

Purchase Order Management

TRAINING GUIDE



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VIII MFG/PRO TRAINING GUIDE — PURCHASE ORDER MANAGEMENT

About This Course

Course Description

QAD designed this course to cover the basics of preparing to implement the Purchase Order Management functions of MFG/PRO. The course includes:

- An introduction to the Purchase Order module
- An overview of key business issues
- Setting up the Purchase Order module
- Operating the Purchase Order module
- Setting up and processing Blanket Orders and Requisitions
- References to other QAD materials
- Activities and exercises throughout the course
 - Students practice key concepts and processes in the Purchase Order module

Students learn how to:

- Analyze some key business decisions before setting up the Purchase Order module
- Set up and operate the Purchase Order module

Who Should Attend This Course

- Implementation consultants, members of implementation teams, and key users
- Purchasing Managers

Prerequisites

- *Initial MFG/PRO Setup* training course
- Basic knowledge of MFG/PRO, as it is used in your business
- Working knowledge of the manufacturing industry in general

Note It is recommended that students unfamiliar with MFG/PRO work through the User Interface Guide before attending this class.

Approximate Length of Course

- This course is designed to be taught in three-quarters of a day to one full day

Certification Preparation

This course is one of several courses designed to assist students in preparing for QAD certification examinations. However, QAD does not guarantee anyone a passing grade as a result of having taken this course.

Students preparing for certification examinations should study all available materials (user guides, training guides, on-line help, for example) and acquire industry and field experience.

Using This Training Guide

This guide can be used by implementation consultants, members of implementation teams, and end users in instructor-led classes, while knowledgeable consultants can use this guide for self-study.

This training guide is intended to provide a road map for instruction and learning. This guide contains:

- Annotated PowerPoint slides for instructors
- MFG/PRO screens annotated for instructors to demonstrate the module's functionality
- References to other sections of this training guide and related training courses
- Exercises and study questions

Facilities

 Telephone/Fax	 Class Hours	 Emergency
 Messages	 Breaks	 EXIT
 Restrooms	 Parking	 Smoking

PO-IN-020

General Training Facilities Information

- Telephone or fax
- Messages
- Restrooms
- Class hours: start and finish times, and punctuality
- Breaks: frequency, approximate times
- Parking considerations; carpooling
- Emergency procedures: location of first aid, contact person for assistance
- Exit locations, building hours
- Location of approved smoking areas

CHAPTER 1

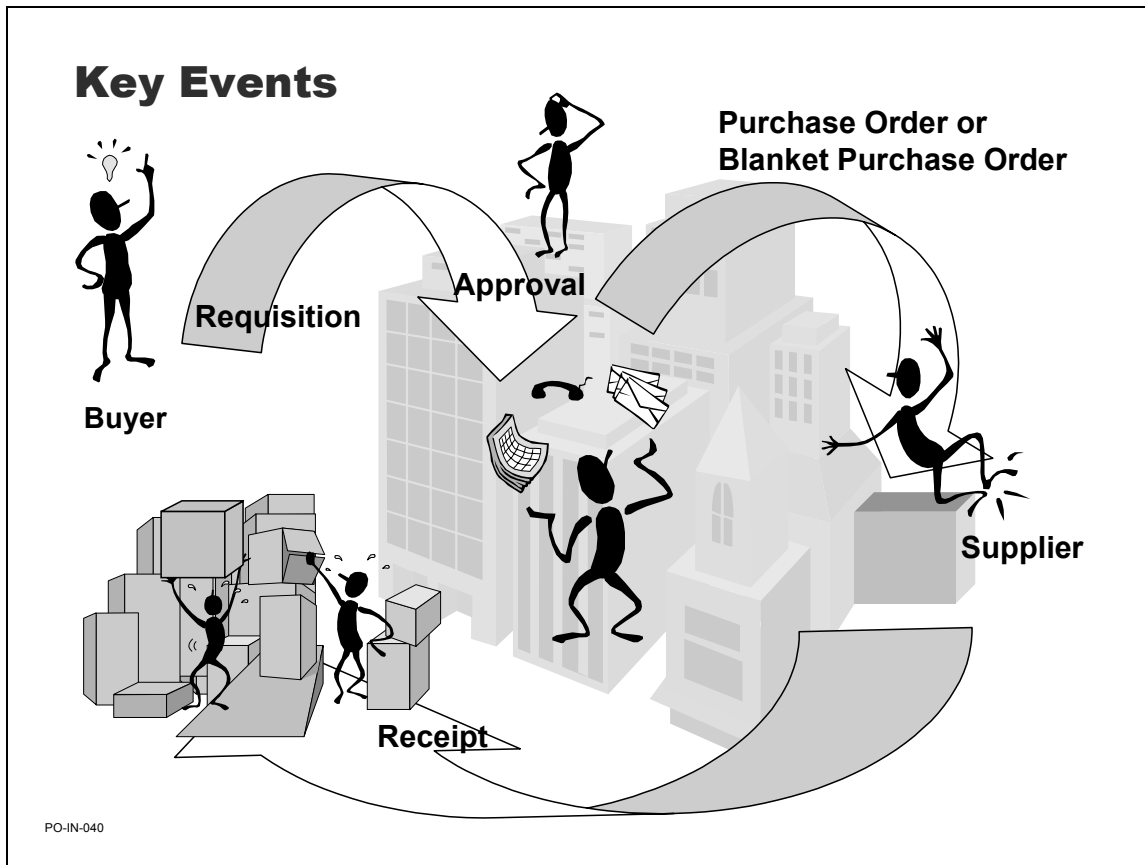
Introduction to Purchase Orders

Course Overview

- Introduction to Purchase Orders
- Business Considerations
- Set up Purchase Orders
- Process Purchase Orders
- Using Requisitions
- Using Blanket Purchase Orders

PO-IN-030

Overview



Purchase Orders

Requisition

A requisition is a way of communicating demand for purchased materials. It says you need this many of this item at this site on this date. It also says which site negotiates the purchase. Requisitions are usually generated by MRP, but can be entered manually.

Purchase Order (PO)

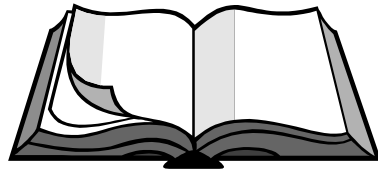
- Authorization to purchase specified items at a set price by an agreed upon date
- Contract to pay for the items under the terms and prices of the PO

Blanket Purchase Order

- A blanket order says you have agreed to purchase a certain quantity of an item over a certain period of time (the exact delivery dates to be determined later), and that you have agreed to pay according to the terms and prices specified
- Blanket orders are usually negotiated in advance of the demand and cover a longer time period, perhaps the annual requirement for a key component, with a price based on a volume commitment
 - Blanket orders monitor the quantity purchased and offer an opportunity to negotiate for a good price

Terminology

- Requisition
- Purchase order
- Blanket order
- Supplier
- Supplier item



PO-IN-050

Terminology

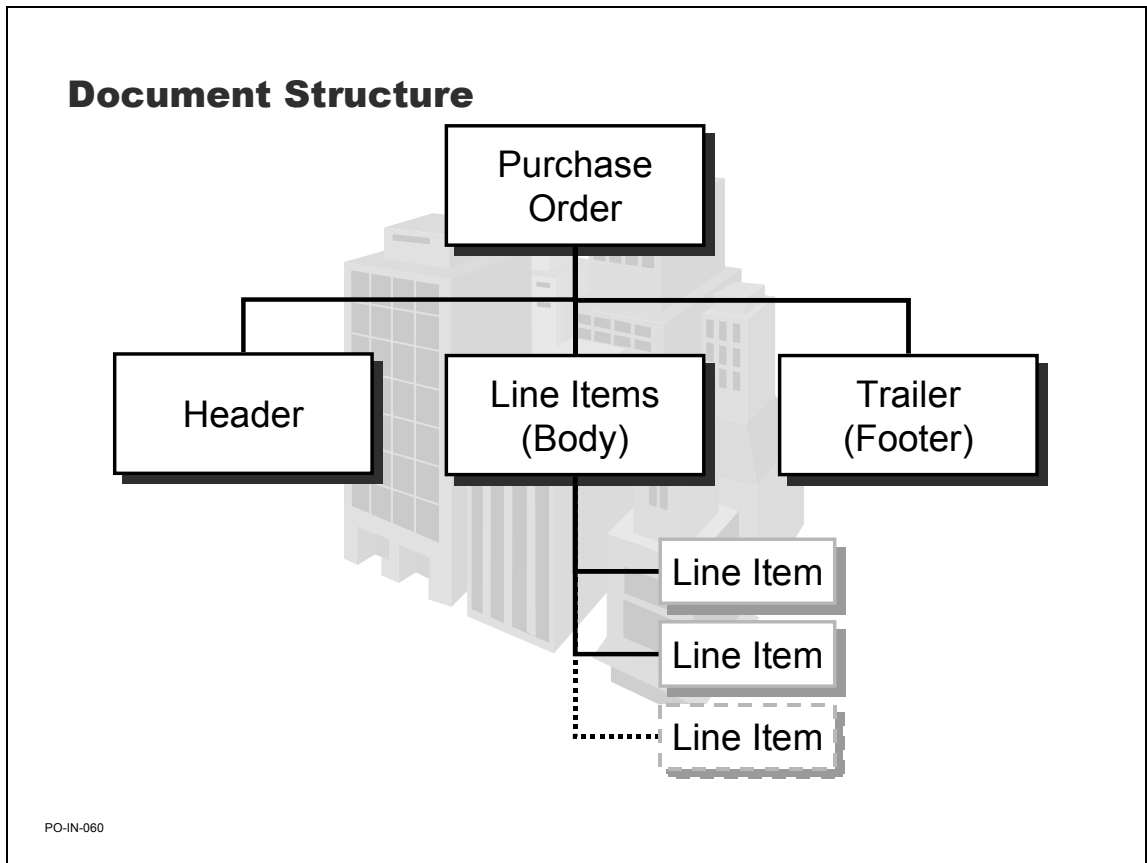
Requisition. A statement that someone needs a certain amount of an item by a certain time. The requisition lists what items are needed, how many, where, and when.

Purchase Order (PO). A contract with a supplier to purchase a specific quantity of items to be delivered at an agreed upon date for a set price. A purchase order should include order quantity, description, price, discounts, payment terms, transportation terms, and all other terms pertinent to the purchase and its execution.

Blanket Purchase Order. A long-term commitment to a supplier for products against which short-term releases will be generated to satisfy requirements. When a need arises, a release is made against the blanket order to generate a purchase order.

Supplier. 1. Provider of goods or services. 2. Individual seller with whom the buyer does business, as opposed to vendors, which is a generic term referring to all sellers in the marketplace.

Supplier Item. The item number the supplier uses to identify their item.



Sections

Header

- The header includes generic information that applies to the entire order, including:
 - PO site
 - Contract terms
 - Supplier data
 - Delivery date
- Completing the header causes the PO to be stored on the system even if no other information is entered for the order

Line Items

- The line item's frames include all items on the order and contain information about the ordered items, such as:
 - Quantity
 - Price
 - Any exceptions to the header data (a different due date or a different site, for example)
- The PO site on the line items can be changed if that item is being purchased for a site other than the one on the header

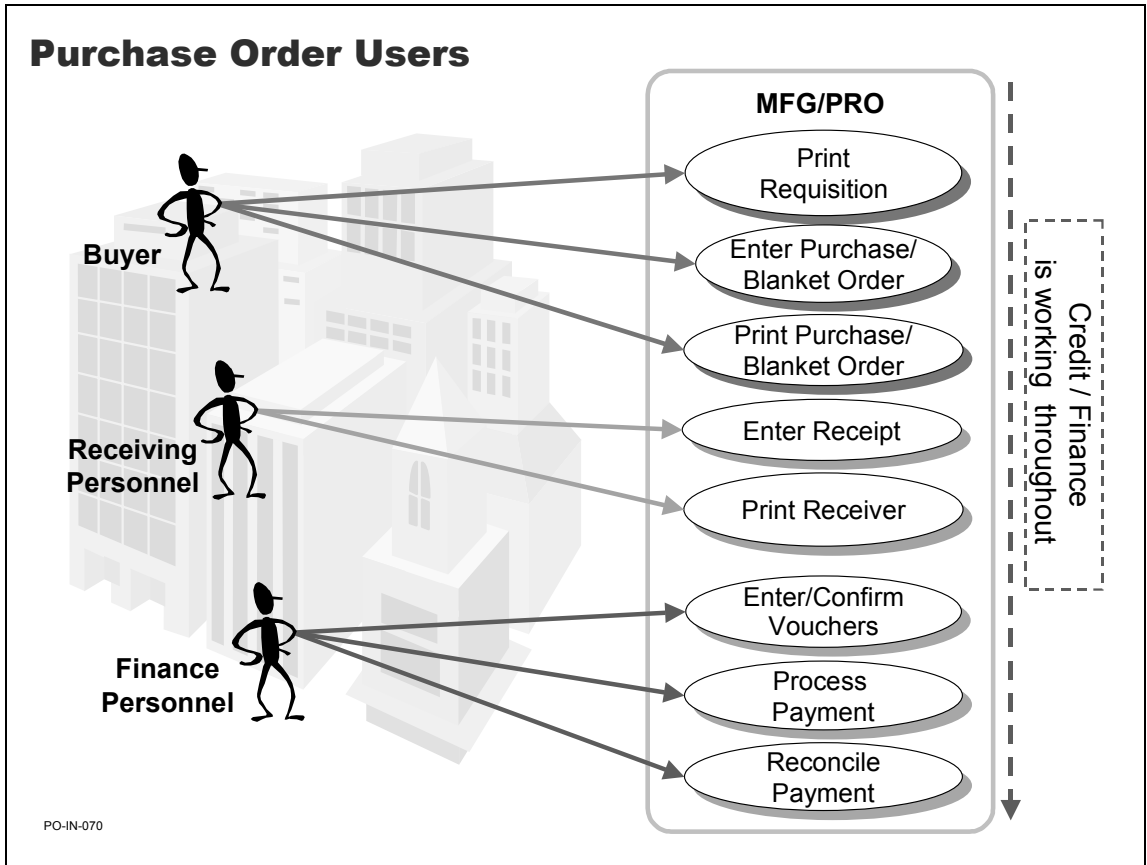
Trailer

The trailer frame contains tax, shipping and status information and presents the total for the entire order and any applicable

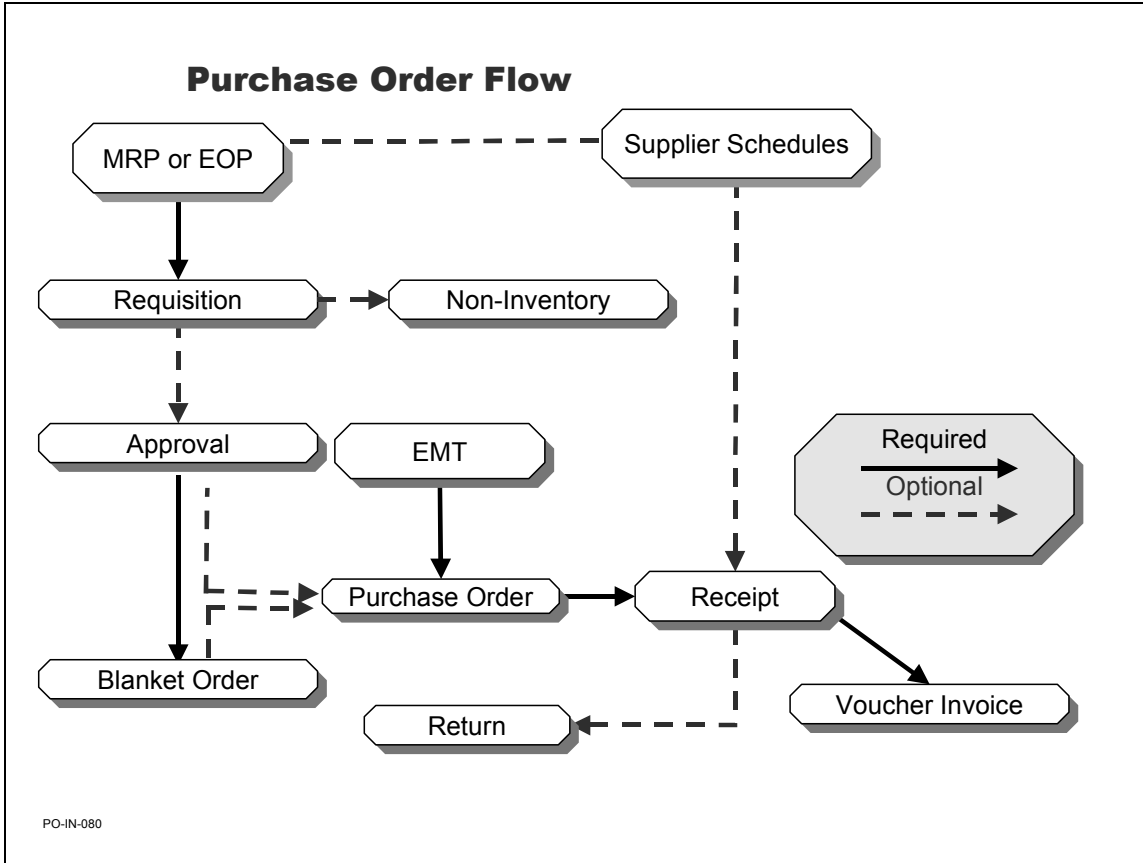
- Taxes
- Discounts
- Special charges



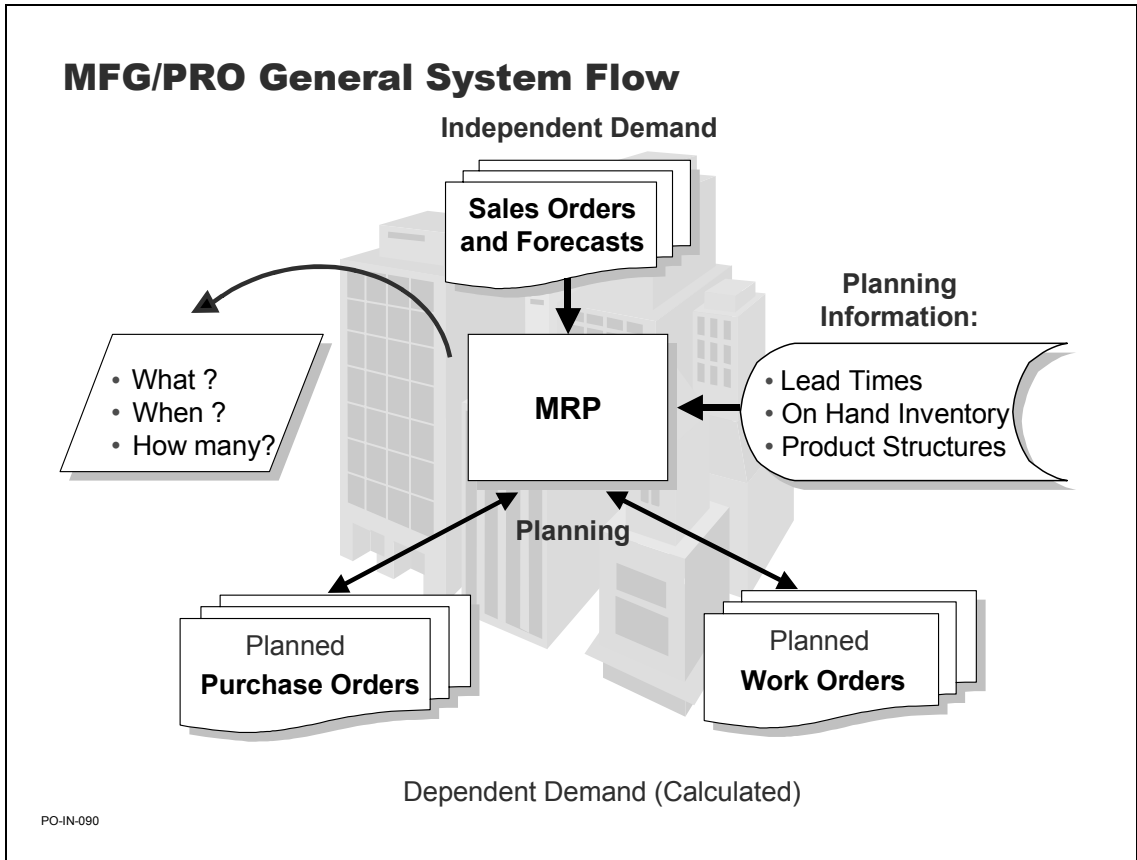
See in this training guide: *Purchase Order Sections* on page 117



