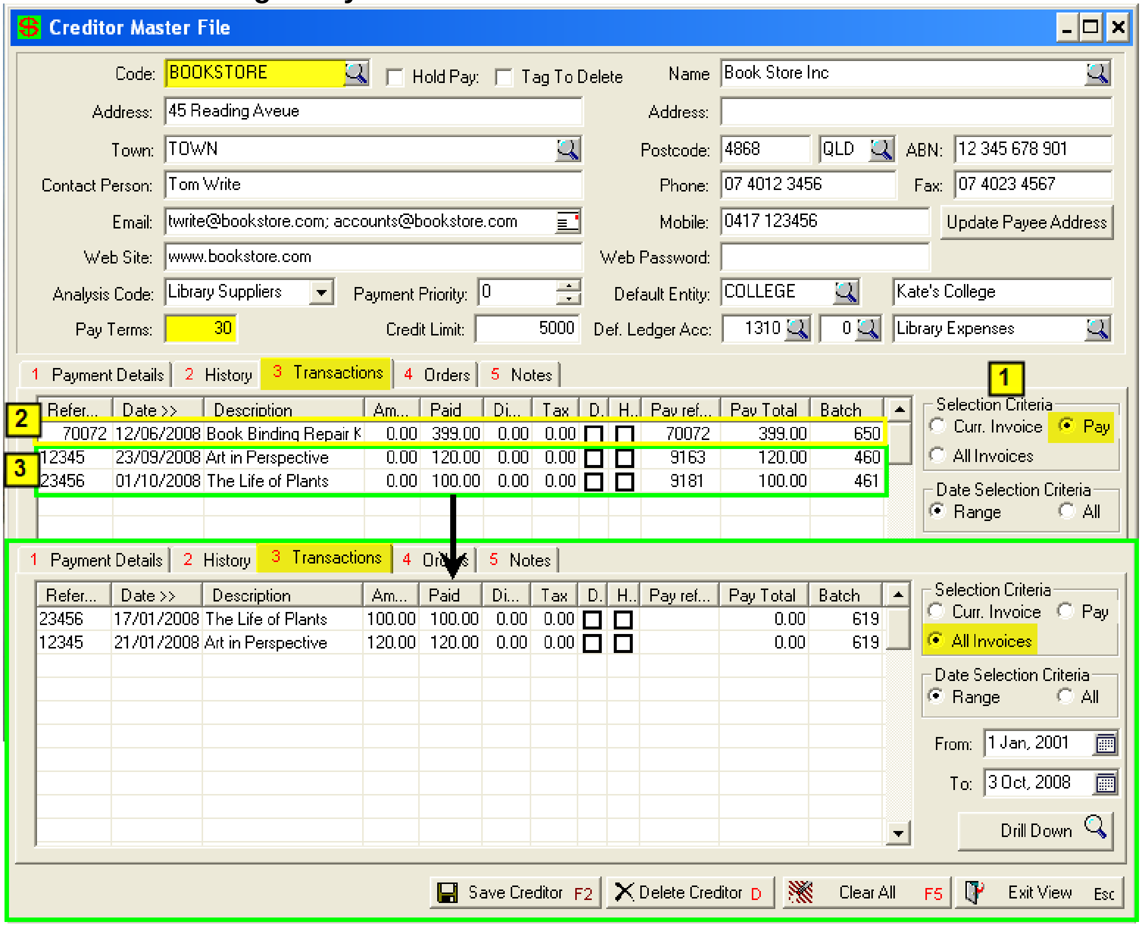


1.	Open and name a new **Payment** Batch.
2.	Click on **New Item** to create a new item line.
3.	Enter in the **Type** of payment; **C** for Cheque, **E** for Electronic.
4.	The **Reference** will automatically be allocated based on the last cheque number or electronic reference used. This can be edited.
5.	Enter in the invoice plus payment details: **Date**, **Description** and **Amount**.
6.	Select the Creditor by typing in the first few letters of the Creditor Code to bring up options or by clicking on the **Payee Code** column heading.
7.	Dissect the amount to the relevant GL Accounts.
8.	After entering in payments, click on **Exec Payment** to send these entries through to the Execute Payments area where cheques can be printed or electronic file for the bank created. See Execution of Payments for information on this procedure.
9.	Click on **Finalise Batch** to update Creditor Master File transactions with those in the batch.

Viewing Payments in Creditor Master File

Path: Creditor → Creditor Master File

You can view payments made through both the **Creditor Invoice Entry → Creditor Payments** routine and **General Ledger Payment Batch** routine in the Creditor Master File transactions tab.



