Overview: Payment Request Documents (PREQ) are used to make payments against a Purchase Order. They are entered into the system by Accounts Payable staff. This document is slightly different than other financial documents since it includes liabilities and encumbrances.

The Accounting Line

The graphics below trace the object codes from the accounting line and general ledger entries to the Operating Statement. Note that asset (cash) and liability (invoices payable) transactions do not appear in the Operating Statement unless you explicitly include them; however, you do not need to include them.

The accounting line from the PREQ pulls information from the Purchase Order, Accounts Payable matches up item(s) on the invoice to line items on the Purchase Order available to be paid (red dashed line).

The first General Ledger entry shows the expense object code 6490 being debited (red dashed line) and a liability object code 2055 being credited (orange dash-dot-dot line). When the PREQ is submitted, the expense is debited and the encumbrance is decreased by the payment amount. The encumbrance (purple arrow) is decreased by debiting the fund balance object code 3042 and crediting the expense object code 6490. The balance type code indicates the type code of EX, which indicates External Encumbrance. At this time the check has not been issued and there is no impact to cash. Also all of these entries are created when the PREQ is submitted by Accounts Payable. Any changes to the accounting line in workflow will result in reversing and correcting entries.

The second General Ledger entry is created when the check is issued. The liability object code 2055 is debited (orange dash-dot-dot line) and cash object code 1100 being credited (blue solid line). This debit of the liability reverses the credit that was created with the expense transaction. The timing of this part of the transaction is dependent on the payment terms of the Purchase Order. Often it is in a different month as the expense, but it can occur in the same month.

The Operating Statement includes the expense and the new encumbrance amount. Note when you run reports in Business Intelligence, encumbrances are always current as of the date you run the statement.

Note: The totals in the Budget Balance and Cash Balance Summaries include all transactions within the selected period(s).
Accounting Line on the E-doc

General Ledger Entries in the Finance System

Statements in Business Intelligence Reports

Budget Balance Summary for RA078762 - GREENHOUSE OPERATING MAES DIR

Cash Balance Summary for RA078762 - GREENHOUSE OPERATING MAES DIR
**Additional Information**

- Capital Assets are tied to a central account for reporting purposes. General ledger entries on transactions involving a capital asset object code may show activity on the central account; this has no impact on your individual account.