How POs Are Used



Purchase Order Flow



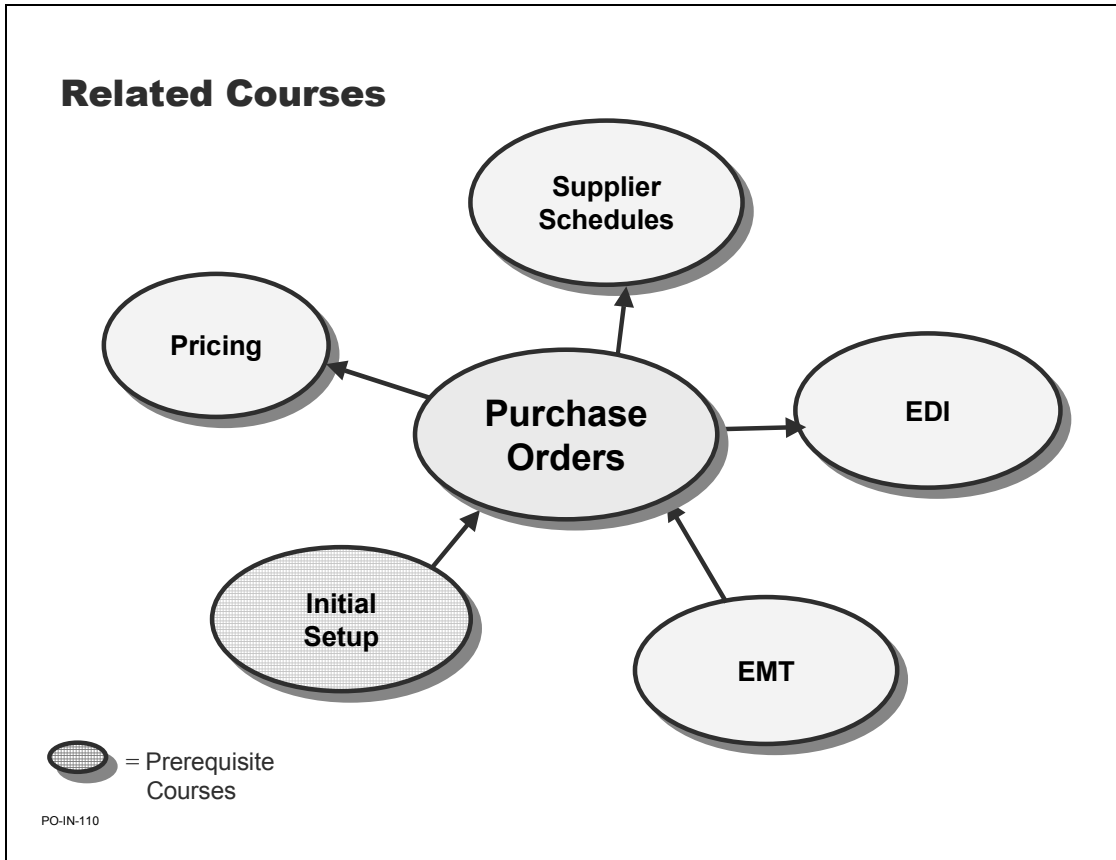
General System Flow

Course Objectives

- Identify some key business issues to consider before setting up Purchase Orders in MFG/PRO
- Set up Purchase Orders in MFG/PRO
- Process Purchase Orders in MFG/PRO
- Use Requisitions
- Use Blanket Purchase Orders

PO-IN-100

Course Objectives



Related Courses

Summary

- ✓ Introduction to Purchase Orders
 - Business Considerations
 - Set up Purchase Orders
 - Process Purchase Orders
 - Using Requisitions
 - Using Blanket Purchase Orders

PO-IN-120

Course Overview

CHAPTER 2

Business Issues

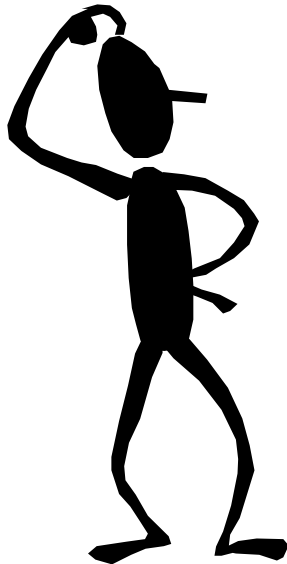
Business Considerations

- ✓ Introduction to Purchase Orders
- Identify some key business considerations before setting up Purchase Orders in MFG/PRO
- Set up Purchase Orders in MFG/PRO
- Process Purchase Orders in MFG/PRO
- Use Requisitions
- Use Blanket Purchase Orders

PO-BD-010

Business Issues

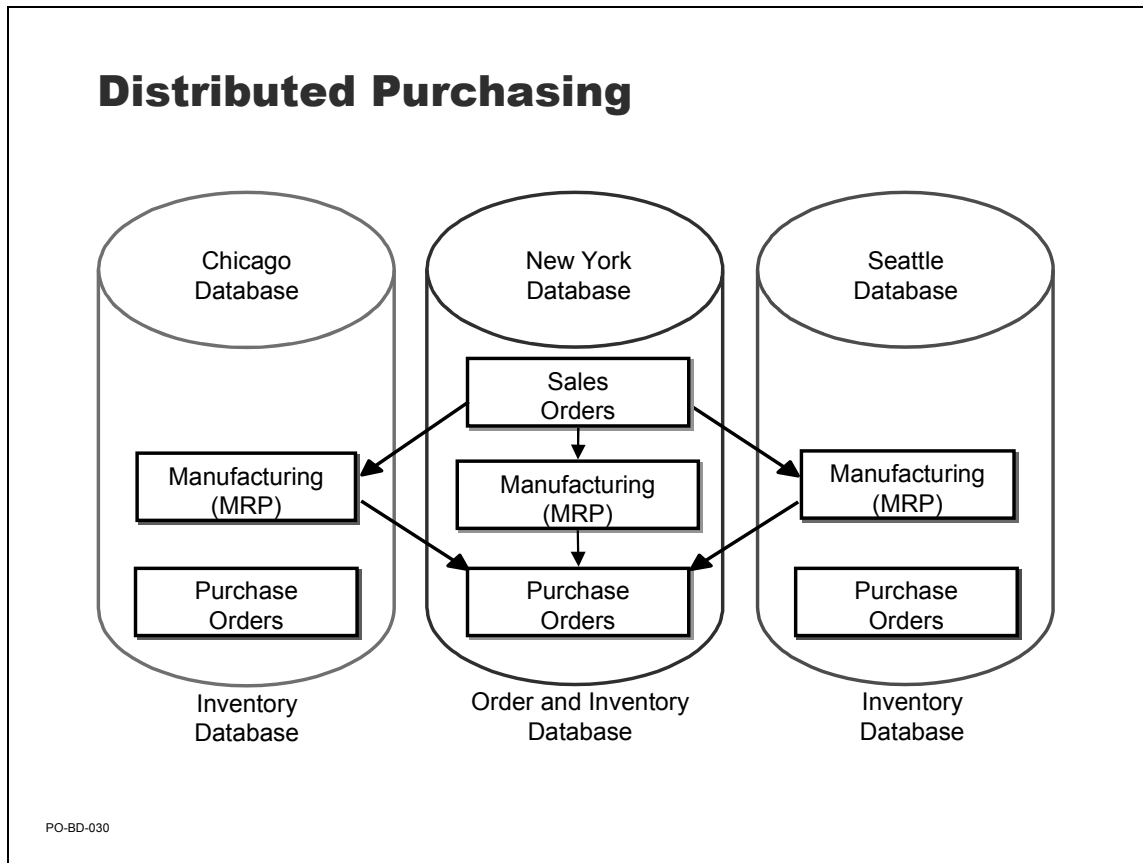
Business Considerations



- Distributed Purchasing
- Requisitions
- Blanket Orders
- Supplier Schedules
- Non-inventoried Items
- EDI
- Canceling Backorders
- Overshipments
- PO Pricing Tables
- Inspection/Review Requirements
- Subcontracting

PO-BD-020

There are several business issues to take into consideration before setting up Purchase Order Management. This section does not discuss all potential issues, but presents some issues to generate thought and discussion.

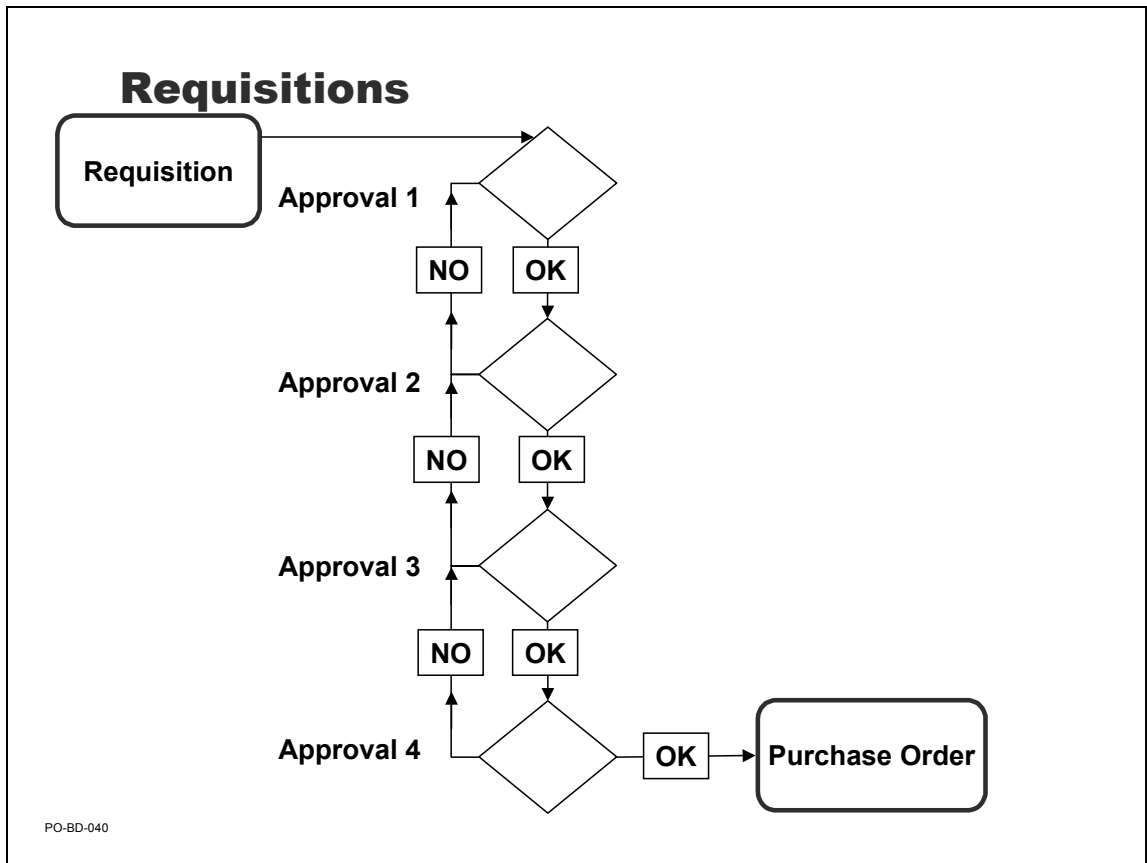


Distributed Purchasing

- Allows purchasing for multiple sites, even across multiple databases
- Lets you save money through volume purchases
- Allows local plants to purchase locally when necessary or economical

Setup Implications

- PO and requisition numbering schemes must be unique across all databases
 - Usually accomplished through the use of prefixes
- Site names must be unique across all databases and must have matching address codes
 - For example, the address code for site 7000 is also 7000



Requisitions

- Can require approvals

Why Consider?

- To track and limit spending
- To control spending by amount, product line, site, and GL account
- For conversion of MRP planned orders
- To give visibility to outstanding requests for purchase activity
- To automatically update purchase details by MRP

Limitations

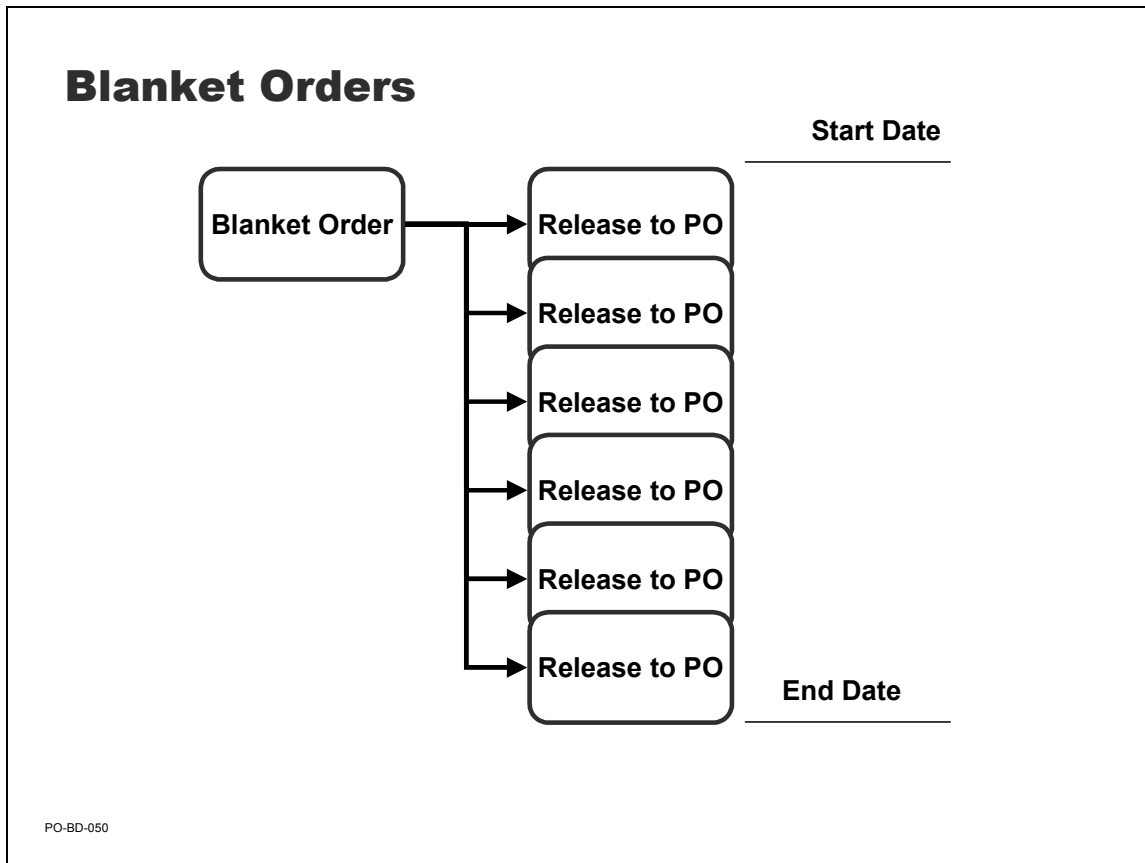
- Cannot be used for subcontract purchases or supplier schedules
- Do not specify a supplier or invoice directly
- Take more time through the approval process (if in use)
- Only one requisition is allowed per PO line

Setup Implications

- If you require all line items on POs to come from approved requisitions, the approval field must be set to Yes in the Purchasing Control
 - Otherwise, you may use requisitions with the approval field set to No
- Creation of approval codes and levels



See in this training guide: *Requisitions* on page 155



Blanket Orders

Blanket Orders are agreements to purchase items at a set price between two dates, with delivery dates to be determined.

- Work well for stock items when the delivery dates are not regular
- MRP does not consider blanket orders
 - MRP considers the stock only when it is released to a purchase order

Setup Implications

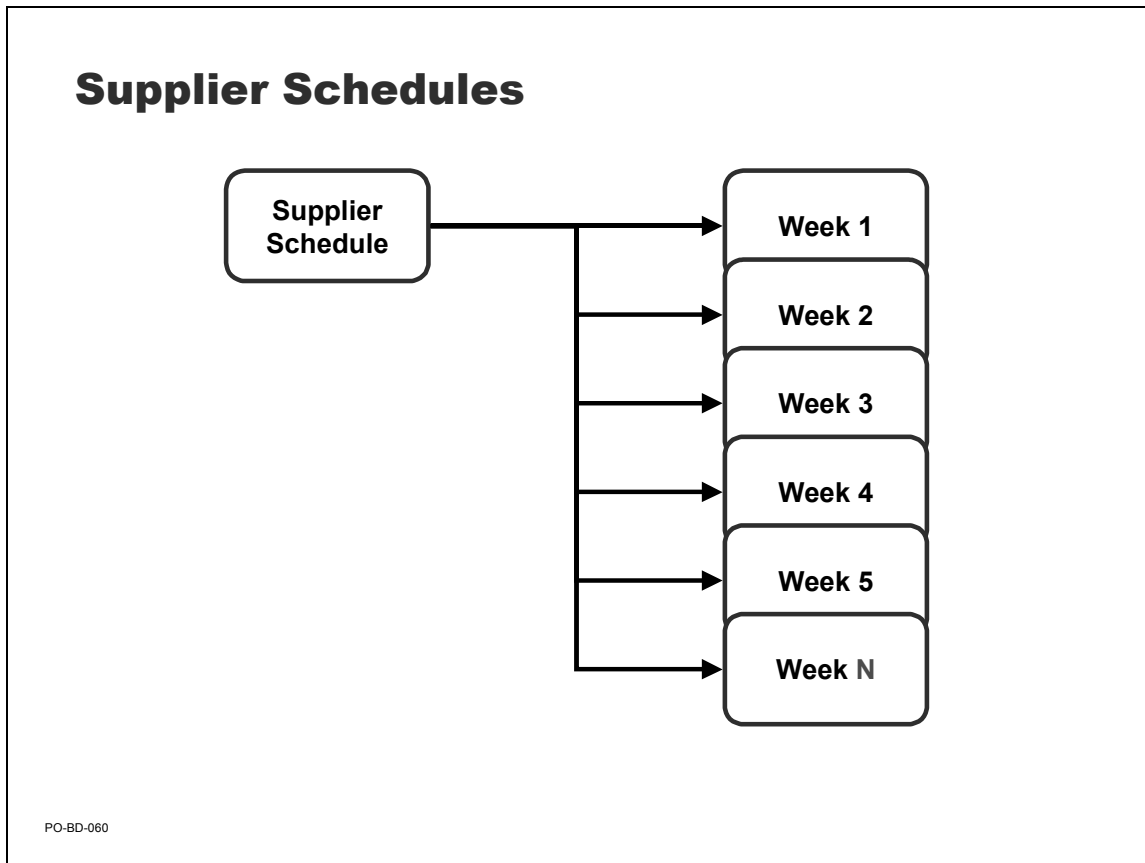
- If you have sufficient space in your PO numbering series, you can take advantage of the way MFG/PRO assigns PO numbers

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- If you have sufficient space in your PO numbering series, the blanket will append up to 3 digits to its blanket order, providing a link between the PO and the Blanket PO that is apparent in the order number
- If you do not leave a space in the numbering series, the release will simply get next available PO number (and no visible link exists)



See in this training guide: *Blanket Purchase Orders* on page 181



Supplier Schedules

- Allow you to schedule frequent and regular deliveries from the same supplier
- Specify dates and even hours of delivery for the near term
- Generate cumulative purchase orders

Why Consider?