1.	Change **Selection Criteria** to **Pay**. This will allow you to view all payment transactions against this creditor.
2.	A **Prompt Payment Transaction**, done through a **General Ledger Payment** batch, will only show under Selection Criteria of Pay as no associated invoice was entered into the system.
3.	A **Creditor Auto Pay Transaction**, done through **Invoice Entry → Creditor Payments** will show under both Selection Criteria options of Pay and All Invoices. Pay showing the Creditor Auto Pay batch information and All Invoices showing the Creditor Invoice batch information.

Problem Solving

Delete / Reverse a Creditor Invoice

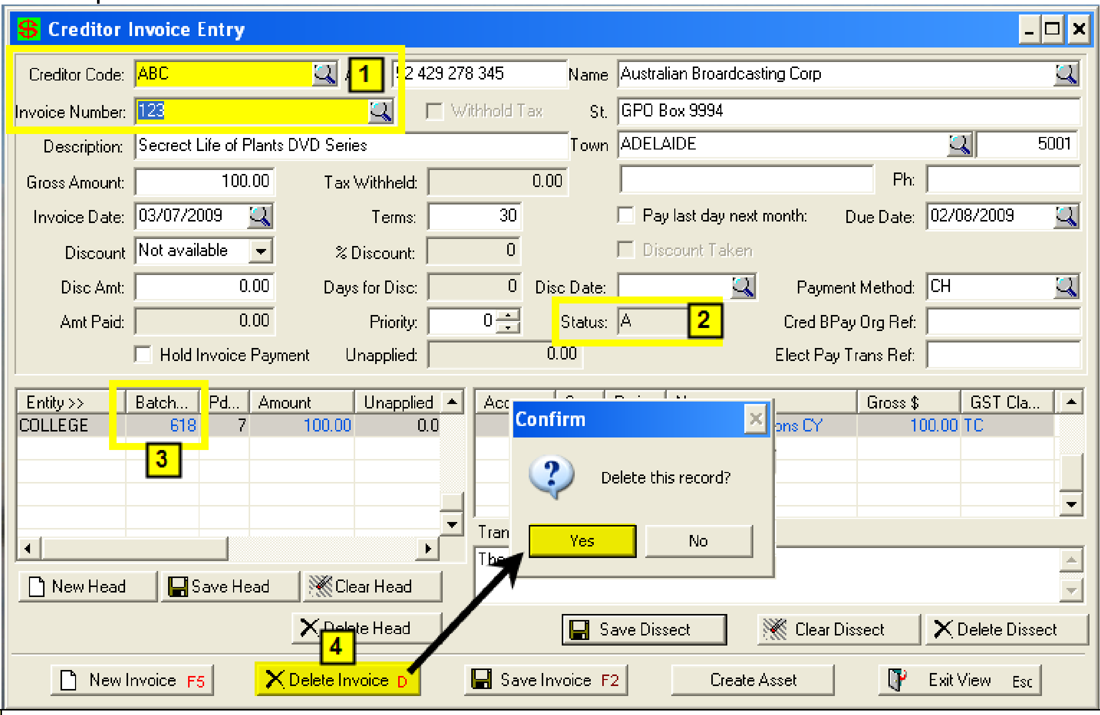
If a Creditor Invoice has been entered twice or entered against the wrong Creditor Code it will need to be corrected. If the error is discovered BEFORE payment of the invoice one of the following options can be used to correct the error.

Once the incorrect invoice has been deleted or reversed using one of the options below you can then enter the invoice back into PCSchool through Creditor Invoice Entry using the correct Creditor Code / amount etc.

Option 1: Delete the Creditor Invoice

Path: Creditors → Creditor Invoice Entry

This option requires the invoice be **UNPAID** and the Creditor Invoice Batch be **UNFINALISED**.

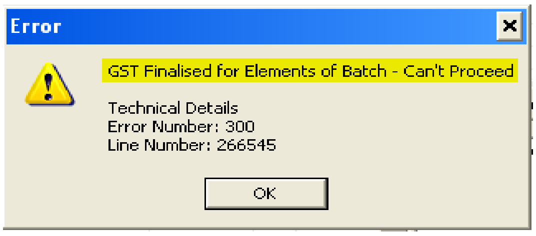


1.	Select the **Creditor Code** and the **Invoice** you with to delete.
2.	Ensure the **Status shows an A** (Active / Unpaid).
3.	Ensure the **Creditor Invoice Batch** has been **unfinalised**.
4.	Click on **Delete Invoice**, if you are sure you wish to delete this invoice click **OK**. The invoice will be deleted from the Creditor Invoice Batch and from the transactions in Creditor Master File Information.

