

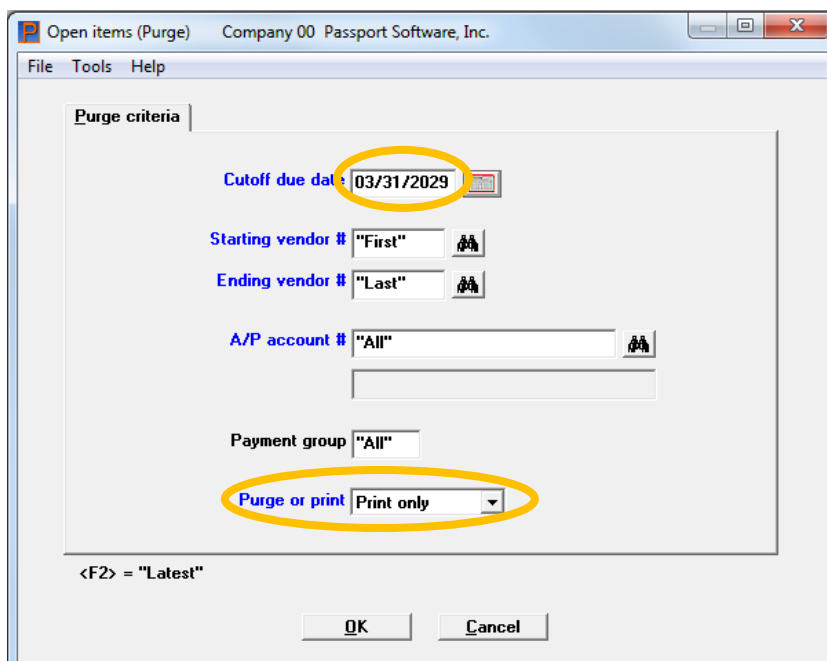
PBS Tips and Tricks #25 – Purging in Accounts Payable

In Tips and Tricks #24 we discussed purging data from the PBS files. In addition to the discussion of why it was important, was how you could determine how aggressively to purge PBS file data. You could estimate this, by asking yourself the question “how often might I have to refer back to data that is “x” years old?” If experience tells you that the answer would be 2 years for a particular kind of data, i.e., vendor history, then purging data that is more than two years old might be reasonable. For this discussion we will assume that you have a paper or electronic backup of all your older data saved in an archive company (to be discussed in a future installment). Thus, the issue of purging is a practical one, one of convenience and not a worry about losing data.

One technical note: Most of you reading this will normally be concerned and familiar with the functional issues in AP – entering vouchers, cutting checks etc. Another side of this – a somewhat different way of looking at the system - is how is data stored in AP and how that affects how it functions which means we must talk about files.

This discussion will focus on Version 12.07 AP and its files, but most of the details will apply to prior versions. In any case, the documentation associated with your particular version will have details specific to that version.

Most purge programs in the system allow you to run in a print, print and purge, or purge only mode. The first of these allows you to do a preliminary run to see what will be purged without making any changes to the file. Here is a typical purge setup screen:



The screenshot shows a dialog box titled "Open items (Purge)" for "Company 00 Passport Software, Inc.". The dialog has a menu bar with "File", "Tools", and "Help". The main area is titled "Purge criteria" and contains the following fields:

- Cutoff due date:** 03/31/2029 (highlighted with a yellow circle)
- Starting vendor #:** "First" (with a selection icon)
- Ending vendor #:** "Last" (with a selection icon)
- A/P account #:** "All" (with a selection icon)
- Payment group:** "All"
- Purge or print:** Print only (highlighted with a yellow circle)

At the bottom left, it says "<F2> = 'Latest'". At the bottom center, there are "OK" and "Cancel" buttons.

For each file to be purged (below), we list the name of the file (the “xx” in the name corresponds the company ID), the menu entry in PBS where the purge is to be found, and the entry in the User Manual (UM) where there is detailed documentation about how to set up the purge and what ramifications there might be to running the purge. (You can Ctl_F with the quoted item in the text to find these entries in the manual). We also cover the ramifications briefly in this text, and then any caveats you should be aware of when considering the cut-off date to use, and finally we list some suggested cycle times and cut-off dates to be used.

One additional piece of advice: these files are the ones which are used by the major posting programs in PBS Accounts Payable. This means the purges can interfere (or vice versa) with posting programs. Since the purges can take some time (usually several minutes and possibly up to an hour depending on the number of items to be purged), it is frequently best to run the purges when no one else is using the system. This requirement can/should be built into your month-end, quarter-end or year-end schedule.