- To plan and track significant supplier deliveries in detail
- To communicate forecast details to your suppliers
- To use EDI to transfer schedule information to suppliers
- To allow MRP to automatically update supplier schedules with minimal manual intervention

Setup Implications

- Creation of Supplier Schedule records

Purchase Orders/Blanket Orders/ Supplier Schedules

	Purchase Orders	Blanket Orders	Supplier Schedules
Delivery Dates	Single for order/item	Multiple	Multiple
MRP	Yes	No	Yes
Receipts	Yes	No	Yes
Duration	One time	Short/medium	Medium/long term
Elements	Header Line Items Trailer	Header Line Items Trailer POs	Header Planning schedule Shipping schedule Trailer

PO-BD-070

Order Types



Non-Inventory (Memo) Items

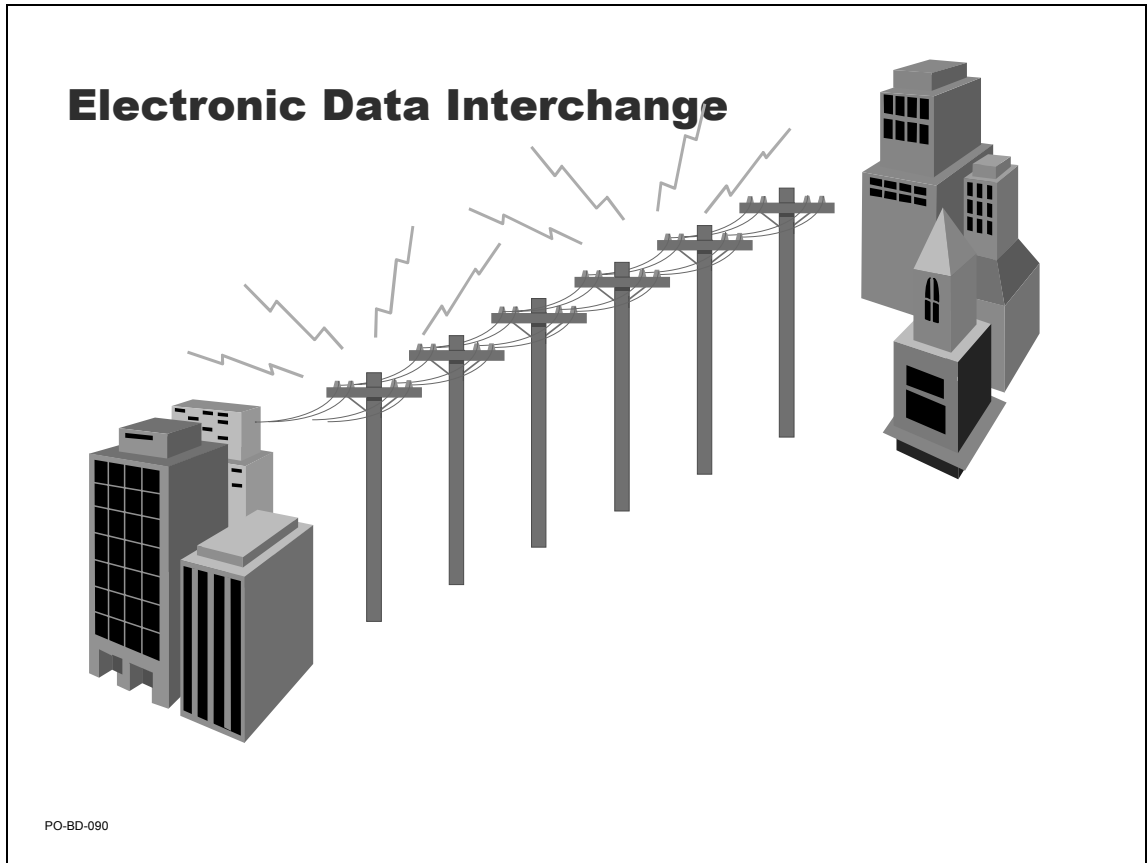
- You can track these purchases (for example, office supplies, shipping supplies, etc.)

GL Considerations

- You expense or capitalize these purchases on receipt, depending on the purchases account for the line items

Setup Implications

- Must use single-line mode to enter correct account and cost center to debit
- May use Requisition Approvals and GL Account Security to ensure that incorrect accounts are not used



Electronic Data Interchange (EDI)

EDI Allows You To

- Import and export standard business transaction documents with your suppliers and customers using value added networks (VANs) or e-mail systems

Why Consider?

- Reduce or eliminate paperwork involved in the supply chain

Setup Implications

- EDI software needs to be set up

Canceling Backorders

At PO Receipt?
On the PO Line?



PO-BD-100

Canceling Backorders

You can cancel backorders in two ways:

- At the time of receipt
- In purchase order maintenance, which is more time consuming

What is the difference?

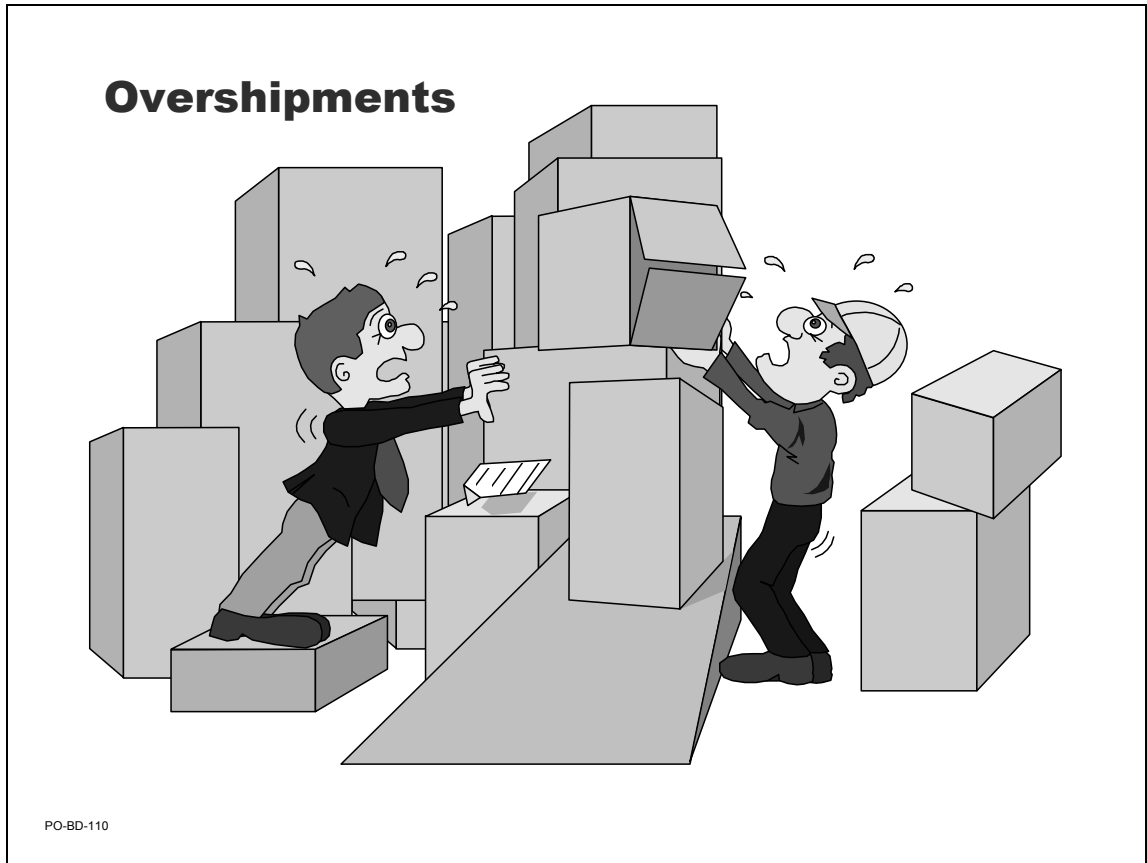
- Enabling cancellation at receipt is easier, but allows the operator to cancel any quantities

Setup Implications

- To allow cancellation at receipt, set Cancel Backorders in the Purchasing Control to *Yes*



See in this training guide: *Cancel Backorders* on page 87



Overshipments

You limit acceptance of overshipments in two ways:

- 1 Through a tolerance percentage, limiting them, for example, to 5%
- 2 Through a tolerance cost, limiting it, for example, to \$100.00

The two tolerances work together so that the receipt has to be acceptable by both criteria:

- With POs, the system gives you a hard error and you cannot receive if both criteria are not met
- With supplier schedules, if criteria are not met the system gives you a warning only, allowing you to receive in excess of tolerance

Setup Implications

- Set values in the Tolerance Percent and Tolerance Cost field in the Purchasing Control
- If over tolerance, you may also change the PO quantity and then receive



See in this training guide: *Tolerance Percent / Tolerance Cost* on page 87

PO Pricing Tables



PO-BD-120

Pricing Tables

Pricing Tables allow you to store extra pricing structure for items for these reasons:

- Prices in other than the base currency
- Prices for different units of measure, such as a better price for a case than for a unit
- Discounts at different quantity levels
- Prices calculated as a percentage markup over GL cost

Why Consider?

- Refines your pricing and saves money
- Speeds up PO maintenance and reduces purchase price variance errors

Setup Implications

- Associate price lists with suppliers and set up defaults for purchase orders



Discussed in the following Training Guide: List and Discount Table Pricing

Inspection & Review



- Multi Inspection Locations
- Lead Times
- Compliance
- Vendor Certification
- Use Quality Module

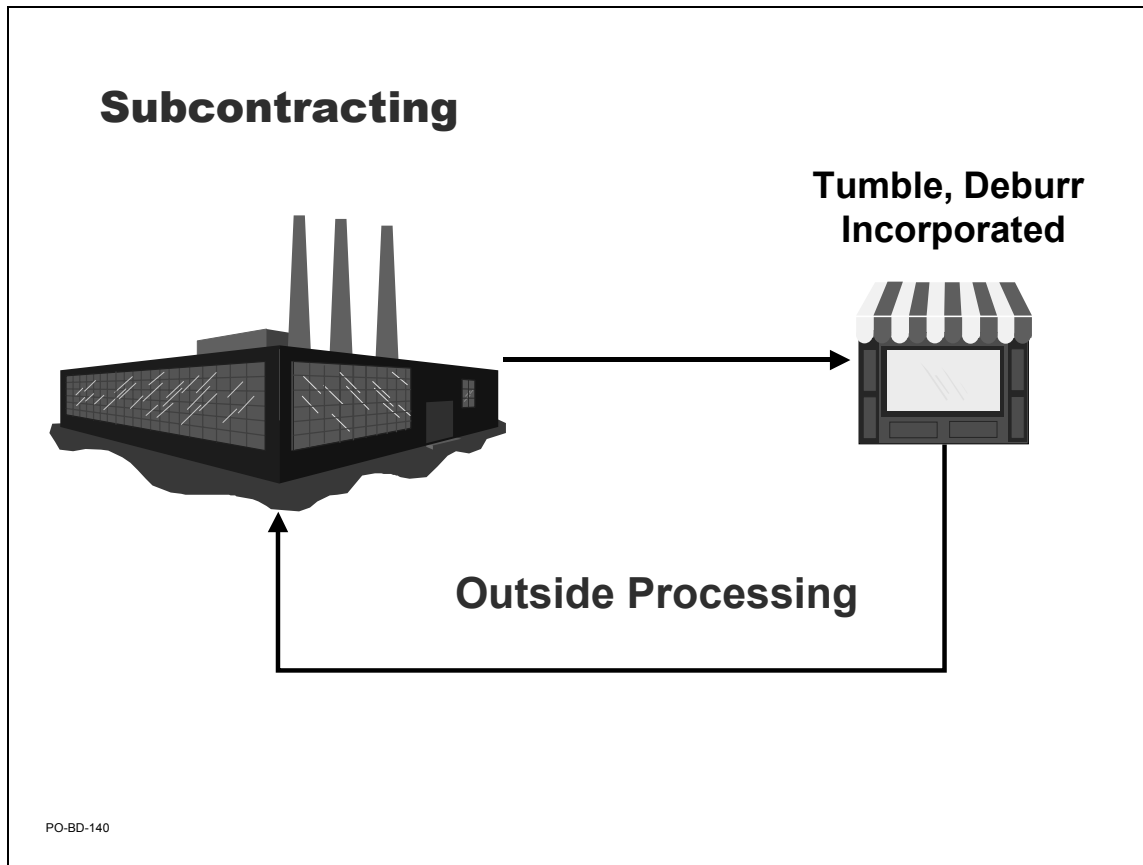
PO-BD-130

Inspection and Review

- Do you have a Vendor Certification Program?
- Are inspection items available for allocations?
- Do you have multiple inspection locations?
- Are you using the Quality Management module?
- Are you using the Compliance module?

Setup Implications

- Set Purchasing Control Inspection Location field to the default inspection location
- In Item Inventory Data Maintenance you can set the PO Receipt status to a code established in Inventory Status Code Maintenance
- In Item Planning Maintenance, set Inspection to Yes and enter an inspection lead time



Subcontracting

Subcontracting allows you to:

- Track manufacturing operations performed by suppliers

What is the impact on purchasing?

- Purchase order line items of type S must refer to operation and work order

Review

- Processes and Procedures
- Reporting Requirements
- Customer Expectations
- Product Configuration

PO-BD-150

Focusing Activity and Review

Individually, or in small groups, examine your company (or a client's company) against the business issues discussed in this chapter. Consider the following:

- 1 The business expectations given this type of company
- 2 Additional information you may need to elicit to successfully implement the MFG/PRO purchasing module for this company

Do not look ahead in this training guide or at the MFG/PRO software. The purpose of this exercise is to help you (and your group) focus on what is important to this company. (Hint: There are no right or wrong answers.)

Your instructor may ask you to list your requirements on an easel or white board to make it easier to share your findings with the whole class.

After you have had a chance to brainstorm your requirements (15 to 20 minutes), your instructor may ask each group to quickly review its findings, and may compile a master list for your class.

Summary

- ✓ Introduction to Purchase Orders
- ✓ Business Considerations
 - Set up Purchase Orders
 - Process Purchase Orders
 - Using Requisitions
 - Using Blanket Purchase Orders

PO-BD-160

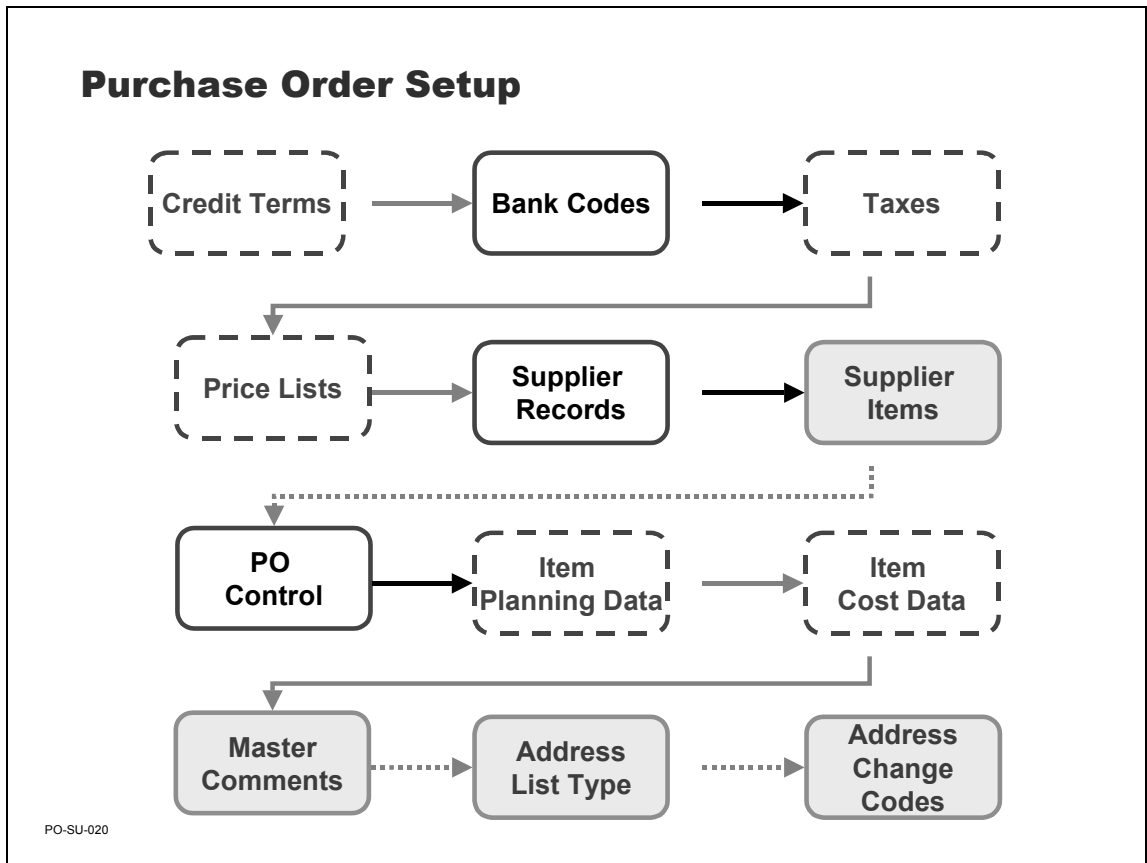
CHAPTER 3

Purchase Order Setup

Set up Purchase Orders




- ✓ Introduction to Purchase Orders
- ✓ Business Considerations
- **Set up Purchase Orders in MFG/PRO**
- Process Purchase Orders in MFG/PRO
- Use Requisitions
- Use Blanket Purchase Orders