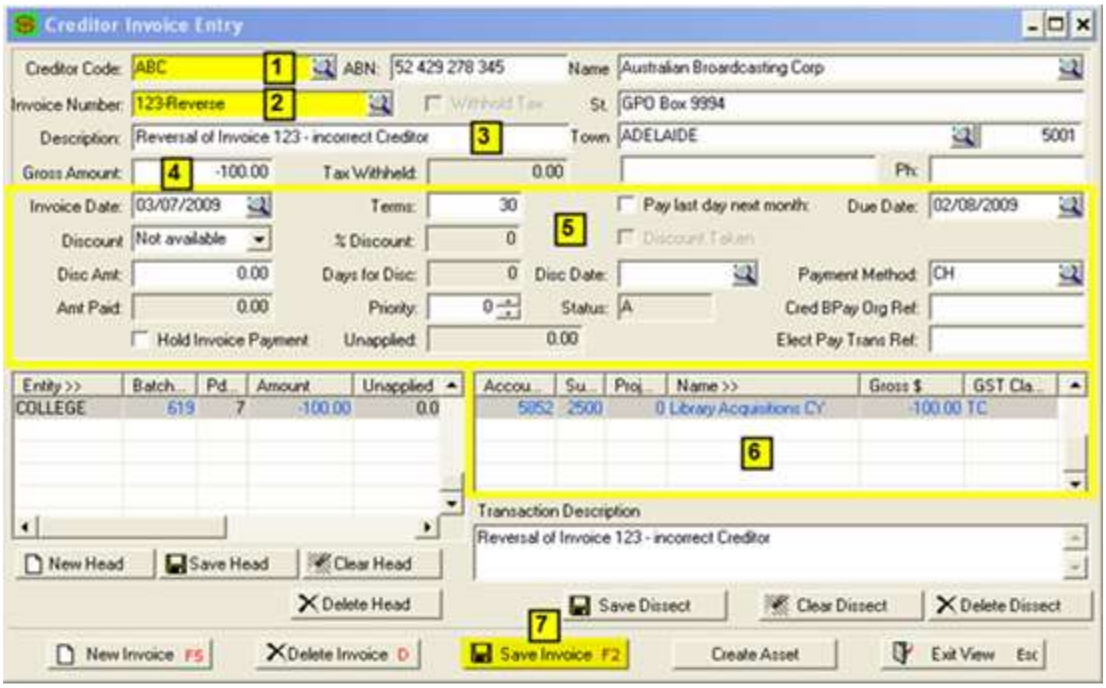
Option 2: Create a Reversing Invoice

Path: Creditors → Creditor Invoice Entry

The invoice you want to delete may be in a Creditor Invoice Batch that cannot be unfinalised due to the GST being finalised:



If this is the case you will not be able to delete the invoice, and will have to enter a negative / reversing invoice to cancel the invoice



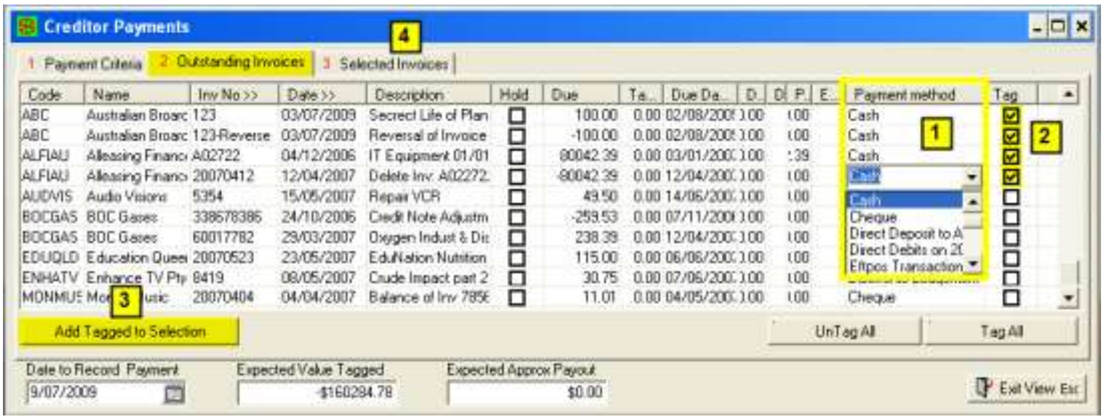
1.	Select the **Creditor Code**, should be the same Creditor as for the invoice you wish to delete.
2.	Enter in an **invoice number**, eg. original invoice number followed by 'Reverse' or 'Cancel'.
3.	Type in a **description**, eg. 'Reversal of Invoice ###'
4.	Enter in the **invoice amount as a NEGATIVE** dollar value.
5.	Enter in the invoice details as per Creditor Invoice Entry instructions.
6.	Dissect the invoice back to the **GL account used in the original invoice**.
7.	Click **Save Invoice**.

