

Tips & Tricks #37 – More AP Techniques

In Tips & Tricks #36 we covered what happens when you cut a computer check, or did a manual pay of a voucher. In this installment we will introduce more advanced and uncommon uses of the application. Because these particular discussions have a number of technical and practical aspects that we think will be useful, we are providing a “Practical/Technical set of explanations and worked examples in the link below. This should fill in the blanks from the more general discussion in this piece.

Appendix – [T&T#37 practical hints and worked examples](#)

First let’s start off with something pretty ordinary.

➤ *Credit Vouchers*

Credit vouchers are simply Regular vouchers with negative dollars. These transactions are posted against a vendor and like any other regular voucher can be selected at Prepare Payments time. They will contribute in a negative arithmetical sense to the amount of the check. As an example, to document that one quarter of a shipment was damaged you could voucher the full value of the vendor invoice (say \$1,000) and then separately do a negative voucher for \$250.

Another issue is that credits (as well as any corresponding regular vouchers entered for the same purpose i.e., debits) are ways to clean up and balance the books when payment irregularities have taken place in the past. These credits/debits will document the reasons and the dollars and clear the up-to-now open invoices so they can be purged or at least so they no longer affect the aging negatively with unduly old items still open. (If these correcting items reflect minor mistakes, they would presumably be expensed against some sort of Miscellaneous Expense account so as not to distort other, “real”, costs.)

Since the credit is a free-standing voucher, it will be selected at the appropriate time as part of a pay cycle. In the simplest case, this would be at the same time as the regular voucher that the credit was going against. In this way, the original voucher and its credit entry will offset each other, reducing the payout and at the same time documenting the reason for the short pay.

Now something a little more complicated.

➤ *Immediate Checks*

The simple statement of the purpose of an Immediate Check is to create an AP transaction that processes both the voucher step and the pay step for a vendor invoice and produces a check. For example, a delivery is made, and the driver indicates his instructions are that the terms are COD. An immediate check will allow you enter the vendor invoice/voucher information and tell the system to print a check and post all the details in one go while the driver is waiting. Like the non-AP check (below), the distributions that are created do not involve the AP account because a check is cut as part of this same process i.e., there are no Open Items created.

Like the other voucher-type transactions, this type is selected from the drop down in Payables (Enter):

Payables (Enter) Company 00 XYZ Company

File View Print Options Tools Help

New Edit Save Save / New Delete

Select by ascending vchr #

Vchr #	Invoice #	Vendor	Type	PO nu
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General

Voucher * To be assigned *

Type Regular

Vendor Regular
Cancellation
Adjustment
Non A/P check
Immediate check

Cancel vch Proximo terms

Gets 1099: No Terms: Due days

The only significant difference between using this transaction type and using a Regular transaction type to create a voucher and subsequently pay it is:

- This is a one-step process (voucher plus check) whereas a Regular transaction type will require 2 steps including the voucher selection and check print process.
- This transaction type will produce only a Db Expense and Cr Cash. No entries to the Open Items will be created and neither will distributions to the GL AP account. (By contrast, the two-step process will produce a Cr AP (voucher step) and a DB AP (check pay step) and between the voucher step and the pay step, Open Items will exist.
- The check date will default to today's date but can be changed by the operator. However, since this is a one step process, the distribution date will always be adjusted by PBS to the check date and cannot be changed i.e., the date of the check is the transaction date for GL purposes. The vendor invoice date also defaults to today's date but can be changed.
- A standard pair of entries into the Vendor History will be produced – one entry for the vouchering side of this process and one for the pay side. In this respect, the Regular/Pay double cycle and the Immediate Check single cycle have essentially the same effect on Vendor History.