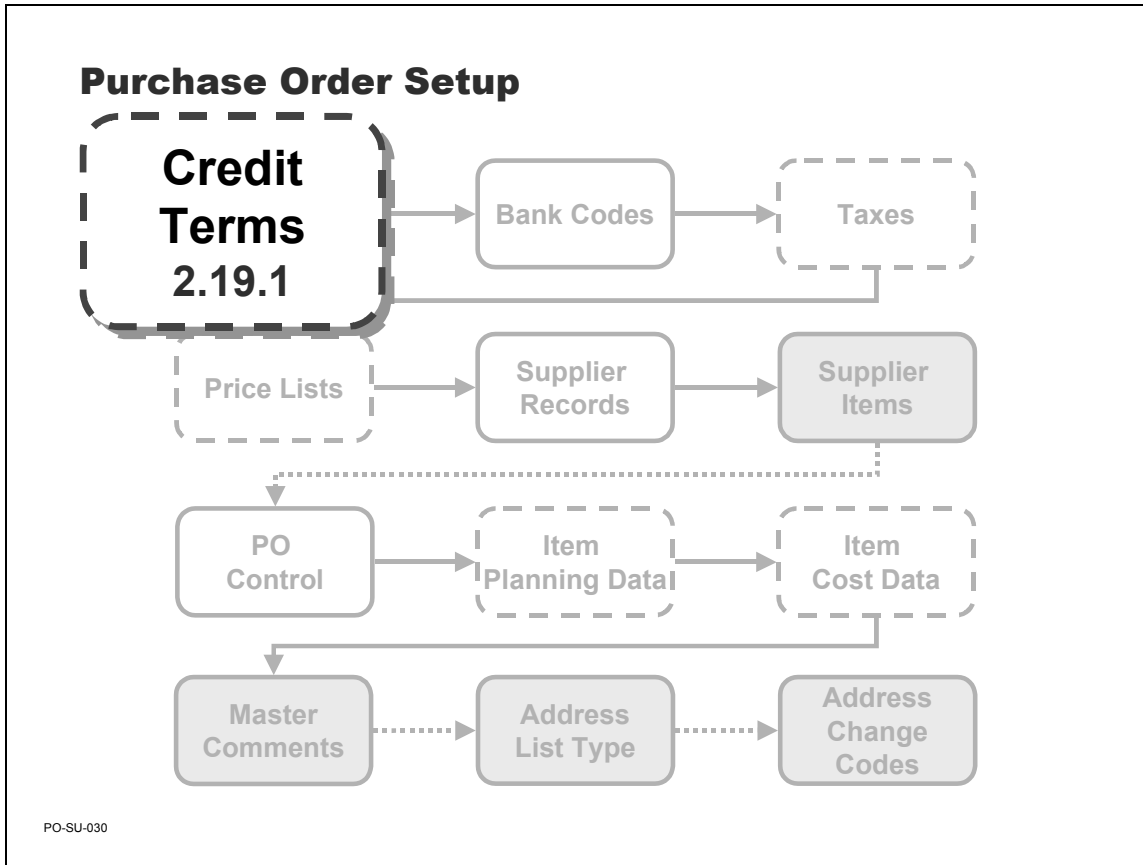
PO-SU-010



This illustration is a suggested setup sequence of master data for Purchase Order Management. It is based on information that flows from one master data to another and prerequisites that need to be accomplished before setting up data.

Reading the illustration:

-  Boxes with solid lines are required for set up and are covered in this course.
-  Shaded boxes reflect optional steps, but are covered in this course.
-  Boxes with dotted lines are required, but are covered at length in another course.



Credit Terms

2.19.1 – Credit Terms Maintenance

Credit Terms Maintenance

Terms Code: 🔍

Description:

Multiple Due Dates:

Disc Pct:

Disc Days:

Disc Date:

From:

Discount:

Date:

Due Days:

Minimum Due Days:

Due Date From:

Due Date:

Base Date:

Base Days:

Grace Days:

Terms Interest:

Pct:

Daily Overdue Int:

Pct:

PO-SU-040

Credit Terms Maintenance

- Credit terms are shared by all orders
- Credit terms codes define and are used to calculate the due date and discount dates
- Credit terms can be assigned to suppliers as their default
- Credit terms are alphanumeric: COD, N30...



Discussed in the following Training Guide: Accounts Payable and Accounts Receivable

Exercises



PO-SU-050

Exercises

Important The data used in these exercises may not be the same as the data shown in the screen captures in this lesson.

Credit Terms

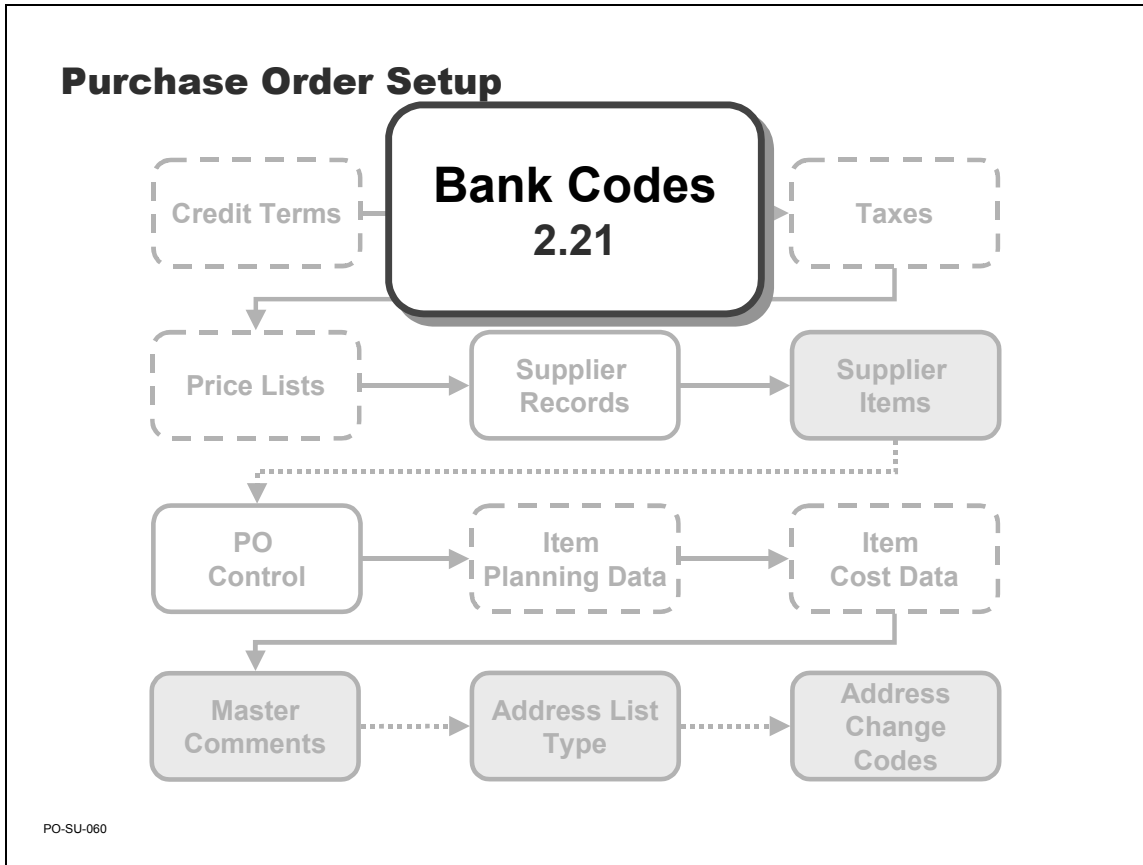
Instructions: Set up credit terms for use with suppliers (on purchase orders) and customers (on invoices).

- 1 First review the credit terms that already exist in the database
 - a Then add a new credit term:

Terms Code: 2/15N45
 Description: 2% DISC IN 15/ DUE 45
 Multiple: NO
 Disc %: 2
 Disc Days: 15
 Disc Date: from Invoice date
 Due Days: 45
 Due Date: from Invoice date

- 2** Add these four credit terms:
- a** 2/10P15: Terms are 2% Discount if paid within 10 days
 - Entire invoice amount due at the end of the month with a minimum of 15 days
 - b** N20: Entire invoice amount due 20 days from the date of the invoice
 - c** EOM20: The entire invoice is due on the 20th day of the next month
 - d** 50/50 (optional): Half of the invoice amount is due upon receipt of the invoice (credit term code 0) and the balance is due in 20 days (credit term N20)
 - Set Multiple Due Dates = Yes
 - Press Go
 - Enter the credit term you are referencing (0) in the Dating Code field, and 50 in the % Due field
 - Repeat this for Seq 2 and credit term N20
 - Press Go to save the line, then End to exit the frame

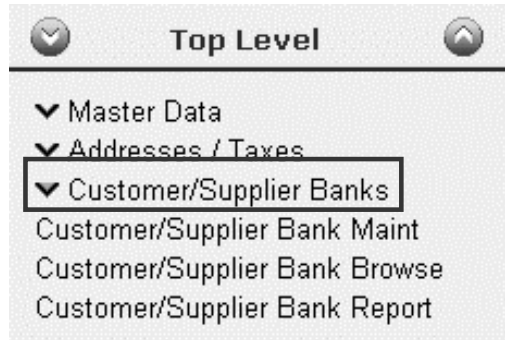
Use Credit Terms Maintenance



Bank Codes

Bank Maintenance records information about your company's bank accounts, primarily information controlling where amounts are posted in the General Ledger and how payments are processed.

2.21 – Customer/Supplier Banks Menu



PO-SU-070

Customer/Supplier Banks Menu

- MFG/PRO enables you to set up customer and supplier bank information
 - Customer banks are banks your customers use to pay your company
 - Supplier banks are banks your suppliers use to receive payments from your company
- Bank maintenance supports EDI transfers and draft management
- At least one Bank code must be defined before using Accounts Receivable, Accounts Payable, or Cash Management functions
- Bank codes determine where to post and how to process various transactions
- Multiple Bank codes can reference the same General Ledger Cash Account, provided the account is held in Base Currency or its Currency matches the Currency entered for the Bank

- You can use different General Ledger accounts for each Bank to maintain separate balances by currency and account
- Multiple bank codes can be assigned to the same physical bank account, one for manual checks and one for automatic
- The multiple currency module must be installed to use non-base currencies
 - This module establishes currencies, exchange rates, and bank codes

Checking and Draft Accounts

- When bank account validation has been specified in the System/Account Control, the system verifies whether the bank account code for supplier addresses is valid
 - If not valid, it displays a warning
- Invalid bank accounts are not listed on electronic funds transfer reports (or tables)
- For electronic funds transfers in Accounts Payable (check form 3 or 4), at least one of the bank accounts you enter should be valid

2.21.1 – Customer/Supplier Bank Maintenance – Address

The screenshot shows a software window titled "Customer/Supplier Bank Maint" with a "Bank Address" form. The form contains the following fields:

- Bank: (with a magnifying glass icon)
- Name:
- Address:
- Address:
- Address:
- City:
- State:
- Post:
- County:
- Format:
- Country:
- Attention:
- Attn:
- Telephone:
- Ext:
- Tel:
- Ext:
- Fax/Telex:
- Fax/Telex:
- Added:

Navigation buttons (back and forward) are located at the bottom right of the form area.

PO-SU-080

Customer/Supplier Bank Maintenance

Address

Names and addresses for customer bill-to's, sold-to's, ship-to's, docks, suppliers, remit-to's, salespersons, end-users, your company banks, customer/supplier banks, and company addresses are stored in one central place.

Attention

The first Attention field records the name of the primary contact person at this address.

- This contact name prints on a variety of reports and documents, including the Customer and Supplier Master Reports and the AR Balance Report
- This does not print in the window area of an envelope on printed forms
 - If you wish to have “Attention:” appear as part of the address, enter it in address line 1, 2, or 3

2.21.1 – Customer/Supplier Bank Maintenance – Tax Info

The screenshot shows a window titled "Customer/Supplier Bank Maint" with standard window controls (help, info, print, close). The window is divided into two main sections:

Bank Address

Bank: BOA
 Name: Bank of America
 Address:
 Address:
 Address:
 City: State: Post: Format: 0
 Country: United States of America usa County:
 Attention: Attn:
 Telephone: Ext: Tel: Ext:
 Fax/Telex: Fax/Telex: Added: 04/27/1995

Tax IDs

Sort Name: Bank of America
 Tax ID - Federal:
 Tax ID - State:
 VAT Reg Nbr:

Navigation arrows are visible at the bottom right of the Tax IDs section.

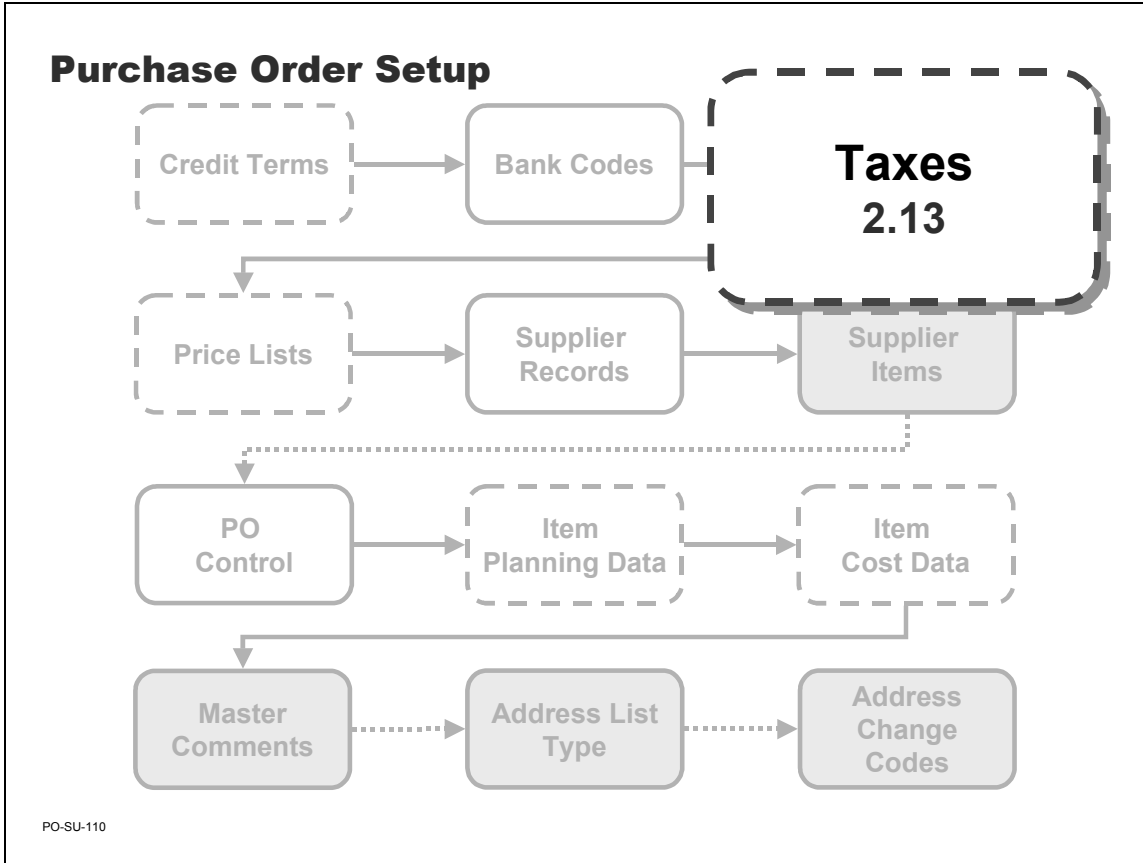
PO-SU-100

Tax Info

Tax ID information prints on tax reports and other selected documents, such as orders and invoices, where it is required by law.

- In some countries, you can use the same tax IDs for all company locations in the country, state, or province
- In others, you must set up a separate address record so that you can specify a separate tax ID for each address and site

Example In Canada, all ship-to addresses for the same customer use the same tax ID, but in Brazil, each ship-to address has a separate tax ID.



Taxes

Sales Tax

Global Tax Management

- ◆ GTM 2.13
- ◆ GTM Control 2.13.24

Items/Sites

- ◆ Taxable 1.2.1
- ◆ Tax Code 1.4.1

Customers/Suppliers 2.1.1/2.3.1

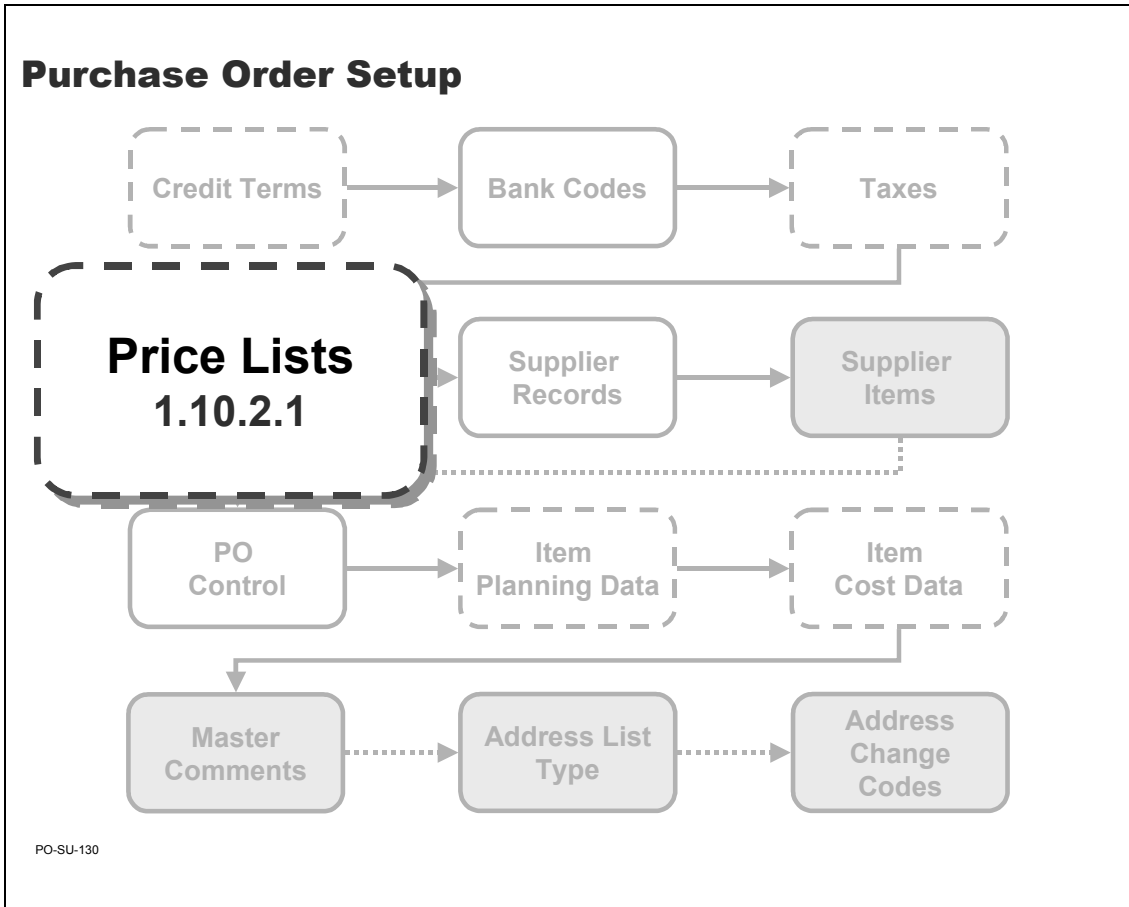
- ◆ Tax Code

PO-SU-120

Sales (Use) Tax

Global Tax Management (GTM)