View/ Remove the Invoices

Path: Creditors → Creditor Invoice Entry

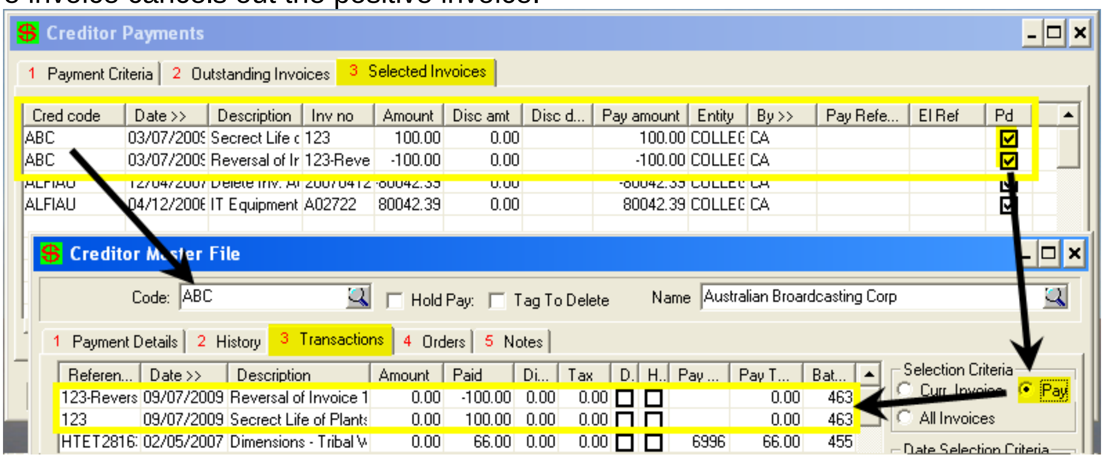
The negative invoice will appear in the **Outstanding Invoices tab in Creditor Payments**. These invoices will remain outstanding until you receive a new invoice from the creditor that requires payment or they can be removed.

The routine below should only be used if the negative and positive invoices EXACTLY cancel each other out.



1.	Change the payment method for the Invoices to CASH.
2.	Tag the invoices.
3.	Select to Add Tagged to Selection.
4.	Go to the Selected Invoices tab and Print the Listing and Pay Selected as per Payment of Selected Invoices instructions.

These Invoices will now appears as PAID in the Creditor Master File Information → Transaction Tab. However unlike Cheque, Electronic or BPay payments, cash payments will not appear in the Execute Payments View or in a Creditor Payment Batch as there is nothing to pay because the negative invoice cancels out the positive invoice.

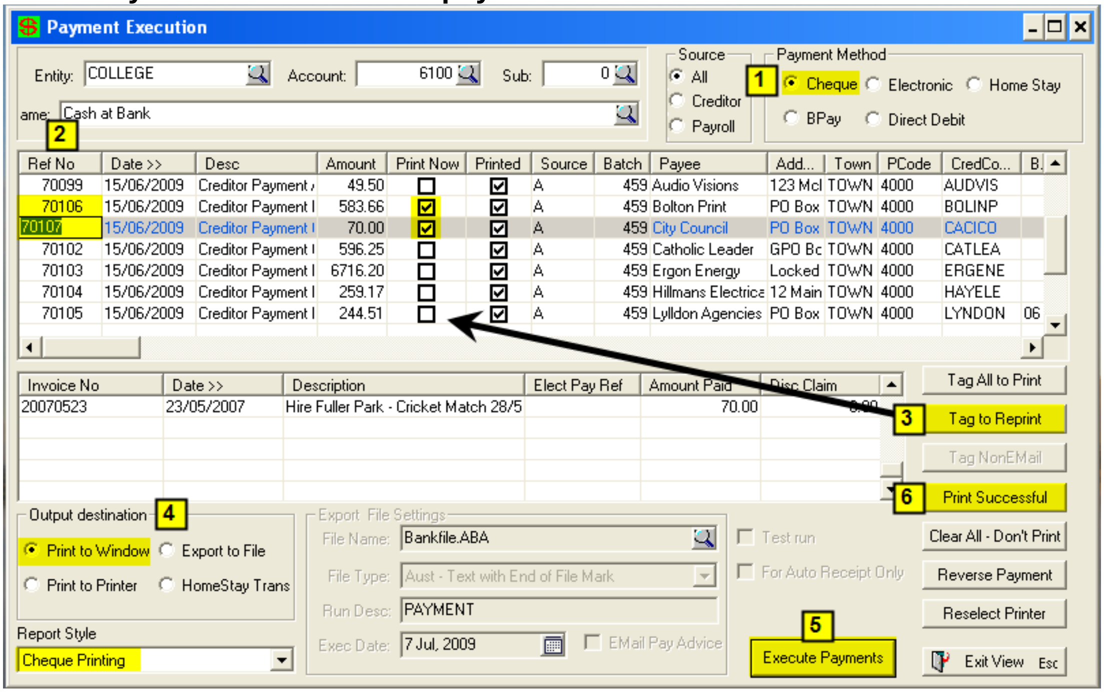


Renumbering & Reprinting Cheques

Path: Creditors → Payment Execution

Due to printer problems or incorrect entry of the first cheque number you may need to renumber and reprint cheques.