A sample screen:

General	
Voucher	<input type="text"/> * To be assigned *
Type	Immediate check
Vendor	300 Red Line Freight
Entry period: 01/01/2022 thru 03/31/2022	
Cancel vchr	<input type="text"/> 
Gets 1099: Yes	Terms: net 30
1099 type	None
P.O. #	<input type="text"/> 
Recvr #'s	<input type="text"/> <input type="text"/> <input type="text"/> 
Distrib. date	04/21/2022 
Invoice #	XX4255
Invoice date	04/21/2022 
Invoice amt	225.00
Non disc amt	<input type="text"/>
Reference	COD shpmt priority pkg
Proximo terms	<input type="checkbox"/>
Due days	<input type="text"/>
Due date	04/21/2022 
Discount days	<input type="text"/>
Discount date	<input type="text"/> 
Discount pct	<input type="text"/>
Discount amt	<input type="text"/>
Discount acct	<input type="text"/> 
Check #	<input type="text"/> * To be assigned *
Check date	04/21/2022 
Cash account	1000-000  Cash account #13557-000
Correcting entry	<input type="checkbox"/>
Assign memo	<input type="checkbox"/>

Summary:

- Will record voucher information and will produce a check.
- Will produce standard Vendor History entries for both the voucher-side of the transaction and for the check/pay side.
- Will create distributions, dated as of the check date, for both the expense and cash sides of the transaction
- The check number is PBS-issued and is taken in the standard way from the cash account being used.
- Will create neither Open Item entries nor corresponding GL entries to the AP account.

➤ **Non-AP Checks**

This transaction type is similar to the Immediate Check transaction above, except it simply does not produce a check. This function will be used where an invoice or statement was received and a manual check was issued, or a bank transaction or other electronic instrument was used - without a voucher being created. In other words, the payment is done outside the accounting system without a voucher being issued. And needs to be documented after-the-fact:

The screenshot shows a software interface with a 'General' tab. It features a 'Voucher' field with a greyed-out value and the text '* To be assigned *'. Below it, the 'Type' dropdown is set to 'Adjustment'. The 'Vendor' dropdown menu is open, showing options: 'Regular', 'Cancellation', 'Adjustment', 'Non-A/P check' (highlighted with a yellow box), and 'Immediate check'. At the bottom, there are fields for 'Gets 1099:' and 'Terms:'.

The entry screen is the same as above for the Immediate Check except the Check # field is not greyed out and available. Most of the comments for the Immediate Check apply except since this function does not produce a check, the check number must be entered. The same rules apply for check date, distribution date and vendor invoice date.

Like the Immediate Check only DB expense and Cr Cash are generated.

➤ **Negative Non-AP checks**

Over and above the regular uses for a Non-AP check, there is a particular and specific use for the Non-AP check function that applies to voiding checks where the Open Item file item has been purged of the data for the original voucher and check. This can happen for example if you are purging your AP Open file on a regular basis going back say six months, and a vendor calls with a request for you to re-issue a lost check from 7 or 8 months ago.

The problem here is that the data that is normally resident in the AP Open file and which is used by the Void Check entry function to “undo” the payment and restore the voucher as open, has been removed. Even though the transactions (vouchering and paying) are still documented in the Vendor History file there is no way to “copy” this data back into the Open Item file.

An “off-label” use of the Non-AP check function that can be used to reverse the bad check and the original voucher, is to enter a *negative* Non-AP transaction. Since the normal function of this transaction type is to register a check with its attendant voucher information, a negative check in effect cancels the check *and* reverses the voucher information without disturbing the AP Open item file. Since this function also produces the appropriate distribution transactions, the GL is also taken care of at the same time.

Note: Keep in mind that we are cancelling/reversing **both** the check and the voucher as far as the GL is concerned. The Open Items are untouched, and the original Vendor History entries will remain, with one addition, indicating there was a voucher and check produced and that they were reversed. So, although not having the original voucher restored might be seen as a problem, this reversing transaction actually keeps all the components (AP Open, Vendor History and GL) in balance. Therefore, as a result, if a new check is to be issued, a Regular voucher transaction must be entered and a new Check printed from it.

In our next Tips & Tricks segment, we will deal with using and paying credit cards, which can become quite complicated.