



# Process Documentation

*Department:*

Customer Support

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**NAME OF PROCESS**

## Determining Whether a Work Order Affects the General Ledger

**Use Case / Objectives**

This article will help in understanding how work orders interact with the General Ledger (GL) is essential for maintaining accurate financial records and ensuring proper accounting controls. While work orders primarily track maintenance and repair activities within the equipment fleet, their financial impact varies depending on the type of work performed and whether any external billing is involved.

**Configuration, Training, and Reporting**

This document assumes you know how to perform basic Search functionality to find information in the system (i.e., F4 search). The steps for this are not included within this document.

Menu options to access:

5-80-3, General Ledger Tab > General Ledger Maintenance > Maintain G/L Sales Revenue Distribution - Item.

## How to Determine Whether a Work Order Affects the General Ledger (GL)

Understanding how work orders interact with the General Ledger (GL) is essential for maintaining accurate financial records and ensuring proper accounting controls. While work orders primarily track maintenance and repair activities within the equipment fleet, their financial impact varies depending on the type of work performed and whether any external billing is involved.

Below is an overview of how work orders affect—and do not affect—the GL.

### Work Orders and Their Impact on Equipment Cost

By default, work orders capture the repair history of each piece of equipment. As parts and labor are added to a work order, the equipment's overall cost increases within the Equipment Master.

This increase is **internal to the equipment record** and does not automatically create an expense or revenue entry in the GL.

The actual financial impact to the GL depends on how the parts and labor were acquired or processed.

### How Accounts Payable (AP) Drives GL Impact

Expenses or inventory-related GL entries do not originate from the work order itself—they are created through Accounts Payable (AP) when vendor invoices are processed.

If the purchase order (PO) is coded to an expense account, the AP posting will affect expense GLs.

If the PO is coded to an inventory account, the AP posting will affect inventory GLs.

The work order simply consumes the parts or labor that AP has already recorded financially.

## GL Category Examples That Affect the GL

Some GL Categories are designed to create financial transactions, particularly when a customer is billed. For example:

**Sales revenue and accounts receivable (AR)** are affected **only** if charges on the work order are billed to a customer.

If no customer billing occurs, then only **inventory and cost adjustments** occur internally, without revenue or AR impact.

This structure ensures that the GL reflects true external financial activity rather than internal cost movements.

## GL Categories That Affect Revenue Only When Billed

Certain GL Categories only create entries when the work order is tied to a **customer-facing transaction**. In these scenarios:

Revenue is recognized only if the work order generates an invoice to the customer.

If the work order is strictly internal—such as internal repairs, preventive maintenance, or internal labor—the **GL is not affected** by these categories.

These controls prevent unintended revenue postings and help maintain clean accounting records.

## Summary

In short, not all work orders impact the General Ledger. While they always update equipment cost history, their actual GL effect is determined by:

- **AP postings** related to parts and labor purchases
- **GL Category setup** on the work order
- **Whether the work order is billed to a customer**

By understanding these relationships, users can more clearly trace how repair activity flows through the accounting system and ensure accurate financial reporting.