The Creditor Payment batch for these payments must be unfinalised first.



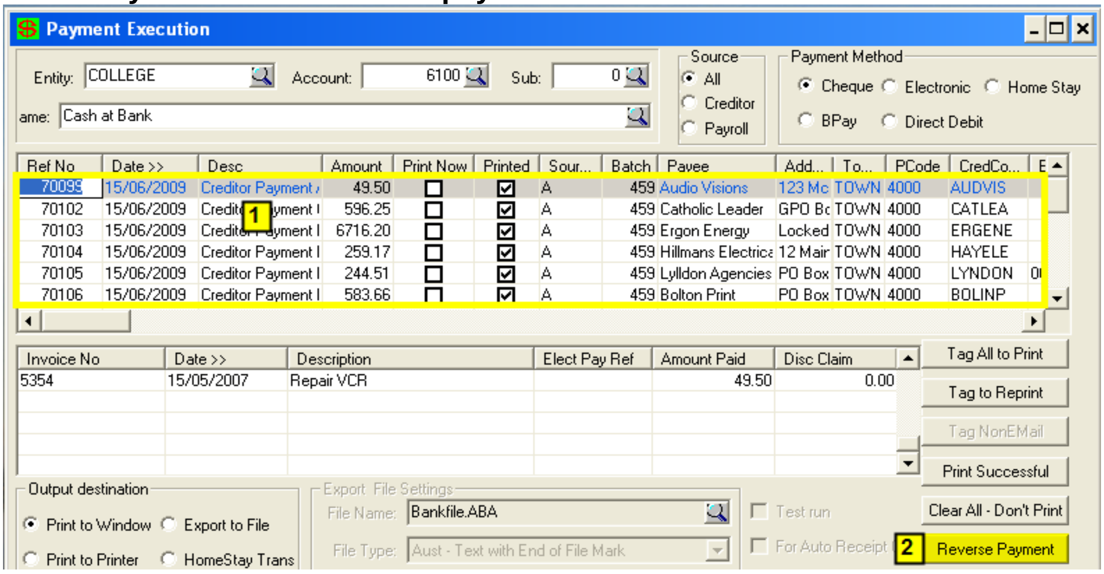
1.	Select **Cheque** to view all transactions to be paid using this Payment Method.
2.	In the **Ref No** column highlight the cheque number to be changed and type in the new cheque number; • Arrow down or click on the next Ref No to be changed and type in the new cheque number. • Continue until all the incorrect Reference numbers have been changed.
3.	Select **Tag to Reprint** to select all cheques for reprinting, or you can individually tag the Print Now box for those that require reprinting.
4.	Select to **Print to Printer**, or **Print to Window** if you wish to preview the report. Select **Cheque Printing** as the report style.
5.	Click on **Execute Payments** to reprint the cheques.
6.	Once the selected cheques have been successfully reprinted click **Print Successful** to clear the screen in readiness for the next payment run and finalise the Creditor Payment Batch.

Reverse a Payment

Path: Creditors → Payment Execution

Due to the incorrect creditor being selected or invoice amount being entered you may need to reverse a payment from the Payment Execution screen or there may be an occasion where you may need to reverse an entire payment run.

The Creditor Payment batch for these payments must be unfinalised first.



