

IES Purchasing: Miss-allocation of Direct Items

Purpose

The purpose of this Document is to explain how to deal with a Direct Item miss-allocation.

Introduction

A Direct Item, including where the cost is allocated, is approved when the Authorizer performs approval of the Proforma Order. As such, the original capturer cannot arbitrarily re-allocate the cost, i.e. it is subject to authorisation rules.

Remedies


When a Direct item is miss-allocated, the following options for remedy are available: -

- 1) Wait until the Item is invoiced. Then, at this stage, a cost is present in the wrong account. The cost may be transferred from the wrong account to the correct account by a simple corrective journal, i.e. debit and credit. This procedure is usually followed if the mistake is discovered after invoicing.

- 2) The Direct Item may be cancelled on the PO, and a supplement (new direct item) performed on the PO, to get the allocation right. The supplement is subject to the capturer's privileges, and therefore within the authorisation rules. The PO does not have to be re-done. This procedure is usually followed when the miss-allocation is discovered before the item has been invoiced.

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