The three most important files in AP to purge on a schedule are given here. These are given, roughly, in order of importance and frequency of purging. The other important topic, purging and deleting old, inactive vendors will be taken up in a future installment.

AP Open Item file

- Purged File name: AOPENxx
- Purge Menu entry: AP/Open items/Purge
- UM Entry for Purging: “Purge Open Items (manual pg. 447 - depending on PBS version)

Comments:

The Open Item file contains vouchers that have not been purged. Vouchers in the file can be unpaid, partially paid or fully paid. Purging this file will only remove items that have been *fully paid*. It is important to remember that the Vendor History file also contains this similar information. The Vendor History is not purged by this operation, so purging the Open Item file does not eliminate the transaction history of the items being purged; it only removes them from the Open Item file – vouchers that are no longer considered active i.e., “open”.

“Fully” paid includes any credits or adjustments that reduce the net value remaining for the voucher to zero. For example, a partially paid voucher with a credit for the remainder would be considered fully paid.

One of the issues to be aware of with the way the Open Item file is treated, is that the system normally will not show you fully paid items. This means that paid vouchers will accumulate but there will be little feed-back showing how many of these there are. At 100 vouchers per week, that corresponds to about 5000 paid (and invisible) items per year left in the file. This why the size of this file can build and why purging is important.

Caveats:

- When you attempt to Void a check in AP, the program uses the information in the Open Item file to restore the vouchers paid by that check back to open i.e., unpaid status. This means that items that have been purged can't be voided in this manner but must be voided by putting in reversing entries.
- For technical reasons relating to how the Open Item file and the Vendor History file interact, it is important that the Open Item file be purged with a cut-off date that is less than the last cut-off date used in purging the Vendor History. In other words, the Vendor History should always contain as much or more/older information for a vendor than the Open Item file. If we are recommending a 1 year-back purge cut-off date for the Open Item file and 2 or 3 years for the Vendor History purge, this requirement is satisfied.

Suggested cycle:

You can purge monthly as part of your month-end process or quarterly or annually. Once a voucher is paid there is little sense in keeping that voucher in the Open Item file unless it will be used to re-establish the voucher as active after the check that paid it is voided. Since the voiding of a check is not likely to be requested or allowed beyond a 6 month or 1-year period, purging 6 months or 12 months back makes sense for most companies.

AP Distributions to GL file

- Purged File name: APDISTxx
- Purge Menu entry: AP/Reports/Distributions to GL
- UM Entry for Purging: "Distributions to GL" (manual pg. 460 - depending on PBS version)

Comments:

The Distributions to GL program is primarily a report program to list the distributions for a range of accounts and dates. It divides the report into accounting-useful order like "new AP", "vouchers paid" etc. It can also summarize voucher details over a check producing check totals.

However, the secondary use for this program is to print a range of transactions and purge those transaction. The range selected for printing is also the range used for purging.

The transactions in the Distributions to GL file (APDISTxx) are used in two ways. If you do not use PBS GL, the listings from this file can be used to provide information for financial statement reporting produced manually or in another piece of software. If you do use PBS, this data can be interfaced directly to the General Ledger to produce a GL Trial Balance or Financial Statements.

In the former case, how you use the data outside of PBS will determine the retention requirements – there may be none if the PBS data is absorbed completely and in detail by the other process – the PBS data has become redundant. However, if the PBS data remains the primary source of detail for the outside financial statements, the retention requirement could be for several years.

If you do use PBS GL, the AP distribution data is moved into the General Ledger system essentially intact and so the particular range of data selected from the distribution file for interfacing becomes redundant. Just to be safe, it is best to keep the data for one month or so until after any processing in the General Ledger for that month is finished and that month is closed. The assumption here is that once a prior month is closed you know the data for that period is good and there will be no changes to the data.

Caveats:

- For those using PBS GL, interfacing these distributions means copying a set of transactions with a selected cut-off date from the AP Distribution file into the General Ledger for processing. The interface program in the General Ledger (GL/Distributions/Get distributions) has an option to purge the distributions being interfaced. We advise against using this feature. Things can go wrong during any posting or interface process and you want to make sure your transactions have been processed and are secured before deleting the source data. The purge in this interface deletes the distribution transactions in the sub-ledger right after they have been copied and if there is an error or failure in this process the source data may have been deleted and will have to be manually entered into the GL. Better to follow the suggestions below and be safe.