- A tax processing system that addresses factors that vary considerably between countries:
 - Types of taxes
 - Formulas used to calculate taxes
 - When taxes are assessed



Price Lists

- You can enter one set of prices and then use Price List Copy to generate the others
- Different price structures can be entered for specific units of measure

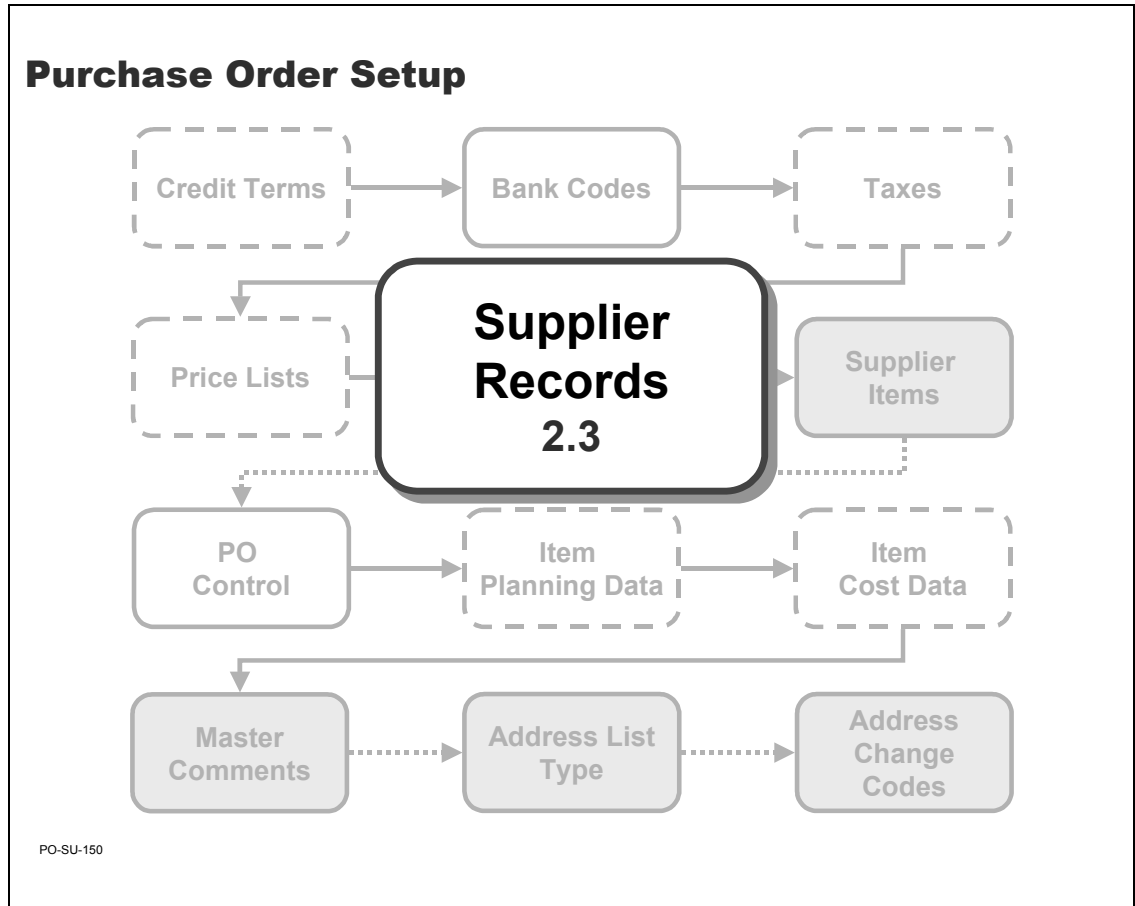
Example If you buy a case (CS) you get a better price than if you buy only one unit (EA).

- The GL Cost fields are display-only



Discussed in the following Training Guide: List/Discount Table Pricing

Note The price list function works a bit differently in supplier schedules than it does for normal purchasing.



Supplier Records

2.3.1 – Supplier Maintenance: Address and Data

The screenshot shows a software window titled "Supplier Maintenance" with standard window controls (help, info, print, close). The window is divided into two main sections:

Supplier Address

Supplier: 5055000 Temporary:

Name: The Office Supply Store

Address: 123 Oak Street

Address:

Address:

City: Mt. Laurel State: NJ Post: 08054 Format: 0

Country: United States of America USA County:

Attention: [2]:

Telephone: Ext: [2]: Ext:

Fax/Telex: [2]: Added: 02/12/1994

Supplier Data

Sort Name: The Office Supply Store

Type:

Pur Acct: 8200

AP Account: 2100

Ship Via:

Remarks:

Navigation arrows are visible in the bottom right corner of the window.

PO-SU-160

Supplier Maintenance

- This program records supplier data
- Some supplier data is static and is used only for reporting purposes
 - Static data includes addresses and remarks
- Other supplier data is control data that determines how supplier orders and accounts are processed
 - Control data includes accounts payable and currency information

Supplier Address

- Temporary addresses can be archived after AP has been cleared

Note Changes to address data made after an address has been used may affect your ability to trace address information:

- Only the address code is stored in the order
- Address data is recalled as needed
- Based on your business practices, if a supplier address changes you may want to assign a new address instead of changing the existing one

Supplier Data

Sort Name

- Name used when sorting addresses for reports and inquiries
- Defaults from the supplier name entered when the supplier is first added

Type

- Selects groups of suppliers for reporting, particularly for purchase order reports
- Validated against predefined values entered in Generalized Codes Maintenance 36.2.13, if any

Ship Via

- Default on all purchase orders and blanket orders for this supplier
 - May be changed manually during order entry
- Prints on formal documents such as purchase orders, blanket orders, receivers, and return documents
- Validated against predefined values entered in Generalized Codes Maintenance, if any

Remarks

- General remarks pertaining to this supplier, usually to the order or shipping process
- Default remarks on all purchase orders and blanket orders for this supplier
 - Can be changed manually during order entry.
- Print on formal documents such as purchase orders, blanket orders, receivers, and return documents

2.3.1 – Supplier Maintenance: Pricing Data

The screenshot shows a software window titled "Supplier Maintenance" with standard window controls (help, info, print, close) in the top right. The window is divided into two main sections:

Supplier Address

Supplier: 5055000 Temporary:

Name: The Office Supply Store

Address: 123 Oak Street

Address:

Address:

City: Mt. Laurel State: NJ Post: 08054 Format: 0

Country: United States of America USA County:

Attention: [2]:

Telephone: Ext: [2]: Ext:

Fax/Telex: [2]: Added: 02/12/1994

Supplier Pricing Data

Buyer:

Price Table:

Discount Table:

Fixed Price:

Navigation arrows are visible in the bottom right corner of the window.

PO-SU-170

Supplier Pricing Data

The price and discount tables created in Price List Maintenance and entered here become the defaults for the supplier on each new purchase order.

Note You may want to use the supplier code as the code for Price Tbl or Disc Table so that you know which supplier the table is for.



See in this training guide: *Price List Maintenance* on page 67

2.3.1 – Supplier Maintenance: EMT Data

Supplier Maintenance ? i [icon] x

Supplier Address

Supplier: 5055000 Temporary:

Name: The Office Supply Store

Address: 123 Oak Street

Address:

Address:

City: Mt. Laurel State: NJ Post: 08054 Format: 0

Country: United States of America USA County:

Attention: [2]:

Telephone: Ext: [2]: Ext: [2]:

Fax/Telex: [2]: Added: 02/12/1994

Enterprise Material Transfer Data

Send SO Price: SO Price Reduction:

Send Credit Held SO: Use SO Reduction Price:

Auto EMT Processing:

Automatic PO Receipt:

PO-SU-180

Enterprise Material Transfer (EMT) Data

Use this frame to establish your defaults for EMT order processing at the primary business unit and the secondary business unit sites.



Discussed in the following Training Guide: Enterprise Material Transfer (EMT)

2.3.1 – Supplier Maintenance: Terms Data

Supplier Maintenance

? i [icon] x

Supplier Address

Supplier: 5055000 Temporary:

Name: The Office Supply Store

Address: 123 Oak Street

Address:

Address:

City: Mt. Laurel State: NJ Post: 08054 Format: 0

Country: United States of America USA County:

Attention: [2]:

Telephone: Ext: [2]: Ext:

Fax/Telex: [2]: Added: 02/12/1994

Supplier Terms Data

Cr Terms: Taxable: Tax ID: TID Notice:

Disc Pct: Prepayment Balance:

CoC Number:

Debtor Number:

Partial OK: Tax Report:

Payment Hold: Pay Specification:

DB Number:

PO-SU-190

Supplier Terms Data

The credit term code created in Credit Terms Maintenance and entered here becomes the default on purchase orders and invoices for this supplier.



See in this training guide: *Credit Terms Maintenance* on page 55 and *Header* on page 118



Discussed in the following Training Guide: *Accounts Payable*

2.3.1 – Supplier Maintenance: Bank Accounts

Supplier Maintenance

Supplier Address

Supplier: 5055000 Temporary:

Name: The Office Supply Store

Address: 123 Oak Street

Address:

Address:

City: Mt. Laurel State: NJ Post: 08054 Format: 0

Country: United States of America USA County:

Attention: [2]:

Telephone: Ext: [2]: Ext:

Fax/Telex: [2]: Added: 02/12/1994

Bank Accounts

Bank	Acct Type	EDI	Branch	Bank Account	Begin Date	End Date
<input type="text" value=""/>	<input type="text" value=""/>					

PO-SU-200

Bank Accounts

Entry of bank accounts here is optional; use them with EFT/EDI.

2.3.13 – Remit-to Supplier Maintenance

The screenshot shows a software window titled "Remit-To Supplier Maintenance". It is divided into two main sections: "Supplier Address" and "Supplier Remit-To".

Supplier Address Section:

- Supplier: 5001000
- Name: METAL SUPPLY COMPANY
- Address: 720 EAST COLLEGE AVENUE
- Address: BUILDING B-2
- City: LOS ANGELES
- State: CA
- Post: 90293
- Format: 0
- Country: United States of America
- USA
- County:
- Attention: MR. RICHARD AVERY
- Telephone: 213-923-0392
- Ext:

Supplier Remit-To Section:

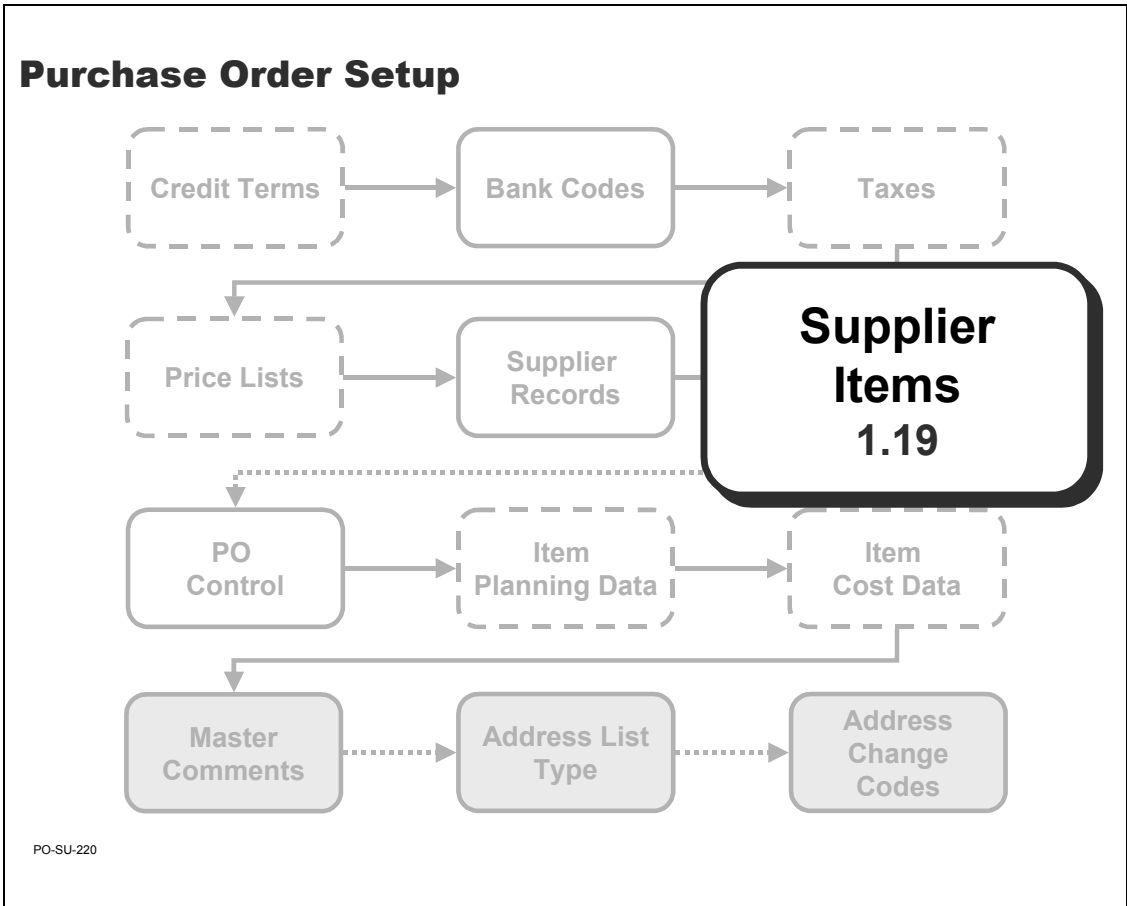
- Code: 50010001
- Name: METAL SUPPLY COMPANY
- Address: ATTN: ACCOUNTS RECEIVABLE
- Address: 720 EAST COLLEGE AVENUE
- Address: P.O. BOX 509
- City: LOS ANGELES
- State: CA
- Post: 90293
- Format: 0
- Country: United States of America
- USA
- County:
- Attention: MS. HOLLY FAIRCHILD
- Telephone:
- Ext:

PO-SU-210

Remit-to Supplier Maintenance

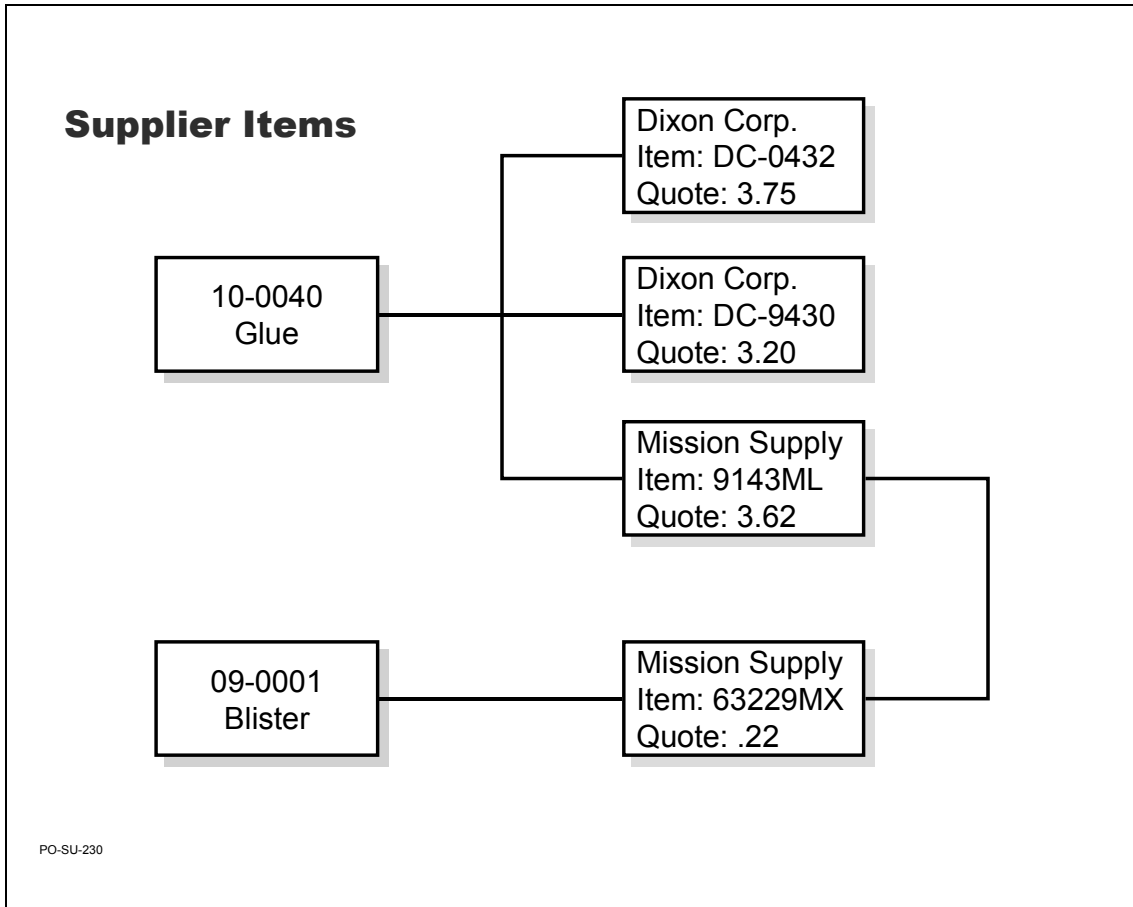
- Remit-to addresses designate the name and address that all supplier payments are to be sent to
 - Multiple suppliers may reference the same remit-to address
 - The remit-to address is necessary *only* when it is different from the supplier address
- You can enter the remit-to address directly in Supplier Remit-to Maintenance
- If a remit-to has been attached to a supplier, all payments will reference this address
 - You cannot override it manually

Note Only one remit-to per supplier is available.



Supplier Items

This is an optional process.



Supplier Items: Diagram

- Supplier Item Maintenance
 - Cross-references both the supplier item number and the original manufacturer item number to your item number
 - Keeps track of the quoted price and lead time

1.19 – Supplier Item Maintenance

The screenshot shows a window titled "Supplier Item Maintenance" with the following fields and values:

- Item Number: 02-0005
- Supplier: 5055000
- Supplier Item: OSP3684
- Unit of Measure: EA
- Supplier Lead Time: 0
- Use SO Reduction Price: 0.00%
- Currency: USD
- Quote Price: 0.00
- Quote Date: 09/02/2003
- Quote Qty: 0.0
- Price List: [empty]
- Manufacturer: [empty]
- Manufacturer Item: [empty]
- Comment: [empty]

PO-SU-240

Supplier Item Maintenance

Whenever you enter an item number not defined in your item master, the system checks to see if it is a supplier item.

