

# RECONCILIATION OF ORDERS

## WHAT DOES IT MEAN TO RECONCILE MY ORDERS?

Reconcile means to follow up on any order that is outstanding at your site (order has NOT been received, or has only been PARTIALLY received, and you need to know when the order, or the rest of the items on the order will arrive). The definition of RECONCILE is... to make one "account" consistent with another. *Example:* We ordered 10 rolls of towels and we only RECEIVED 5 Rolls, contact the vendor to find out WHY what they sent you is not consistent with what you ordered.

## HOW OFTEN DO I NEED TO RECONCILE ORDERS AT MY SITE?

At least one time per month. Purchasing sends an email reminder to Office Managers to reconcile any orders older than 3-4 weeks at the beginning of each month. Doing this monthly will help you catch any issue early that might arise. *Example:* You placed an order in October, but the vendor never received your PO for whatever reason. If you don't reconcile this order until May, then your teacher never gets their stuff, and you potentially lose your money because now it is too late for the order to arrive in time. It's also now passed the PO ordering deadline, so all we can do is cancel the order= possible funds lost for your site. Monthly reconciling helps to avoid the MAD RUSH in May when the fiscal year deadline is approaching. You will only have a few orders to reconcile instead of piles of orders to reconcile/close, because you stayed up on them all year long. The end of the year is crazy enough for us all, staying on top of these monthly will make the year end run smoother for everyone involved!

## WHY SHOULD I RECONCILE MY ORDERS?

By staying on top of your orders MONTHLY, it will allow your site to always see a budget that reflects what has been paid vs what is outstanding, providing a more accurate account of how much money you have to spend.

It frees up money that is tied up either by being encumbered, when the order is never going to come (which you won't know unless you are reconciling your orders with your vendors), or by orders left in the DENIED status that are never canceled (so the money gets returned to your budget). *Example:* This would be like writing a check in your home checking account to a roofer for 10K to fix your roof. You deduct the 10K from your balance. 2 days later the roofer says I can no longer do this job because I just got injured. So, you find a new roofer, and you write him a check for 10K and you deduct that from your balance. Because you never added back the 1<sup>st</sup> roofers check for 10K to your balance, it now LOOKS like you have spent 20K instead of 10K. At a school site, this would mean you just potentially lost 10K for your site, because you never canceled that DENIED PO, and freed the money back up in your budget. MORAL OF THIS STORY... Always "DEAL" with orders that get denied!! Either CANCEL them or FIX them and resubmit them for approval.

## WHAT HAPPENS IF I DON'T RECONCILE MY ORDERS BEFORE THE 6/30 DEADLINE EACH YEAR?

**YOUR SITE COULD POTENTIALLY LOSE MONEY IN BOTH FISCAL YEARS:** If items are NOT going to arrive by 6/30 of each year, then THEY MUST BE CANCELED. This is the site's responsibility to make sure this happens. Principals have to check out with Chris Koda in Accounting and state that all orders were either RECEIVED or CANCELED before they leave for the summer. *If this does not happen, then orders continue to arrive after the 6/30 deadline, and the school site may lose the money in the current (ending) year, and then must pay for them in next year's budget. Causing new PO's needing to be created for items already received, invoices past due, etc. -which is NEVER ok!*

## HOW MUCH OF MY SUPPLIES/SERVICES BUDGET NEEDS TO BE ENCUMBERED BEFORE I LEAVE ON WINTER BREAK?

70% of your site supply/service budget should be encumbered (spoken for) before you leave on Winter Break. This means putting in PO's before you leave for break that account for 70% of your supply/service budget. (This does not mean it has to be received, but orders should be in Escape and heading down the approval path before you leave.) Make sure PRINCIPALS/ADMIN have approved them also before they leave, so that the Business Department can keep them moving while you are out. The later you wait to place orders, the more chance you take of LOSING MONEY on orders that do not arrive on time.

### **EXAMPLE OF HOW TO RECONCILE ORDERS FOR YOU SITE (just an example of how to reconcile)**

Create your order

Print out a Snap Shot in Escape of the order once you submit it for approval

Attach the Snap Shot of the order to the backup/request from the end user (teacher, principal etc.)

Put these in a PENDING ORDER APPROVAL file/binder

Once you see the order is approved and has been assigned a PO then throw out the Snap Shot page (because its only as good as the time it was printed and the approved PO overrides it) and replace it with a copy of the approved PO with all your backup now attached.

File that PO in numeric order (smallest to largest) in a folder/binder called PENDING ORDERS

One time a month (at the LEAST) go through your PENDING ORDERS binder and call on any orders that are older than 3-4 weeks. Make notes on the copy of your PO and in the Escape notes tab about what you find out from the vendor when you call them. So that IF they are still there next month when you reconcile, you can refer to your notes to see if you need to call again, or if they told you last month the items would not arrive until a certain date that has not yet passed. **BLANKET PO'S:** (KEEP A SEPARATE TAB FOR BLANKET PO'S IN THIS BINDER AND KEEP A RUNNING TALLY OF HOW MUCH IS BEING SPENT. ATTACH COPIES OF THE PACKING SLIPS/INVOICES SO YOU ALWAYS HAVE A BALANCE, AND SO YOU WILL KNOW WHEN YOU CAN CLOSE THE PO OUT.) *HAVE YOUR PO#, QUOTE # IF APPLICABLE, AND LIST OF ITEMS YOU ARE CALLING ABOUT READY BEFORE YOU CALL.-NEVER ADD ANYTHING TO AN ORDER THAT WAS NOT APPROVED, DO NOT PLACE MORE ORDERS W/O A PO#. CONTACT VENDORS ONLY TO FOLLOW UP (reconcile) YOUR ALREADY APPROVED ORDERS.*

Once the order is ALL RECEIVED/SERVICES RENDERED, (send any invoices if necessary to accounting so they know the order is ok to pay) and then File the COMPLETED ORDER in a File/binder called COMPLETED ORDERS. (You will hopefully never have to look at these again if all goes well- LOL)

Phone numbers can USUALLY be found in Escape just below the vendor address information, on the copy of the PO, or on the backup you send with your order (quote/proposal/estimate). We try to get this info whenever sites send us a W9 and request us to add a vendor. If the site provides the information at that time, then we enter that in Escape. If it's not there, you should be able to google it and find a number.

### **PURCHASE ORDER DEADLINE INFO:**

Purchasing DEADLINE DATES usually come out around the first part of February, and the dates are USUALLY roughly the same:

- End of Feb: All orders over \$5000, All Technology items, all furniture items
- Mid March: All Supply orders
- First of May: Last day to use BPO's
- First of June: All invoice due, and all PO's that WILL NOT ARRIVE in time, must be closed out before you leave for the summer!