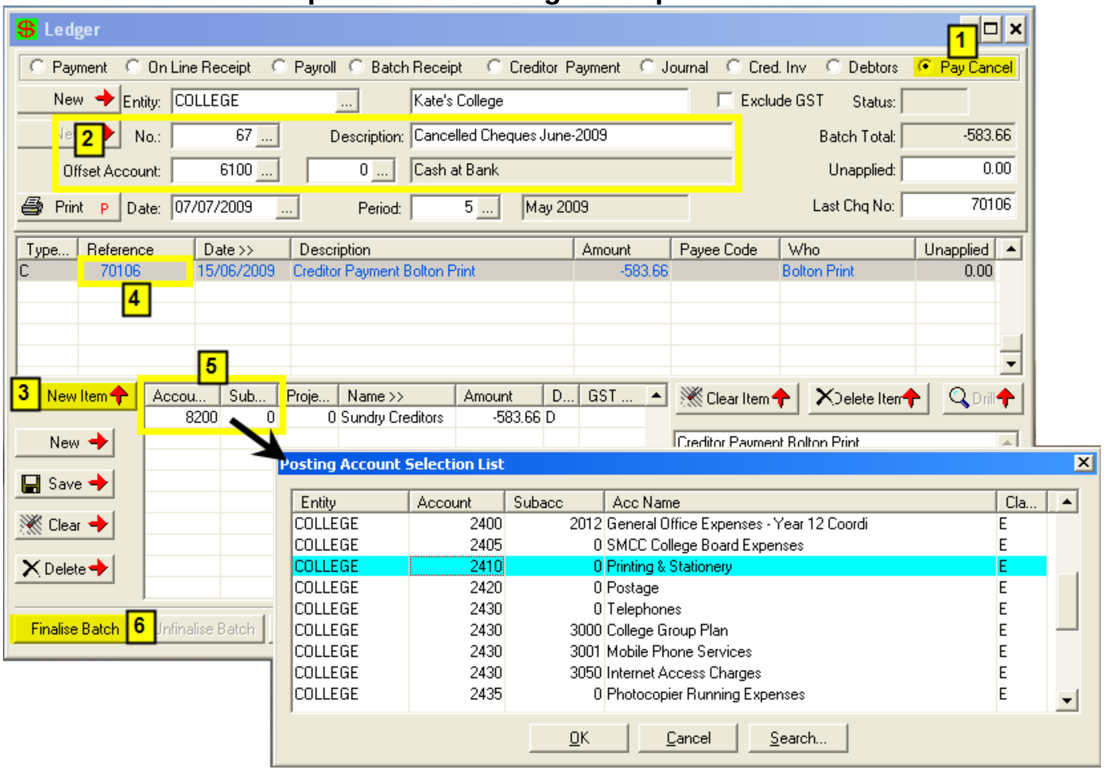
1.	Highlight the payment you wish to reverse ; • you can only reverse one payment at a time).
2.	Click **Reverse Payment**, this will remove the payment from Payment Executions and the Creditor Payment Batch and return the invoices to the Outstanding Invoices tab in Creditor Payments screen.

Cheque Payment Cancellation

Path: Gen Ledger → Batch Transaction Entry

Cheque payments made via Creditor Payments or Ledger Payments can be cancelled through a Pay Cancel Batch.

The Batch must be finalised prior to cancelling a cheque.



1.	Select batch type of **Pay Cancel**.
2.	Create a new batch, or use an existing unfinalised batch; • Check the correct Offset Bank Account is selected.
3.	Click **New Item**. This will create a new item line.
4.	Type in the cheque number you wish to cancel and press the tab key. The date, description, amount (as a negative) and payee name will automatically appear.
5.	The cancellation should go back to the original GL account used when in the invoice entry, **it SHOULD NOT point to the Sundry Creditor GL Code**. Repeat steps 3, 4 & 5 until all cancelled cheques for this bank account have been entered.
6.	Click **Finalise Batch** and finalise to the correct ledger period.

In *Creditor Master File Information → Transactions Tab → Selection Criteria: Pay*, invoices that have been paid via cheque and then cancelled will appear with a tick in Held and (CANC) in the Pay Reference columns.

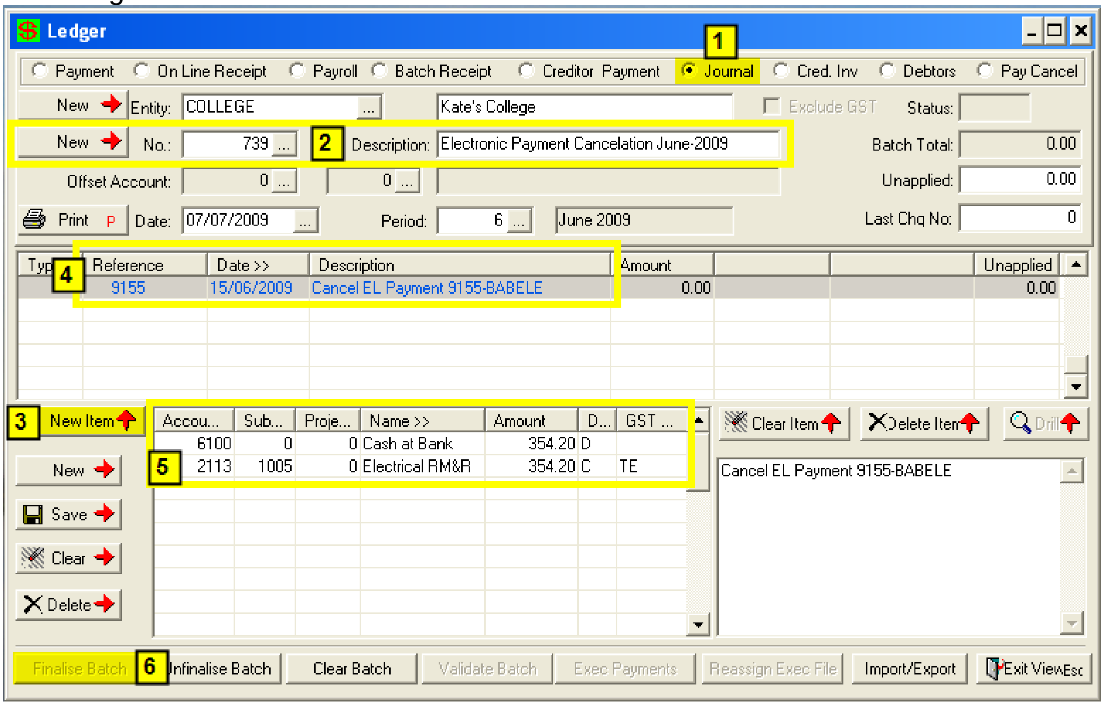
NOTE: If after entering the cheque number (Step 4) you receive an error stating 'Cheque Transaction doesn't exist' you may have **a)** entered the wrong cheque number, **b)** selected the wrong offset bank account or **c)** not finalised the payment batch the cheque payment appears in.