Suggested Cycle: (for use with PBS GL)

Assuming that you interface data for the month-end that you are working on and assuming that means the prior month is officially reconciled and closed, we suggest you purge the prior month when you have closed the current month. In other words, purge February when you have closed or are about to close March.

AP Vendor History

- Purged File name: VENHISxx
- Purge Menu entry: AP/Utility/Purge vendor history
- UM Entry for Purging: “Purging Vendor History” (manual pg. 438 - depending on PBS version)

Comments:

The Vendor History file contains a log of all transactions (vouchers, checks, AP credits etc.) posted against vendors. Like the AP Open Item purge, the AP Vendor History purge will only purge “completed” sets of transactions. These include:

- Paid vouchers and any associated memo records
- An unpaid voucher as long as it has an associated cancellation
- Paid checks and associated vouchers
- Paid checks and associated vouchers with voids only if the vouchers were re-paid i.e., a new check was issued.

By contrast, an incomplete transaction set would include an unpaid voucher or a voucher that was paid and subsequently the check was voided, returning that voucher to “open” status.

Unlike the AP Open item file where there is one record per voucher, every transaction for a voucher set (voucher plus credits, payments etc.) are recorded as separate records. This means that each paid voucher will have at least two entries in the file (the voucher and at least one payment) and may, sometimes, have more. So, while the Vendor History file does not have the “hidden” aspect that the AP Open Item file does (see above), the number of records in the Vendor History file are frequently large. This is because the retention times are frequently unnecessarily long because of the lack of regular purging.

The Vendor History file and its purging cycle is also complex. This is because the Vendor History file records transactions that can relate to a number of other functions and files in the system. As a result, the purge program has been designed to allow you to purge these related files. This includes:

- Purging history data for temporary vendors in advance of purging the temporary vendors themselves (see manual pg. 453 - depending on the PBS version, for details). This function causes the temporary vendors (vendor’s whose ID begins with “*”) to be purged, exclusively without having to specify particular “*” vendor ID’s.
- Purging voided checks: Voiding a check can be done *after* the check is posted, through the menu item Void Checks. The voiding transaction process writes an entry against the voucher that reverses the payment it belongs to and as a result all these related transactions will only be purged when that voucher set is purged.

However, “voids” are also created when, during the print check run, a certain number of checks have not been printed correctly. This step is prior to posting any checks and so these checks have not been recorded as being assigned to vouchers. The check numbers themselves must be retired and, as a result, these checks are called unassigned voids and, basically, represent “wasted” check stock.

A special option in the Vendor History Purge allows you to purge these entries in the Vendor History file independent of any vendor related checks or other transactions you are also voiding. Purging these unassigned voids will also happen automatically as part of a “regular” Vendor History purge run where fully paid open items are purged, so using this option is usually not necessary.

- Purging attached memos: If you are using the Memo Entry function (see the UM entries under “Entering Memos” and “Memo Distributions”), entering a memo and then assigning it to a payable transaction “attaches” that memo to that payable transaction. When you are purging payables transactions in vendor history you can also opt to purge any memo entries that have been attached as well. Purging these at the same time would make sense unless you want to keep the credit card or employee expense details that the memo’s hold even without the voucher information they were associated with.

Note also that one additional feature that memo entries add is the ability to track sales tax. Because the vendor’s state is recorded, this may relate to Use Tax as well which may aid in determining, or proving out, out-of-state purchases and compliance with reporting these to your home state. Therefore, if you are purging vouchers with memos, there might possibly be Sales Tax implications for retention of both the vouchers and the memo entries they represent.

- Purging invoices with open retainage: As an exception to not purging any voucher payable set unless it is closed i.e., all charges are either fully paid or cancelled, the vendor transactions relating to open retainage can optionally be cleared even when not paid. Retainage is a portion of an invoice that is held back as assurance against satisfactory completion of a job. As such it only applies to when the Job Cost application is active and only for job-costed items that have retainage. If the customer has withheld a retainage amount against a vendor providing services on a job, and if the job is not successfully or adequately completed, the retainage amount may remain open even if the remainder of the invoice is fully paid. (It is tracked separately in the AP open items). If it appears as if the job will never be formally finished, or if you track open retainage through some other means, then you may want to remove the retainage amounts from Vendor History and this is what this option does.