- If a match is found
 - Your internal number is displayed on the order line
 - The item number you entered is displayed in the Supplier Item field
- Both are printed on all communications to the supplier
- Also, the supplier item number displays on the Purchase Order Receipts screen, in case your supplier's packing list neglected to include your item numbers

Item Number

- Your internal item number related to this supplier item number

Supplier

- The address code identifying this item's supplier

Supplier Item

- The item number this supplier uses to identify this item

Supplier Lead Time

- The quoted supplier lead time expressed in calendar days
 - Does not include inspection time.
- For reference only and may appear on some selected reports and inquiries
 - In particular, prints on the purchase requisition for the buyer's use

Use SO Reduction Price

- Used in the Enterprise Material Transfer (EMT) order processing environment
- Indicates whether to use a percentage to calculate the transfer price from an external sale order price

Quote Price

- The price per unit the supplier quoted for this item

Quote Date

- The date the supplier quoted you this price
- The default is the system date
- For reference only and may appear on reports and inquiries

Quote Qty

- The minimum quantity you must order to be eligible for the quoted price

Price List

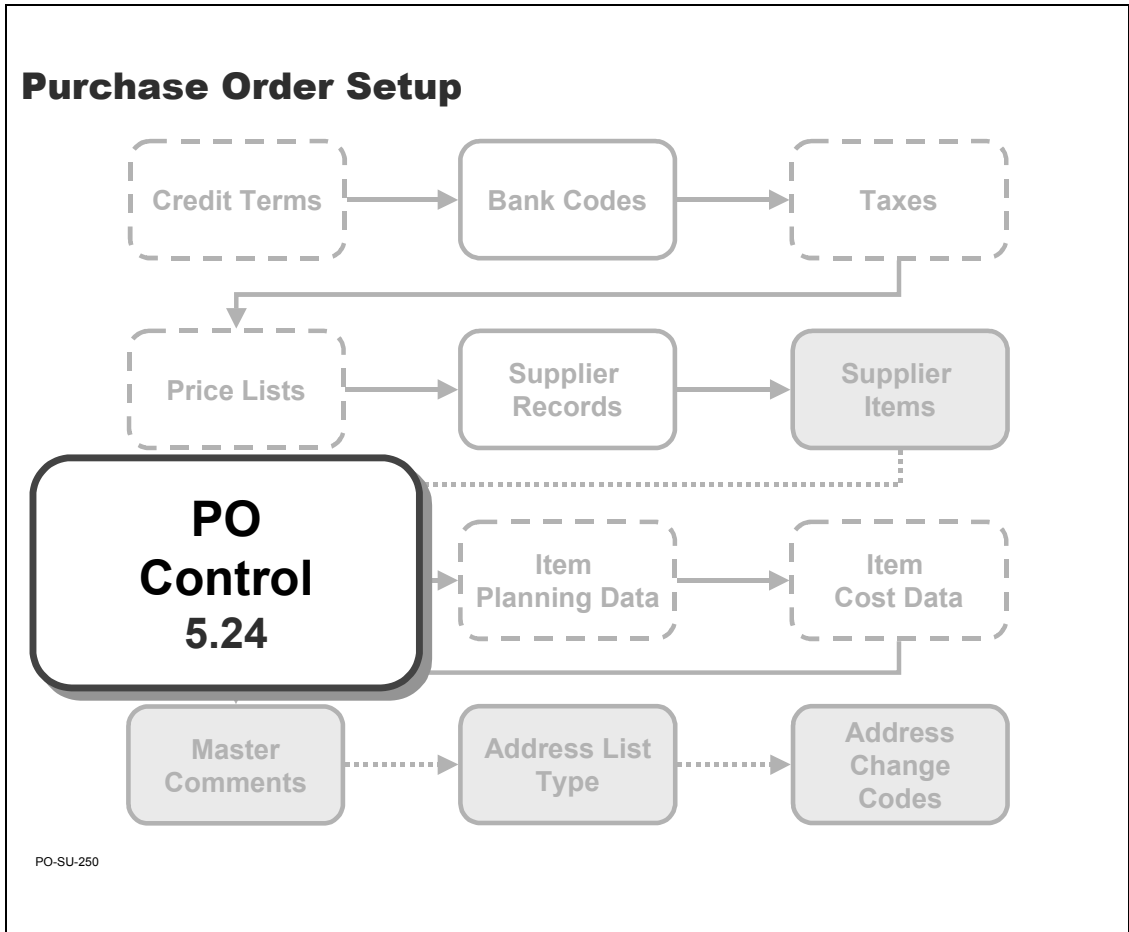
- The code for the price list associated with this supplier item
- For reference only and may appear on reports and inquiries

Manufacturer

- Code identifying the original manufacturer of this item, if different from the supplier
- Validated against predefined values entered in Generalized Codes Maintenance, if any
- For reference only and may appear on reports and inquiries

Manufacturer Item

- The original manufacturer's item number for this item
- For reference only and may appear on reports and inquiries



PO Control

5.24 – Purchasing Control

Purchasing Control

Bill To: 10000000
 Ship-To: 10000000
 PO Prefix: P00
 Next Purchase Order: 00010000
 Receiver Prefix: R00
 Next Receiver: 00010000
 Sort PO By: Site
 Receive All:
 Price Table Required:
 Disc Table Required:
 Apprvd Reqs for POs:
 Inspection Location: inspect
 Receiver Type: 2
 Sequential Receiver:
 Tolerance Percent: 10.00
 Tolerance Cost: 100.00

Ln Format S/M: Single
 PO Header Comments:
 PO Line Comments:
 Cancel Backorders:
 Keep Booking History:
 ERS Processing:
 ERS Option: 1

Type: 0 - Do not print receivers
 1 - Print for each shipment
 2 - Print for each item/shipment
 (Acceptance Limit For Overshipments)

PO-SU-260

Purchasing Control

Use this table to control purchasing operations and options.

Note Always use PO and receiver prefixes for distributed (multiple databases) purchase orders so that purchase order and receiver numbers are unique.

Bill-To

- Whenever you add a purchase order or blanket order, the bill-to address defaults to the bill-to address code from the Purchasing Control
 - The bill-to address prints on the purchase order
 - If you have several bill-to addresses (for example, one for each entity), you may choose to leave the default bill-to address in the Purchasing Control blank, forcing the operator to enter the appropriate bill-to address code on each individual order

- Each billing address should be set up in Company Address Maintenance

Ship-To

- Whenever you add a purchase order or blanket order, the ship-to address defaults to the ship-to address code from the Purchasing Control
 - You can change the ship-to address on each order, as needed
 - The address for each site should be set up in Company Address Maintenance, with the address code equal to the site code
 - When a purchase order is entered with line items referencing different sites, multiple purchase order documents can be printed, one for each site
 - The system accesses the site address based on the purchase order line item site

PO Prefix / Next Purchase Order

- Each purchase order or blanket order entered must be assigned a unique purchase order number
 - You may enter one manually or let the system assign the next number
 - Leave the purchase order number field blank for a system assigned number
 - The system records this next purchase order number in the Purchasing Control and increments it automatically

Note MFG/PRO generates a purchase order for each blanket order released. The PO number equals the blanket order number followed by a sequential release number. For example, blanket order 123456 generates POs 12345601, 12345602, and so on.

Receiver Prefix / Next Receiver

- When you receive or return purchased items, a receiving record (receiver) is created for verification against the supplier's invoice when it is entered into Accounts Payable
 - Each receiver is assigned a unique receiver number, entered manually or system assigned
 - Leave the receiver number field blank for a system assigned number
 - This next receiver number is recorded in the Purchasing Control and incremented automatically by the system
 - Receiver number selects specific information to appear on reports and inquiries
 - Receiver numbers are alphanumeric and will sort in that sequence

Example Receivers 10, 20, and 100 will sort in the sequence 10, 100, 20.

- Start with a large number (such as 1000000) so that receivers will sort in the sequence they are entered

- Because there may be multiple receivers for any given purchase order, use two different ranges of numbers for receivers and purchase orders

Sort PO By

- Orders may be printed in sequence by site (default) or by purchase order line
 - When orders are printed by site, an order document is printed for each order/site combination

Example If line item 1 is for site 1000 and line item 2 is for site 2000, you would get two printed order documents, one for each site.

- If orders are not printed by site, using this same example, you would get one printed document listing all the line items regardless of site
- Print by Line if you have set the ship-to by order line
 - In this case, a PO prints for each unique ship-to using the correct ship-to address

Note When you choose to sort by Site, the system automatically picks up whatever address there is in the table with the address code equal to the site code, even if this address is actually a customer or salesperson. Be sure to enter the address for each site into Company Address Maintenance. Set the address code equal to the site code.

Receive All

- Displays as the default Receive All setting when you process a purchase order receipt
 - It may be changed manually on any receipt transaction
- Yes = MFG/PRO sets the quantity to receive equal to the quantity open on each purchase order line

Note This does NOT include subcontracted line items; set these quantities manually.

- If all lines were shipped complete, the receipt can be processed with a minimum of keystrokes, significantly speeding up processing; without care, however, this can lead to over-receipts
- Train your receiving staff to carefully verify the receipt quantity displayed on the screen against the shipment quantity on the supplier packing list
- If there are exceptions, they must be entered manually
- No = the system leaves the quantity to receive as zero
 - You must enter the quantity to receive on each line

Price Table Required

- Yes = items must have an existing price list

- Only items from an existing price list can be entered, and only if the price list, item, unit of measure, and currency match
- No = items can be entered whether or not a price list exists
 - Prices can be overridden unless the field is password-protected

Note By requiring price tables, you can control which items may be ordered or purchased to/from and your customer/supplier units of measure (such as case quantities).

Disc Table Required

- Yes = only items from an existing discount table can be entered, and only if the price list, item, unit of measure, and currency match
- No = items can be entered whether or not a discount table exists

Aprvd Reqs for POs

- Specifies whether purchases must be approved prior to entering a purchase order
- Yes = you are using purchase approvals
 - Prior to entering a purchase order, a requisition is entered, printed, and approved
 - The system calculates a required approval level for any purchase requisition, whether it is manually generated or created by MRP
 - Requisitions requiring approval may not be referenced on a purchase order or blanket order until they have been approved

Note Approval codes may have up to four levels of people required to approve a purchase requisition, depending on the purchase cost. Approval amounts may be calculated by site, product line, person requesting, and purchase account (for non-inventory items).

- Approval information is printed on requisitions waiting to be approved
- When approvals are entered, an appropriate approval code must be recorded
- No = approval code exists for the site, product line, purchases account, or requested by entered on the PO, you will not be required to go through the approval process
 - It is not necessary to use purchase approvals for everything you buy
 - Only set up approval codes for things that require an approved requisition prior to purchasing

Example You may require approvals on all capital equipment purchases but not raw materials.

Inspection Location

- Only applies to purchase order line items flagged as Inspection Required = Yes
 - This defaults from the item planning data for each item

Receiver Type

- Indicates whether receiving documents are printed and controls how many receivers are created for each receipt

Sequential Receiver

- Yes = ensures that receiver numbers occur in sequence
 - This prevents anyone else from creating purchase orders while a receipt is being processed

Tolerance Percent / Tolerance Cost

- If an overshipment is out of tolerance range (over the defined cost or percentage allowed)
 - An error displays
 - The receipt cannot be processed
- To receive the additional quantity
 - Go back and increase the quantity on the purchase order or temporarily change the tolerance
- Applies to whole database

Ln Format

- Single = you can display and maintain detailed information for each line item
 - Default setting
 - You must use Single line format to access and change this information
- Multi = you can enter basic information--item, quantity, and price, for up to 12 lines on a single screen
 - Dates, site, location, tax status, and GL accounts simply default

Note When you first implement MFG/PRO, use Single line entry mode. It requires only one additional keystroke per line and gives you much more functionality.

PO Header Comments / PO Line Comments

- Yes = the transaction comment screen displays for the user to enter comments, which may be flagged as printing or non-printing
- No = if you normally do not use comments, use this setting to avoid being prompted each time with the comment entry screen

Cancel Backorders

- Yes = the system allows you to flag this backorder quantity as canceled at the time you process the receipt

- This means that any backorder can be cancelled, regardless of the quantity

Example With an order for 1000 against which you receive only 5, if the operator specifies Cancel Backorder when processing this receipt, the remaining order for 995 will be flagged cancelled.

- No = you can only cancel a backorder through Purchase Order Maintenance, manually setting the line item status to X
 - The order quantity will remain open until it is received completely or cancelled

Keep Booking History

- Yes = the system keeps an audit trail of all incoming purchase orders, including new orders added or existing orders changed
 - A record is kept in transaction history and identified as type ORD-PO with the item, order quantity, price, cost, date, user ID, and other information
 - A transaction history record is kept for all additions and changes

Example If you enter a line item with a quantity of 100 but you meant to enter a quantity of 10, the system tracks the booking for the initial quantity of 100. When you correct the mistake, the system creates two more booking history entries, one for -100 and another for the correct quantity of 10.

Note You may end up with many booking history records. Examine the booking history reports available and decide whether you really plan to use them before you consume space with booking history.

ERS Processing

- Yes = a window allowing update of the ERS Option and the ERS Price List Option will appear during entry of the order header and during entry of each order line during Purchase Order Maintenance, Blanket Order Maintenance, and Scheduled Order Maintenance
 - The ERS Option will default to the value entered in Purchasing Control maintenance
 - The ERS conversion utility must be run and complete successfully for this flag to remain set to Yes
 - If the ERS conversion utility is not run or does not complete successfully, the flag will be reset to No
- No = ERS is not enabled
 - The window allowing update of the ERS Option and ERS Price List Option will not appear
 - The ERS Option does not serve as a default

ERS Option

- Sets the default for the order header
 - The order header will then determine how the order lines are defaulted
 - A blank entered on the order header indicates that the ERS option on the lines of the order should be determined at the time the line is entered from the data in ERS Maintenance
- 0 = the ERS option on the lines of the order should be determined at the time ERS processor is run
- 1 = ERS processing will not occur for this order

Note When determining the ERS option for a purchase order line, the system looks for a corresponding ERS Maintenance record or combination of ERS Maintenance records.

5.24 – Purchasing Control

Purchasing Control

Price by PO Line Due Date:

PO Interest Accrued Acct: 6900

PO Interest Applied Acct: 2270

Next Fiscal Batch: 1

Require Acknowledgment:

Generate Date Based Release ID:

PO-SU-270

Price by PO Line Due Date

- Determines whether or not due date and credit terms interest can be modified for each line item
- Yes = a popup window appears containing two fields: Due Date and Credit Terms Int
 - Due Date defaults from the PO header due date and is used for price table and discount table lookups
 - Credit Terms Int defaults from the PO header credit terms interest rate
 - Both fields can be modified for each line item
- No = the popup window does not display
 - Pricing calculations use the PO header values

PO Interest Applied Acct

- The general ledger account code recording the applied credit terms interest for a purchase order
 - Account code is just one component of an account number defined in the GL
- Allows you to separately track the interest component of purchasing and sales in hyperinflationary currencies
 - If you do not deal with hyperinflationary currencies, you should set the PO Interest Applied Acct equal to PO Interest Accrued Acct and the Terms Interest Pct in Credit Terms Maintenance to 0%

Note If you turn on account verification in the System/Account Control, the system will verify that accounts entered in other modules, such as sales or purchasing, are correct.

Next Fiscal Batch

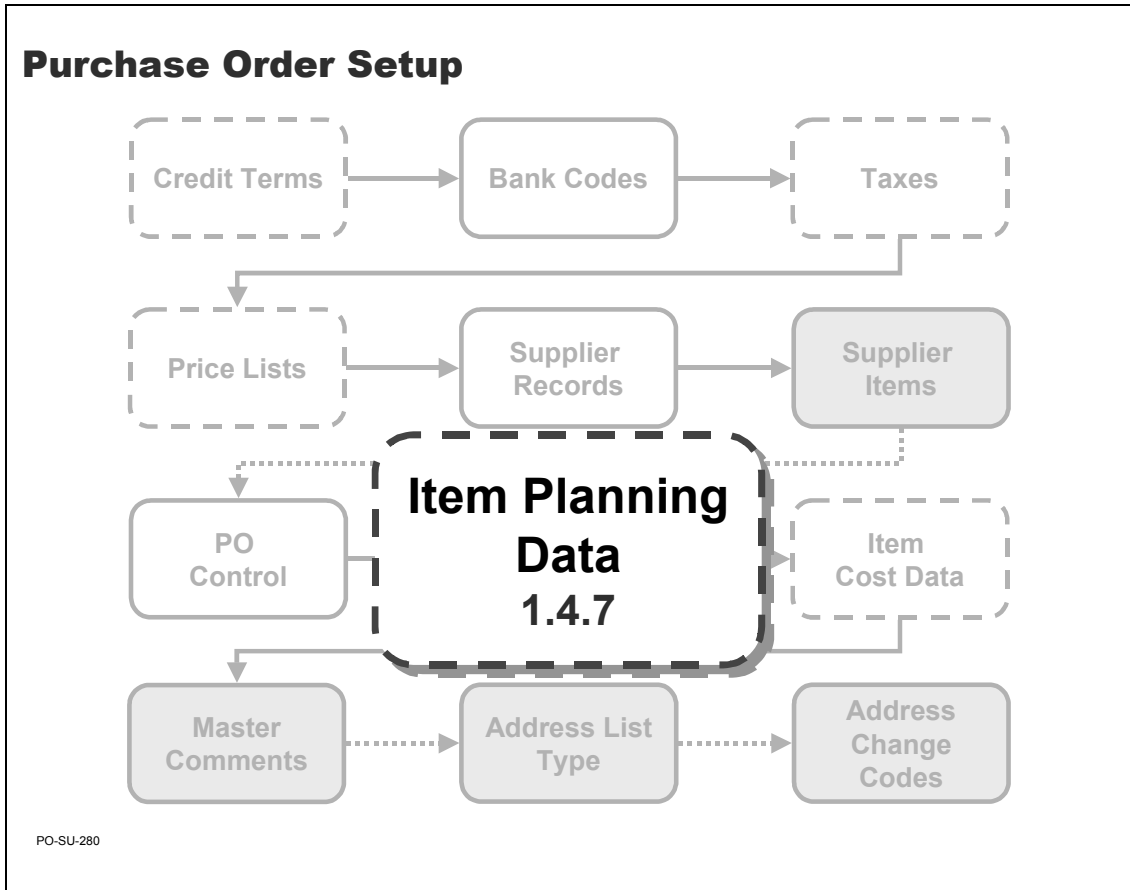
- Batch numbers are used to identify a group of transactions that were entered all at the same time, such as a batch of invoices, vouchers, or PO Receipts (fiscal)
- Batch number is not required to modify a transaction
 - If you leave batch number blank and enter an existing reference number the system displays the batch number for you

Require Acknowledgment

- Yes = the system generates an acknowledgment
 - Default is Yes

Generate Date Based Release ID

- Affects Supplier Schedule Update from MRP. When set to Yes, a newly-created release gets a release number with a format of YYYYMMDD-*nnn*, otherwise it gets the usual 6-digit serial number.
 - If it runs on July 16, 2001, for the first time, the release number is: 20010716-001
 - If it runs again on July 16, 2001, it sees that 20010716-001 already exists, so it increments the last 3 digits, e.g.: 20010716-002



