



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).

Payment Request—Accounting Flow

Accounting Line on the E-doc

Purchase Order Line Item Totals										
Encumbrance excluding freight & s/h				Total Encumbrance Amount Relieved			Total Paid Amount		Remaining Encumbrance	
1,500.00				886.05			886.05		613.95	
Items										
Item Line #	Open Qty	UOM	PO Unit/Ext Price	Qty Invoiced	Unit Cost	Extended Cost	Catalog #	Assigned To Trade In	Description	
1			1,500		613.95	98.45		No	Portable toilet rental and service for Plant and Science Greenhouse for the period of one year	
Accounting Lines										
Source										
* Chart	* Account Number			Sub-Account	* Object	Sub-Object	Project	Org Ref Id	* Amount	Actions
MS MICHIGAN STATE UNIVERSITY	RA078762 GREENHOUSE OPERATING MAES DIR - ERF MAES - MSU AGBIORESEARCH				6490 CONTRACTUAL SERVICES				98.45	
Invoice Total Prior to Additional Charges:						98.45				
Additional Charges										
* Item Type	Original Amount from PO	Outstanding Encumbered Amount	Extended Cost	Description						
			98.45							
Grand Total:			98.45							

General Ledger Entries in the Finance System

Fiscal Year	Chart Code	Account Number	Sub-Account Number	Object Code	Sub-Object Code	Balance Type Code	Object Type Code	Fiscal Period	Document Type	Origin Code	Document Number	Transaction Ledger Entry Description	Transaction Ledger Entry Amount	Debit Credit Code	Transaction Date	Organization Document Number	Project Code	Organization Reference Id	Document Type
2012	MS	RA078762	.....	2055	.....	AC	LI	11	PREQ	01	1760337	TP Generated Offset	98.45	C	05/07/2012				PO
2012	MS	RA078762	.....	3042	.....	EX	FB	11	PREQ	01	1760337	TP Generated Offset	98.45	D	05/07/2012				PO
2012	MS	RA078762	.....	6490	.....	AC	EX	11	PREQ	01	1760337	ACE RENTALS INC	98.45	D	05/07/2012				PO
2012	MS	RA078762	.....	6490	.....	EX	EX	11	PREQ	01	1760337	ACE RENTALS INC	98.45	C	05/07/2012				PO

Fiscal Year	Chart Code	Account Number	Sub-Account Number	Object Code	Sub-Object Code	Balance Type Code	Object Type Code	Fiscal Period	Document Type	Origin Code	Document Number	Transaction Ledger Entry Description	Transaction Ledger Entry Amount	Debit Credit Code	Transaction Date	Organization Document Number	Project Code	Organization Reference Id
2012	MS	GZ051100	.....	1100	.....	AC	AS	11	CHKD	01	2000127720	TP Generated Bank Offset	98.45	C	05/17/2012			
2012	MS	GZ051100	.....	1100	.....	AC	AS	11	CHKD	01	2000127720	GENERATED OFFSET	98.45	D	05/17/2012			
2012	MS	RA078762	.....	1100	.....	AC	AS	11	CHKD	01	2000127720	GENERATED OFFSET	98.45	C	05/17/2012			
2012	MS	RA078762	.....	2055	.....	AC	LI	11	CHKD	01	2000127720	ACE RENTALS INC	98.45	D	05/17/2012			

Statements in Business Intelligence Reports

Budget Balance Summary for RA078762 - GREENHOUSE OPERATING MAES DIR													
Budgeted Income	Actual Income	Transfers In	Encumbered Income	Income Budget Balance Before Encumbrances	Income Budget Balance After Encumbrances	Budgeted Expenses	Actual Expenses	Transfers Out	Encumbered Expenses	Expense Budget Balance Before Encumbrances	Expense Budget Balance After Encumbrances	Available Balance Before Encumbrances	Available Balance After Encumbrances
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$168,019.04	\$110,873.21	\$0.00	\$613.95	\$57,145.83	\$56,531.88	\$57,145.83	\$56,531.88
Cash Balance Summary for RA078762 - GREENHOUSE OPERATING MAES DIR													
Cash Begin of May - Fiscal Period 11				May - Fiscal Period 11				Cash Balance As of End May - Fiscal Period 11					
(\$71,604.18)				(\$39,269.03)				(\$110,873.21)					

Payment Request—Accounting Flow

LIABILITIES	2055	INVOICES PAYABLE		PREQ	Payment Request	5/7/2012	1760337	47416	1	01	KFS	TP Generated Offset	\$98.45
LIABILITIES	2055	INVOICES PAYABLE		CHKD	Check Disbursement	5/17/2012	2000127720	1760337	1	01	KFS	ACE RENTALS INC	(\$98.45)
EXPENSES	6490	CONTRACTUAL SERVICES		PREQ	Payment Request	5/7/2012	1760337	47416	1	01	KFS	ACE RENTALS INC	\$98.45

Other-Current Open Encumbrances as of Jun 27, 2012 for RA078762

Doc Type	Doc Nbr	Encumbrance Description	Object Code - Name	Open Amt	Closed Amt	Remaining Amt
PO	47416	ACE RENTALS INC	6490 - CONTRACTUAL SERVICES	\$1,500.00	\$886.05	\$613.95
Total						\$613.95

Object Code Summary for RA078762 - GREENHOUSE OPERATING MAES DIR

Object Code - Name	Budget	Actuals	
	As of End May - Fiscal Period 11	May - Fiscal Period 11	As of End May - Fiscal Period 11
2055 - INVOICES PAYABLE	\$0.00	\$0.00	\$0.00
6292 - SECURITY	\$0.00	\$600.00	\$600.00
6428 - SUPPLIES - OTHER	\$0.00	\$31,958.55	\$38,431.20
6477 - BOOKS AND SUBSCRIPTIONS	\$0.00	\$0.00	\$90.16
6489 - CONTRACTUAL SERVICES	\$0.00	\$0.00	\$160.00
6490 - CONTRACTUAL SERVICES	\$0.00	\$98.45	\$787.60
6543 - LAUNDRY	\$0.00	\$0.00	\$6.12
6545 - MEMBERSHIP DUES & FEES	\$0.00	\$0.00	\$150.00
6554 - PHYSICAL PLANT SERVICES	\$0.00	\$0.00	\$137.86
6555 - POSTAGE	\$0.00	\$0.00	\$1.50
6559 - PROCUREMENT CARD	\$0.00	\$4,032.25	\$32,193.80
6561 - RENT - MISC	\$0.00	\$0.00	\$98.45
6591 - STUDENT	\$0.00	\$2,241.54	\$31,449.63
6600 - TELEPHONE	\$0.00	\$91.95	\$992.31
6601 - ON-CALL / TEMPORARY	\$0.00	\$0.00	\$3,655.45
6609 - TRAVEL - MOTOR POOL	\$0.00	\$246.29	\$2,104.38
6612 - TRAVEL - IN STATE - UNIVERSITY EMPLOYEE	\$0.00	\$0.00	\$14.75
7054 - UNALLOCATED APPROPRIATIONS BUDGET	\$168,019.04	\$0.00	\$0.00

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.