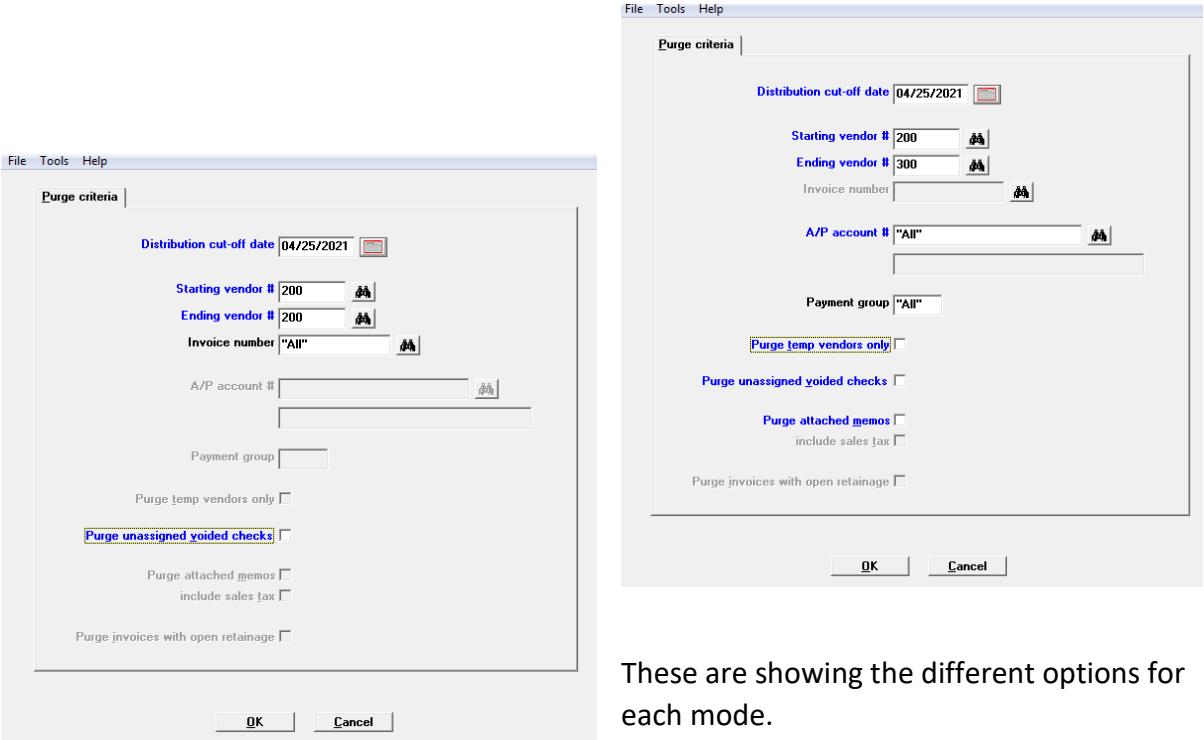
Caveats:

- The Vendor History purge screen has two modes of operation. The first is Single Vendor mode. This will be selected if the Starting and Ending vendor number are

the same. In this mode all the options above are disabled except for Purging unassigned voided checks. In addition, a new option is added and that is to purge an individual invoice (by number) or enter 'F5' for all invoices for that vendor (subject to the fully paid criteria).

If the Starting/Ending vendor number are not the same, then the Multiple Vendor mode is operative and all the options above are active (except of course the one for single invoice purging which could only happen for a single vendor)

The selection screen for single (L) and multiple vendor (R) modes are given side by side here:



These are showing the different options for each mode.

Suggestions:

Despite all the complexity described above, for most people most of the time, the multi-vendor mode will be chosen and most of the options will be left unchecked except possibly where memos are used. Also, in many or most cases, the range of vendors will be First to Last and all A/P accounts will be selected which will naturally also be the value for the many companies running with just a single AP account. In addition, selecting First to Last for the vendor range will also include purging of the temporary vendor entries in the Vendor History. This will mean a separate run will not have to be done (using the option described) just to clean up the temporary vendor transactions.

This leaves us with the choice of cut-off date so again, ask yourself the question “at what point – or how many years back do I *not* need to have the history available essentially instantaneously and in the production system?” Or, “how often will I, in the normal course of business, have to lookup purchase type information on a vender that is older than 2 years? 3 years? 5 years?” At some point, maybe once a month or once a quarter you may have to go back to your paper records and that may be OK with you. This will give you an idea as to what the cut-off date should be. For many companies this number is 2 or 3 years. In some cases, 5 years appears to be necessary.

Whatever the number you choose for any of these three purge operations, the number is less important than the fact that you have a determination of that number (which can be changed later if you want) and a schedule (e.g. once a year or once a month) to do the purge based on that number.

Happy Purging!