You may also receive a message stating 'The cheque you are cancelling has been presented'. You will need to un-present this cheque through your bank reconciliation entry before cancelling it.

Electronic and BPay Payment Cancellation

Path: Gen Ledger → Batch Transaction Entry

Electronic or BPay payments made via Creditor Payments or Ledger Payments can only be cancelled through a Journal Batch.



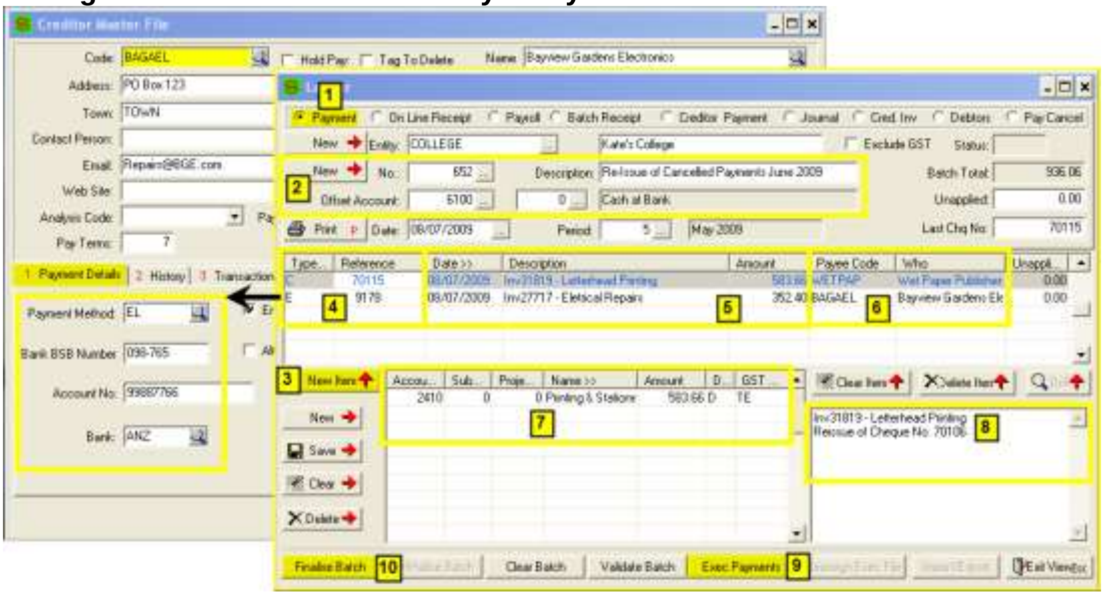
1.	Select batch type of **Journal**.
2.	Create a new batch and enter a description.
3.	Click **New Item**. This will create a new item line.
4.	Leave the default Reference number or enter your own (you can use the payment reference number). Enter the date of the original payment and a description.
5.	In the dissection **DEBIT the bank account** the payment was made from and **CREDIT the original GL account** used when the invoice was entered. Repeat steps 3, 4 & 5 until all cancelled electronic or BPay payments have been entered.
6.	Click **Finalise Batch** and finalise to the correct ledger period.

NOTE: The journal will create a negative payment in the bank account that will need to be presented on the appropriate sheet in the Bank Reconciliation Entry.

