

# Reconciling Estimated Freight from Purchase Receipt

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If Estimated Freight is reconciled from Purchase Receipts instead of Purchase Invoices, the Freight Reconciliation Summary report can be used to verify the Estimated Freight Liability account balance.

It is important that freight be reconciled on a regular basis. Best practice is to reconcile freight each month before closing the fiscal month if possible. Running the reports described below just prior to closing the fiscal month and saving them is recommended even if reconciliation is not possible at that time.

The Freight Reconciliation Summary report is found at *Accounting Reports / Inventory / Purchase*.

The screenshot shows the 'Inventory Purchase Reports' dialog box. On the left, a list of reports is displayed, with 'Freight Reconciliation Summary' highlighted. Below this list are options for 'Print', 'Preview', and 'Text File', along with a 'File Name' field. The 'Report Criteria' section on the right includes: 'Select Products' (All), 'Select Vendors' (All), 'Select Date Range' (checked, with Start and End dates of 03/26/2024), 'Charge Type' (All), 'Include' (Unreconciled), 'Include When PR' (Both), and 'Sort By' (PO Num). There are also 'Load Set', 'Save Set', 'OK', and 'Cancel' buttons at the bottom.

## Charge Type

- **Freight** – Includes Estimated \$/Unit or Estimated Total\$ entered on the Purchase Receipt.
- **Add-on** – Includes all Add-ons entered per line item on the Purchase Receipt. These may or may not represent freight. A specific Purchase Add-on Charge may be designated for Freight at *Accounting / Setup / Preferences / Inventory Purchase tab / Use Purchase Add-on Charge for Freight* if desired.

## Include

- **Reconciled** – Purchase Receipts that have been reconciled through the *Reconcile Freight/Additional Charges* window.
- **Unreconciled** – Purchase Receipts that have not been reconciled through the *Reconcile Freight/Additional Charges* window.

## Include When PR

- **Processed** – Purchase Receipts that have been fully used on a Purchase Invoice.
- **Partial Only** – Purchase Receipts that have only been partially used on a Purchase Invoice.
- **Unprocessed** – Purchase Receipts that have not been imported into a Purchase Invoice.

The report should be run three times, each time with a different set of criteria to calculate the balance of the Estimated Freight account. The *Use Date Range* should always be unchecked to ensure ALL transactions are included.

1. Run the report for *Unreconciled* Estimated Freight and *Processed* Purchase Receipt entries. It is recommended that the prior year be selected in *Include Additional Dataset* to consider prior year items.
  - The report displays the value posted to the Estimated Freight account as a credit balance (the accrual entry). This posting occurs when a Purchase Invoice references a Purchase Receipt that was saved with Estimated Freight.
  - When the report is processed with these options, freight entries that have already created the offsetting debit entry are excluded.
2. Selecting the *Processed* option for Purchase Receipts and the *Unreconciled* option for Estimated Freight entries enables the *Partial Only* option. Run the report again with all three of these options selected. It is recommended that the prior year be selected in *Include Additional Dataset* to consider prior year items.
  - Only partially invoiced Purchase Receipts will display on the report when the *Partial Only* option is selected.
  - This report will display the additional value posted to the Estimated Freight account as a credit balance (the accrual entry). This posting occurs when a portion of a Purchase Receipt is pulled into a Purchase Invoice.
3. Run the report for *Reconciled* Estimated Freight and *Unprocessed* Purchase Receipt entries.
  - This displays the value posted to the Estimated Freight account as a debit balance, provided an A/P Bill was posted.
  - It excludes reconciled Estimated Freight entries on Purchase Receipts that have been referenced on a Purchase Invoice because both the debit and the credit sides of these transactions have already offset each other.

Add the *Total Estimated Dollars* from the reports run in Step 1 (*Processed* Purchase Receipts and *Unreconciled* Estimated Freight entries) and Step 2 (*Processed* Purchase Receipts, *Unreconciled* Estimated Freight entries, and *Partial Only*). This is the total of the credits made to the freight liability when the Purchase Receipts were used on Purchase Invoices.

Subtract this total from the *Total Estimated Dollars* on the report run in Step 3 (*Unprocessed* Purchase Receipts and *Reconciled* Estimated Freight entries). Step 3 is the total of the debits made to the freight liability when the freight bill was posted through the *Reconcile Freight* window. The difference between these totals should be equal to the balance in the designated Estimated Freight account.

*Step 3 - (Step 1 + Step 2) = Balance in Estimated Freight General Ledger Account*

If the difference of the reports does not match the Estimated Freight account, research will need to be completed to determine the cause of the difference. Corrections may include a manual Journal Entry being added to reconcile the difference.

- If *Step 1 + Step 2* is larger than *Step 3*, then the Estimated Freight account should be a positive balance.
- If *Step 3* is larger than *Step 1 + Step 2*, then the Estimated Freight account should be a negative balance.

## Troubleshooting

Here are some things that could cause reconciliation differences:

- A Purchase Receipt was marked as posted in the *Freight Reconciliation* window, but no A/P Bill was created.
- Estimated Freight was put on the Purchase Receipt, but, at the time the Purchase Invoice was entered, freight was changed to a different amount, removed, or changed to Actual instead of Estimated.
- No Estimated Freight was entered on the Purchase Receipt, but it was added on the Purchase Invoice.
- If a Purchase Receipt is reconciled at the *Freight Reconciliation* window but then the Purchase Receipt is voided, the Bill has been made but the Purchase Receipt will never be processed on a Purchase Invoice to make the offsetting freight entry.
- An error is received when saving or voiding a Purchase Invoice so no Journal Entry is made for the Estimated Freight.

## Reconciling Freight from Prior Year

Freight items should be reconciled if possible before closing the fiscal year. Running the Freight Reconciliation Summary reports just prior to closing the fiscal month and saving them is recommended even if reconciliation is not possible at that time.

In the current year, if a prior year is selected at the *Freight Reconciliation* window, the prior year entries will be brought into the window. If a prior year item is then reconciled/posted in the current year, this item is removed from the *Freight Reconciliation* window in the prior year data. If logging into a prior year and rerunning freight reports, they may not look exactly the same as they would have prior to closing the year.