Item Planning Data

1.4.7 – Item Planning Maintenance

Item Number: 02-0005

Unit of Measure: EA

Description: MECHANICAL PENCIL
(5MM) BLISTER PACKED

Item Planning Data

Mstr Sched: <input checked="" type="checkbox"/>	Buyer/Planner: <input type="text" value="PL"/>	Phantom: <input type="checkbox"/>
Plan Orders: <input checked="" type="checkbox"/>	Supplier: <input type="text"/>	Minimum Order: <input type="text" value="0"/>
Time Fence: <input type="text" value="0"/>	PO Site: <input type="text" value="train"/>	Maximum Order: <input type="text" value="0"/>
MRP Required: <input checked="" type="checkbox"/>	Purchase/Manufacture: <input type="text" value="M"/>	Order Multiple: <input type="text" value="1,000"/>
Order Policy: <input type="text" value="POQ"/>	Configuration Type: <input type="text" value="ATO"/>	Op Based Yield: <input type="checkbox"/>
Order Qty: <input type="text" value="1,000"/>	Inspect: <input type="checkbox"/>	Yield Percent: <input type="text" value="100.00%"/>
Batch Qty: <input type="text" value="1.0"/>	Ins LT: <input type="text" value="0"/>	Cum LT: <input type="text" value="17"/>
Order Period: <input type="text" value="7"/>	Mfg LT: <input type="text" value="1"/>	Pur LT: <input type="text" value="0"/>
Safety Stock: <input type="text" value="0"/>	ATP Enforcement: <input type="text" value="NONE"/>	Run Time: <input type="text" value="0.010"/>
Safety Time: <input type="text" value="0"/>	Family ATP: <input type="checkbox"/>	Setup Time: <input type="text" value="1.000"/>
Reorder Point: <input type="text" value="0"/>	Run Seq 1: <input type="text"/>	EMT Type: <input type="text" value="NON-EMT"/>
Rev: <input type="text"/>	Run Seq 2: <input type="text"/>	Auto EMT Processing: <input type="checkbox"/>
Issue Policy: <input checked="" type="checkbox"/>		Network Code: <input type="text"/>
		Routing Code: <input type="text"/>
		BOM/Formula: <input type="text"/>

PO-SU-290

Item Planning Maintenance

- Item planning data controls MFG/PRO planning and manufacturing functions
- If an item is used at multiple sites, planning data can be set up differently for each site using Item-Site Planning Maintenance
- The buyer (buyer/planner) normally maintains this screen for purchased items (Pur/MFG = P)

Plan Orders

- Indicates whether Material Requirements Planning (MRP) should create planned orders for this item
- Planned orders are orders with a suggested order quantity and due date calculated by MRP to meet planned future demand

Order Policy

- A code controlling the MRP process for this item/product
- Operates in combination with the Plan Orders flag
 - If Order Policy = [blank], MRP does not plan this item, regardless of the Plan Orders flag
 - If Order Policy is not blank, MRP plans the item
- Order policies may be:
 - POQ, Period Order Quantity: A planned order is created to cover the requirements for a specified number of calendar days
 - FOQ, Fixed Order Quantity: Planned orders are created with the order quantity specified in the Order Qty field
 - LFL, Lot for Lot: A separate MRP planned order is created to satisfy each net requirement
 - OTO, One Time Only: A single order is created with an order quantity of one
Would not be used for inventory items, but could be used to plan project activities and milestone events that happen only once
 - Any other non-blank value is processed as LFL

Order Qty

- The normal order quantity for this item or base process

Order Period

- Operates only if the Order Policy = POQ
- The number of calendar days to cover by one MRP planned order
 - The default is 7 days
- Validated against predefined values entered in Generalized Codes Maintenance, if any

Safety Stk

- The quantity of this item to be maintained in inventory as protection against fluctuation in demand and/or supply

Safety Time

- The number of working days early that MRP plans to receive orders for this item, as a hedge against late deliveries

Reorder Point

- The inventory level at which this item should be reordered

Rev

- An optional code identifying the engineering revision of this item
- Validated against predefined values entered in Generalized Codes Maintenance, if any

Buyer/Planner

- An optional code identifying the person responsible for planning and ordering this item
- Validated against predefined values entered in Generalized Codes Maintenance, if any

Supplier

- An optional code identifying the normal or preferred supplier for this item

PO Site

- Where the purchase order for this item is to be generated
- Determines which purchasing department takes action on this requisition
- If not using distributed purchasing, this field may be left blank

Pur/Mfg

- Code indicating if an item is manufactured, purchased, or configured to order
- Other special item codes identify items used for planning purposes only
- Validated against predefined values entered in Generalized Codes Maintenance, if any
- Purchase/manufacture code controls how the system explodes forecasts, plans and creates orders, and calculates costs for the item
- Code options include the following.
 - P (Purchased): Item is normally purchased
 - D (DRP): Item is usually supplied internally from another site
 - M (Manufactured): Item is normally manufactured
 - R (Routable): A special type of manufactured item, made only when needed by an upper level assembly
 - C (Configured): The item is configured to order
 - F (Family): A special type of item used for planning
 - Never actually made or stocked
 - For multilevel master scheduling
 - Family items are set up with a planning bill

Pur LT

- The normal or average number of calendar days it takes to complete a purchasing cycle for this item, from the date the need for a purchase is recognized to the date the item is received
- Does not include inspection time

Inspect

- Indicates whether this item is to be inspected after receipt

Ins LT

- The normal or average number of working days needed to inspect this item after it is received

Min Ord

- The minimum quantity of this item to be ordered on a single order

Max Ord

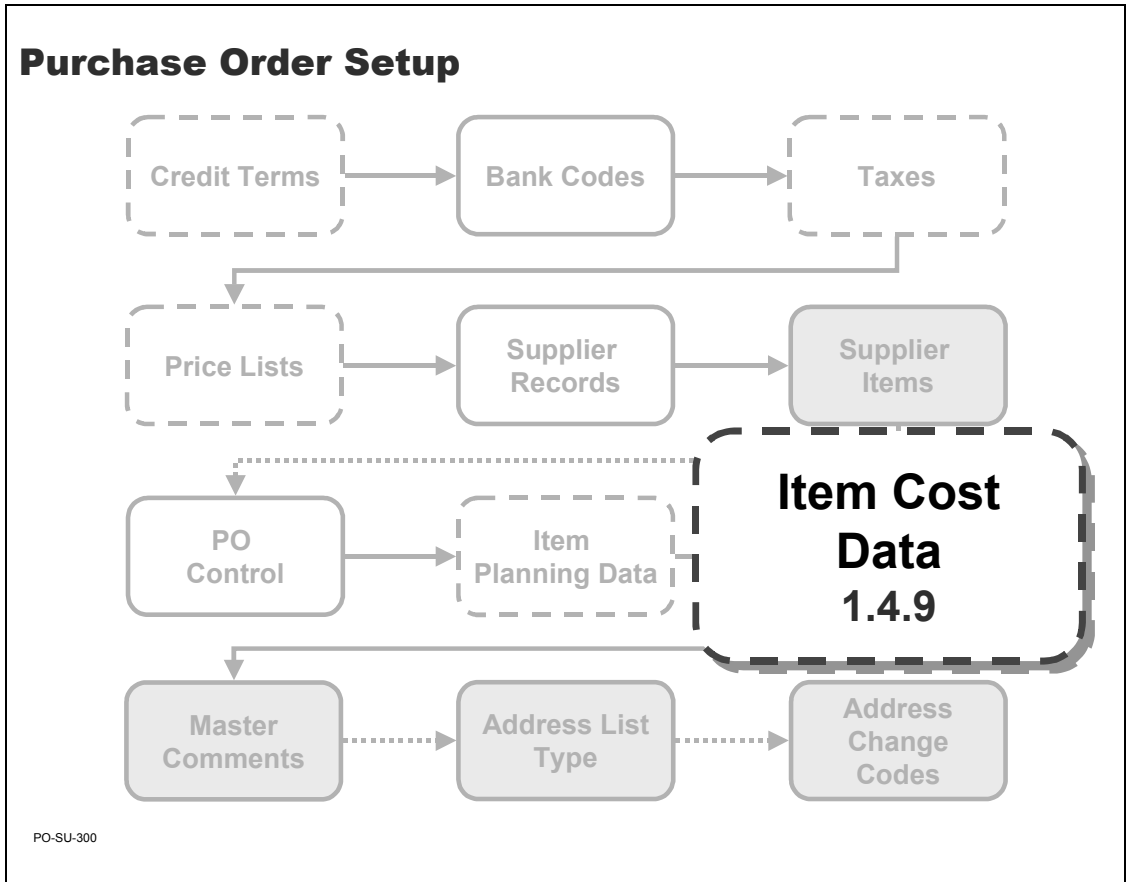
- The maximum quantity of this item to be ordered on a single order
- Default is zero, which means there is no maximum.
- Does not prevent you from ordering more than this quantity

Ord Mult

- The multiple in which orders for this item are placed
- The default is zero, which means there is no multiple

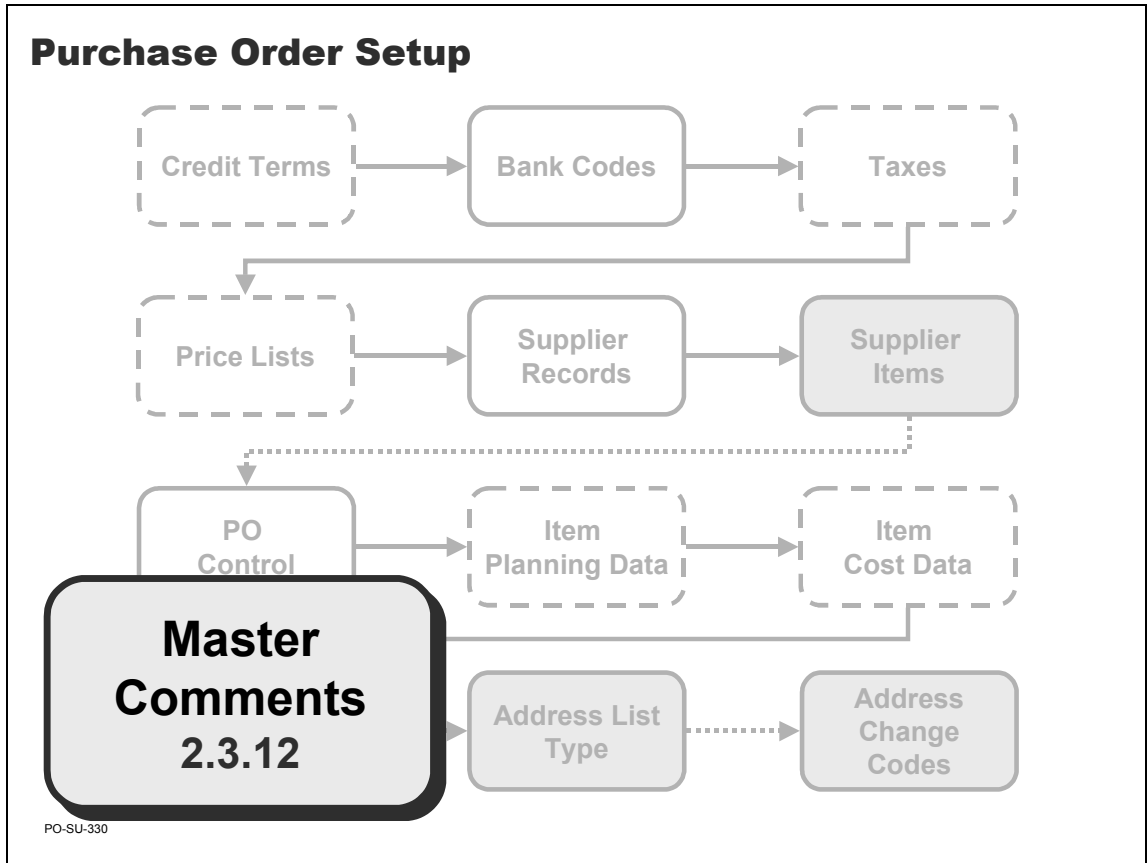
Yield%

- The percentage of any order expected to be in usable condition
- Default is 100%



Item Cost Data

- If an item is used at multiple sites, you can enter different costs for each site using Item-Site Cost Maintenance
 - Price and tax status are the same for an item at all sites
- Functions that create general ledger transactions use the item GL cost of the item
 - Standard cost is the default, but you can change it to average cost using Cost Set Maintenance
- You can change standard costs manually
 - The system maintains GL method average costs as it processes inventory transactions
- For sites using standard cost
 - Any difference between the standard cost (minus this-level overhead) and the purchase order price is posted to purchase price variance
- For sites using average cost
 - The GL cost is re-calculated on each receipt
- Purchase Price Variance (PPV) calculated by the system during PO receipts uses material cost only
- Overhead is accrued during PO receipts and generally represents fixed overhead, or costs such as freight, etc.
- If there is no price list/supplier item/price on a part, this level material cost from the GL cost set (standard) will default as the purchase unit cost
- Any difference between the purchase cost and the GL cost will be treated as a PPV at PO receipt, excluding any this level overhead amounts



Master Comments

2.3.12 – Master Comment Maintenance

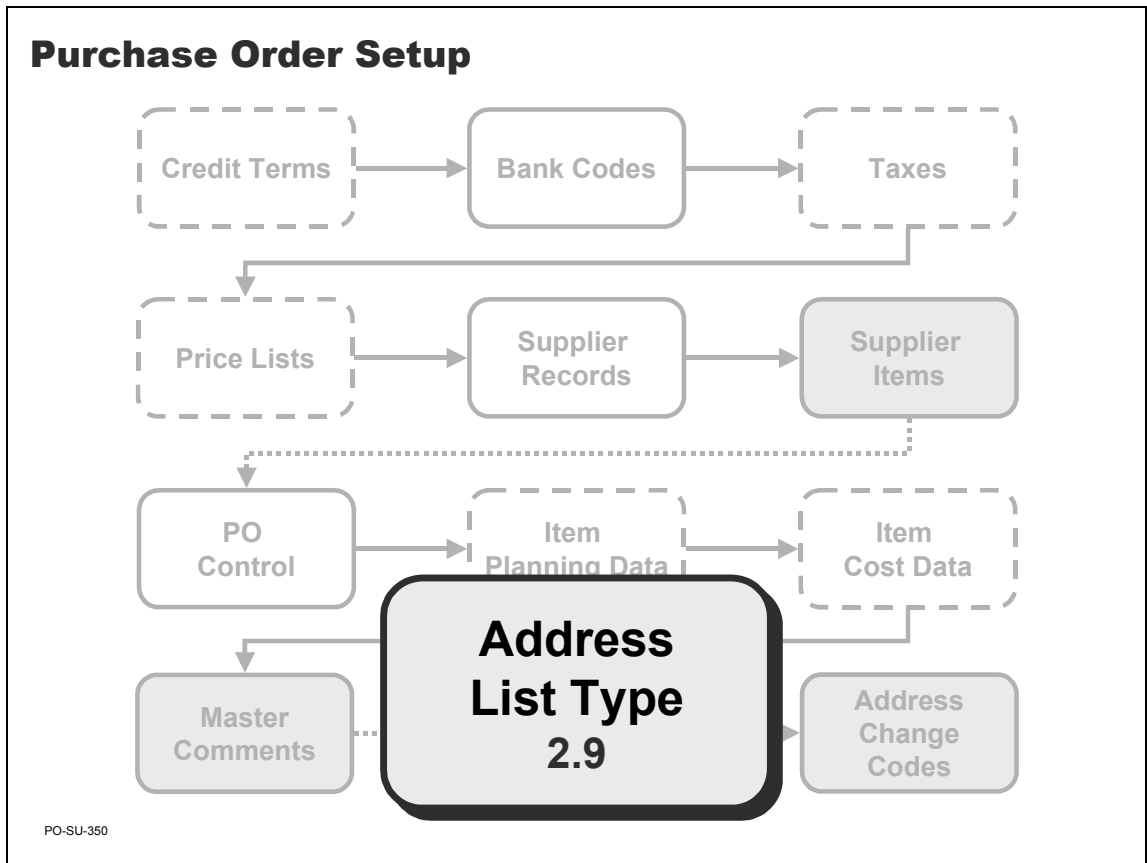
PO-SU-340

Master Comment Maintenance

- Master comments store and organize text about an item, and they can also be copied into documents such as purchase orders, sales quotations, and sales orders
- Use the supplier code in Master Reference with blank Type for default PO Header comments
- Use the item code in Master Reference with blank Type for default PO Line comments

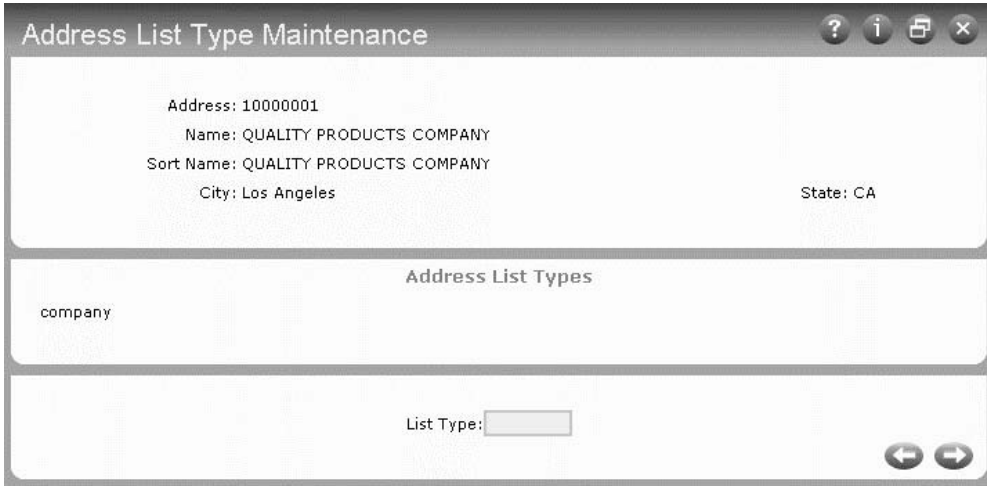


Discussed in the following Training Guide: Initial MFG/PRO Setup



Address List Type

2.9 – Address List Type Maintenance



Address List Type Maintenance

Address: 10000001
Name: QUALITY PRODUCTS COMPANY
Sort Name: QUALITY PRODUCTS COMPANY
City: Los Angeles State: CA