Reissue a Replacement Cheque / Electronic Payment

Path: Gen Ledger → Batch Transaction Entry

Cancellation of a payment **will not** place the original invoice back in Outstanding Invoices in the Creditor Payments area; therefore a new cheque or electronic payment can be issued through **General Ledger – Batch Transaction Entry – Payment.**



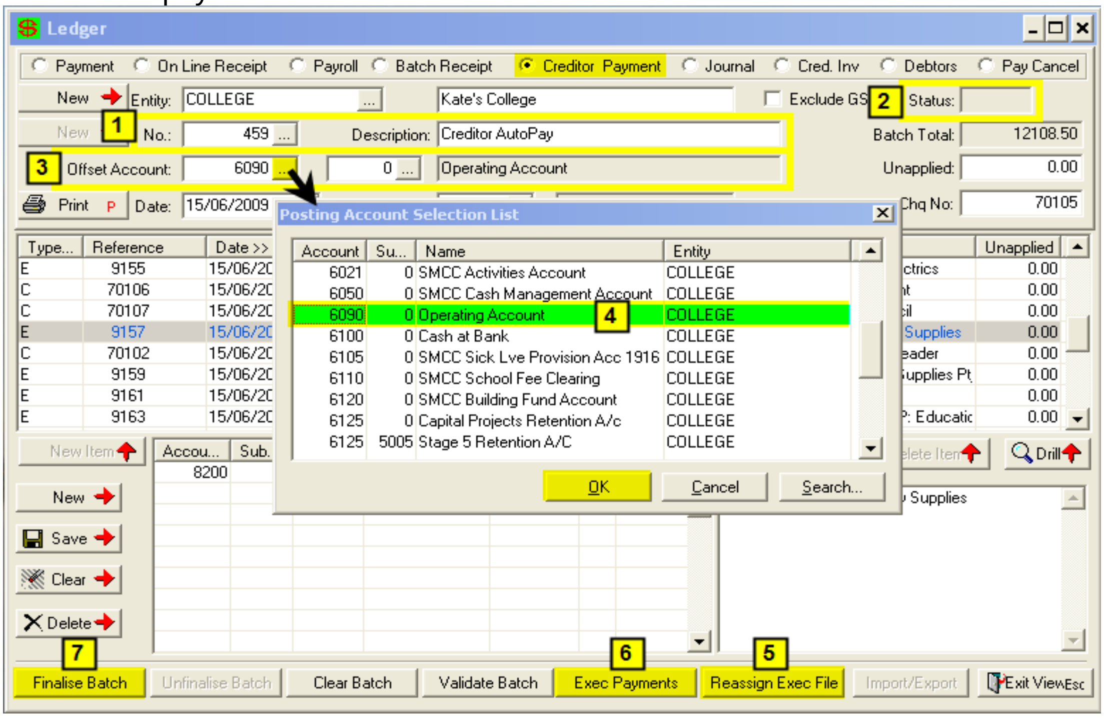
1.	Select batch type of **Journal**.
2.	Create a new batch and enter a description. Select the correct Offset Bank Account.
3.	Click on **New Item** to create a new item line.
4.	Enter in the **Type** of payment (**C** for Cheque, **E** for Electronic). The **Reference** will automatically be allocated based on the last cheque number or electronic reference used. This can be edited. **NOTE:** Type E payments can only be made via Ledger Payments when selecting a Creditor (Payee Code) who has bank account details entered in Creditor Master File Information.
5.	Enter in the invoice / payment details: **Date**, **Description** and **Amount.**
6.	Select the Creditor by typing in the first few letters of the Creditor Code to bring up options or by clicking on the **Payee Code** column heading.
7.	Dissect the amount to the relevant GL Accounts.
8.	You can add a notation referencing cancelled cheque / electronic number.
9.	After entering in payments, click on **Exec Payment** to send these entries through to the Execute Payments area where cheques can be printed or electronic file for the bank created. See Execution of Payments for information on this procedure.
10.	Click on **Finalise Batch** to update Creditor Master File transactions with those in the batch.

Payments Generated from the Incorrect Bank Account

Path: Gen Ledger → Batch Transaction Entry

If the bank account number used in Payment Criteria (tab 1) in the Creditor Payments process was incorrect, meaning payments will be issued from the wrong bank account, the correct bank account can be reassigned to the payments.

NOTE: This process is done via the Creditor Payments batch and will reassign an alternate bank account to ALL the payments in the batch.



1.	Select the **Creditor Payment Batch** you wish to reassign a new Bank Account to.
2.	Make sure the batch is **UNFINALISED** there must be no P or F in the Status field.
3.	To change the **Offset Account** click on the Posting Account Lookup button.
4.	**Select the alternate Bank Account** you wish to use from the Selection List, click **OK**.
5.	Click **Reassign Exec File** to save the change to the new Offset Account.
6.	**Option:** This step is only necessary if the payments have been cleared from the Execute Payments view. • Click **Exec Payments** to send these entries through to Execute Payments. • Cheques can be printed or an electronic file for the bank created with new Bank Account.
7.	Click on **Finalise Batch** to update Creditor Master File transactions with those in the batch.