Address List Types

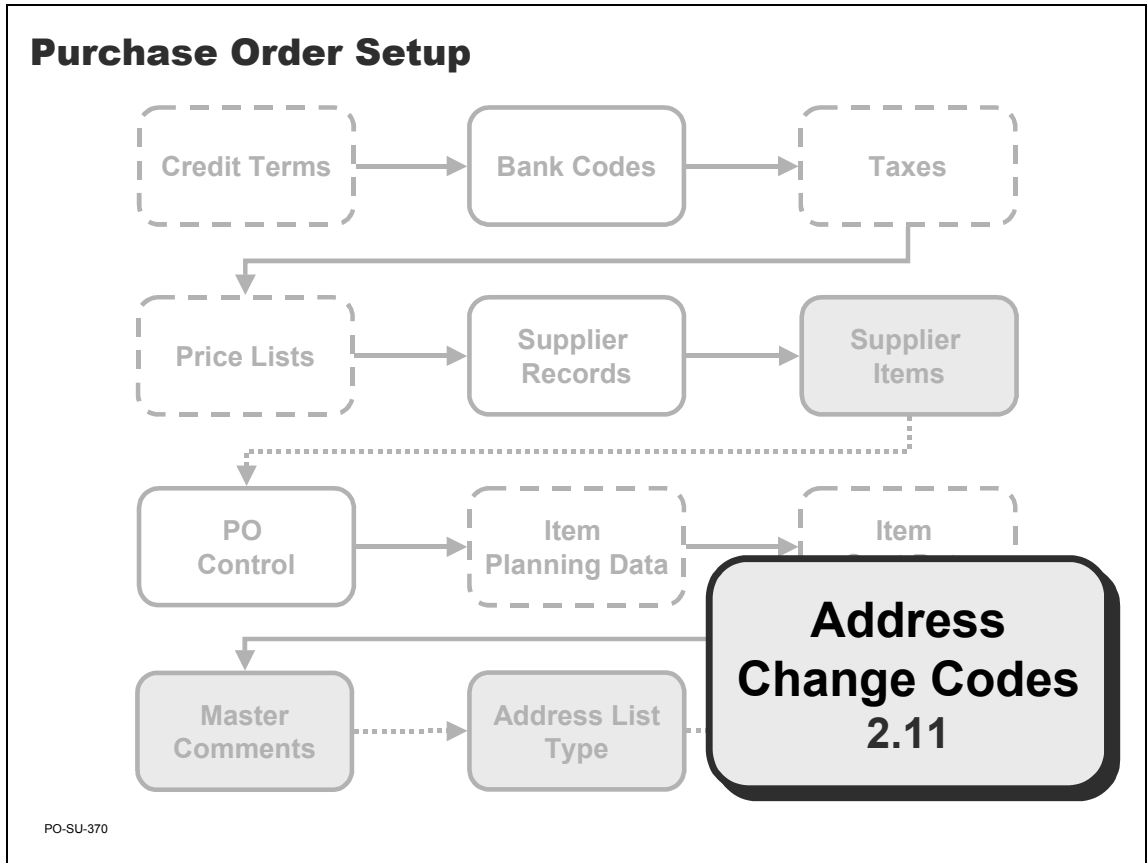
company

List Type:

PO-SU-360

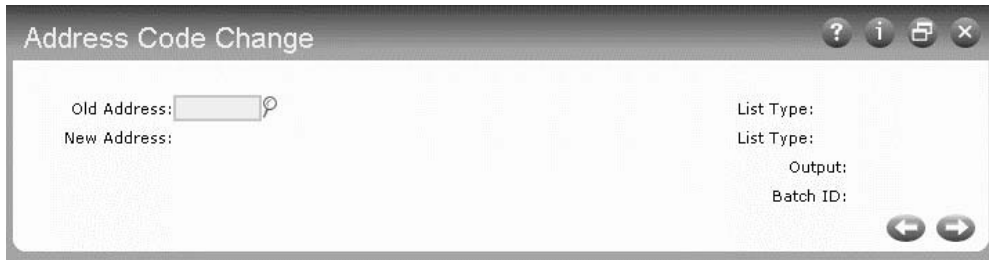
Address List Type Maintenance

- Not specifically used in purchasing, although you may want to use this function for your own categorizing of suppliers
- All addresses are stored in a common table and each one has a system-assigned list type code
- To group addresses in other ways, you can manually assign any number of additional list type codes to any address



Address Change Codes

2.11 – Address Code Change



PO-SU-380

Address Code Change

This procedure identifies an address code to be replaced throughout the system with a new address code.

Used for two purposes:

- To change an address code if a company changes its name or if your business changes its coding scheme
- To merge one address with another existing business entity, as when one business acquires another



Discussed in the following Training Guide: Initial MFG/PRO Setup

Exercises



PO-SU-390

Supplier Codes, Addresses, Items, and Master Comments

Instructions: Set up supplier information. First, review the data in the database and then create a supplier.

- 1 Review the suppliers that were already added into the database
 - a Add a new supplier as a permanent supplier
 - Use supplier code 5000
 - b Assign the credit terms code 2/45-60 to this supplier in the Supplier Terms Data frame
 - c Note that the same credit terms are used for both sales and purchasing
 - Purchases from this supplier are not taxable

Use Supplier Maintenance

- 2 Checks sent to this supplier should be directed to another address

a Record this information using remit-to address code 50001

Use Supplier Remit-to Maintenance

- 3 You purchase blister packaging (09-0001) from supplier 5000

a This supplier refers to blister packaging using item number BP9001 and has requested that you refer to their number on all orders

– It takes them only one day to deliver

b They quoted you a price of .024 EA on the condition that you purchase at least 10,000 EA at one time

Use Supplier Item Maintenance

- 4 Set up a master comment (Master Reference) for supplier 5000:

Master Reference: 5000

Type: <blank>

Language: <blank>

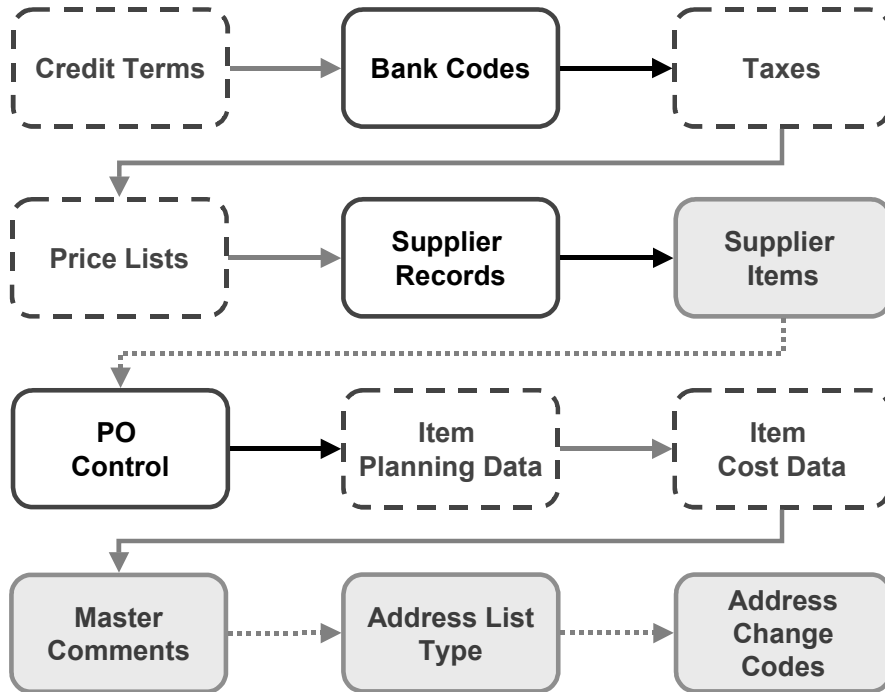
Page: <accept default>

Comment Lines: “Please refer to contract number 5602-A when requesting account information.”

a You can use this comment later when accessing data for this supplier.

Use Master Comment Maintenance

Purchase Order Setup Summary



PO-SU-400

Summary

- ✓ Introduction to Purchase Orders
- ✓ Business Considerations
- ✓ Set up Purchase Orders
 - Process Purchase Orders
 - Using Requisitions
 - Using Blanket Purchase Orders

PO-SU-410

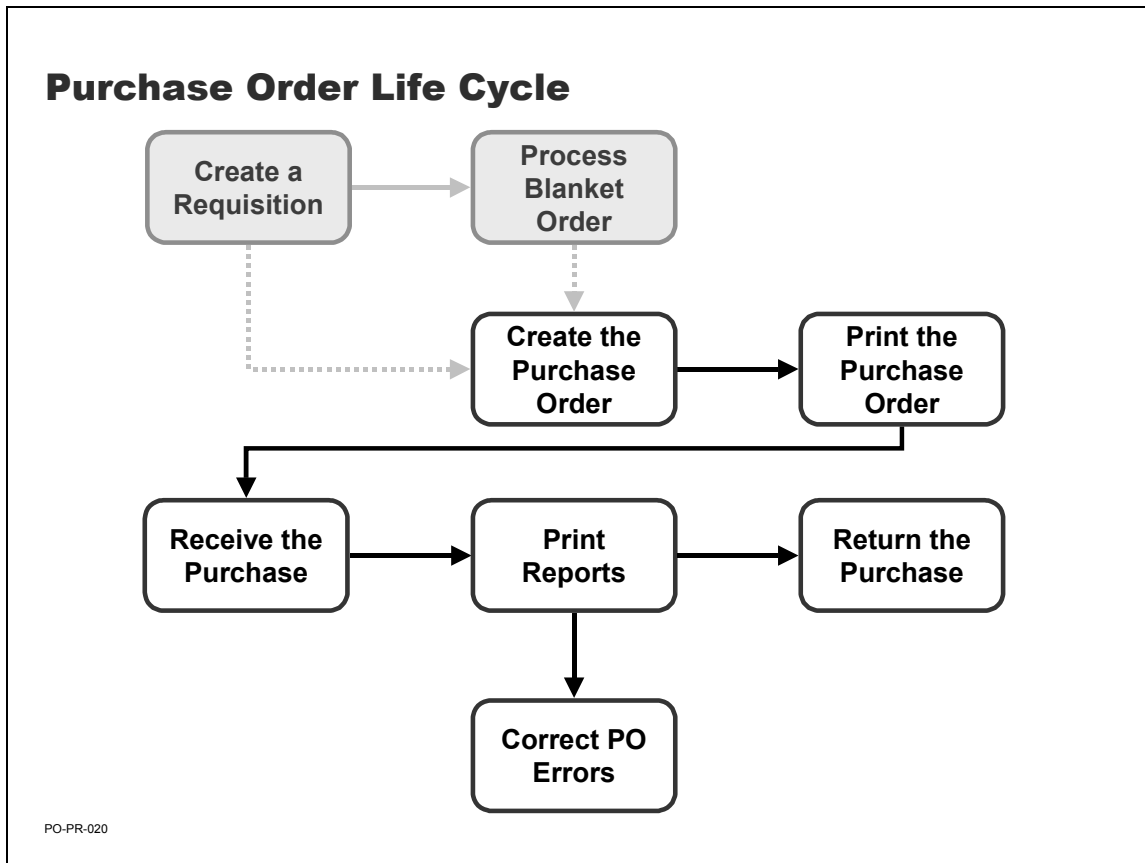
CHAPTER 4

Purchase Order Processing

Process Purchase Orders

- ✓ Introduction to Purchase Orders
- ✓ Business Considerations
- ✓ Set up Purchase Orders
- **Process Purchase Orders**
- Using Requisitions
- Using Blanket Purchase Orders

PO-PR-010



Purchase Order Life Cycle

Requisitions and Blanket Orders are covered in other sections of this training guide.



See in this training guide: *Requisitions* on page 155 and *Blanket Purchase Orders* on page 181

This illustration is a suggested processing sequence of master data for Purchase Order Management. It is based on information that flows from one master data to another and prerequisites that need to be accomplished before setting up a table. Reading the illustration:



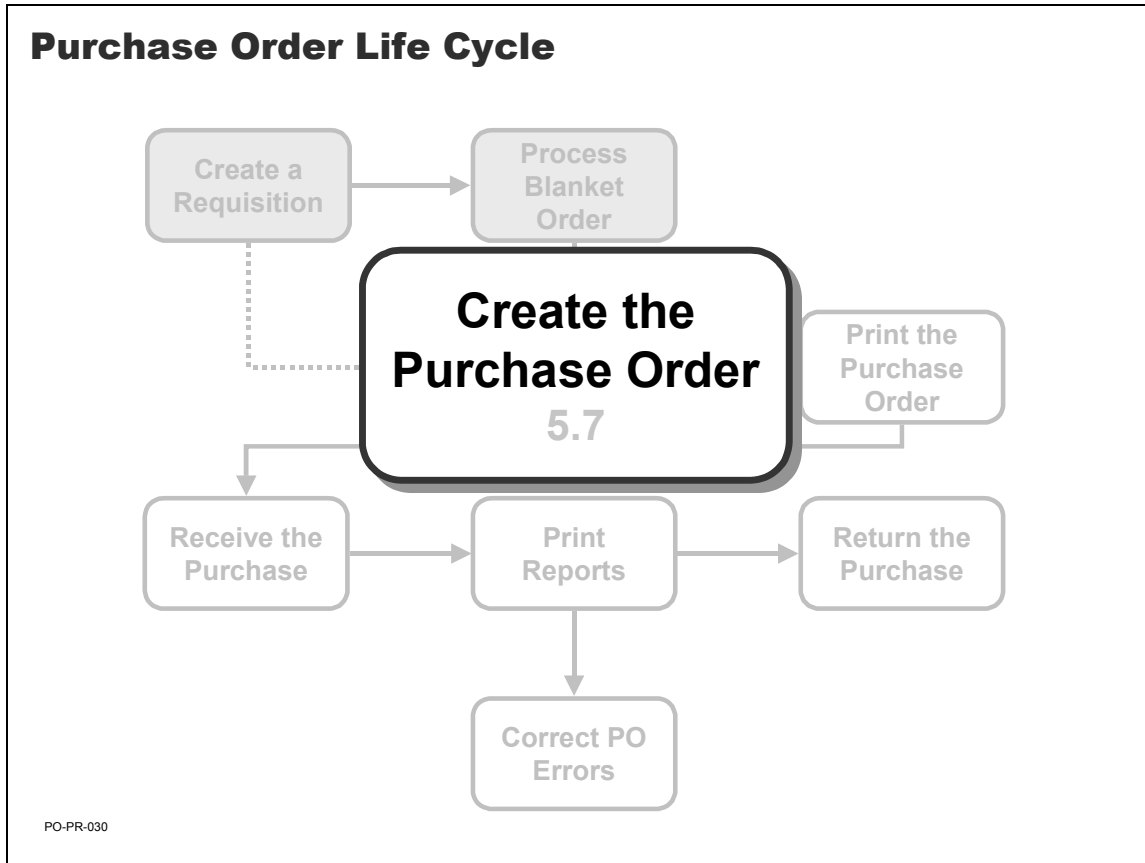
Boxes with solid lines are required for setup and are covered in this course.



Shaded boxes reflect optional steps, but are covered in this course.



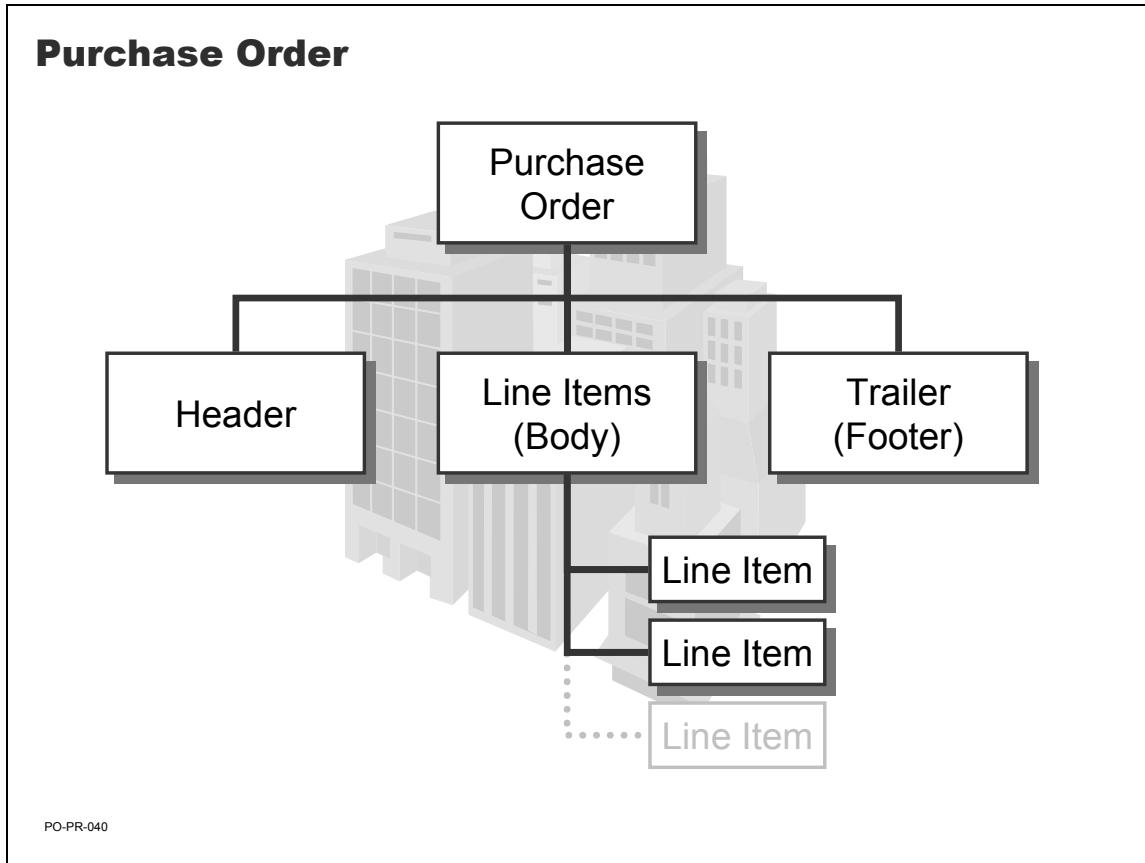
Boxes with dotted lines are required, but are covered at length in another course.



Create the Purchase Order

- A purchase order (PO) is a response to a demand for materials, for example a requisition or an MRP action message
- In general, POs are entered, printed, received, and closed or canceled
- Complete receiving history is maintained for matching with accounts payable
- Purchase Orders can be entered manually or created by processing a release against a blanket order
- Open POs or line items have a <blank> status code and are considered a firm source of supply for inventory items by MRP
- MFG/PRO generates action messages if a line item should be canceled, decreased, increased, or expedited

Note Before entering purchase orders, it is useful to print the Purchase Requisition Report, which lists all the requisitions for the site. The requisitions can then be used during the creation of the PO lines.



Purchase Order Sections

Purchase Orders and Blanket Purchase Orders have three sections.

- 1 The header contains PO site, contract terms, supplier data, and the delivery date.
- 2 The line items contain information about the ordered items, such as quantity and price.
 - Any exceptions to the header data, such as a different due date or a different site
 - The PO site on the line items can be changed if that item is being purchased for a site other than the one on the header
- 3 The trailer contains tax, shipping and status information.

5.7 – Purchase Order Maintenance: Header

Purchase Order Maintenance ? i [icon] x

Purchase Order: P0010000 Supplier: 6002000 Ship-To: 10000000

Supplier	Ship To
CANADA'S BEST PACKAGING 20 ST. JAMES WAY LOT A-2 VANCOUVER BC P2R 8S9 Canada	QUALITY PRODUCTS COMPANY Corporate Headquarters 9000 World Way Los Angeles CA 89000 United States of America

Order Date: 09/02/2003 [calendar]	Price Tbl: [input]	Confirming: <input checked="" type="checkbox"/>	Imp/Exp: <input type="checkbox"/>
Due Date: 09/02/2003 [calendar]	Disc Tbl: [input]	Currency: CAD [input]	Language: US [input]
Buyer: KT [input]	Ln Disc: 0.00%	Taxable: <input type="checkbox"/> [input]	[input] [calendar]
Bill To: 10000000 [input]	Site: [input]	Fixed Price: <input checked="" type="checkbox"/>	Consign: <input type="checkbox"/>
Sales/Job: [input]	Project: [input]	Credit Terms: 30 [input]	0.00 [input]
Contract: [input]		Entered By: qad	
Contact: JOANNE CAMERON		Requested By: [input]	
Remarks: CUSTOMS DOCUMENTS MUST BE INCLUDED		Comments: <input type="checkbox"/>	

[X] [←] [→]

PO-PR-050

Purchase Order Maintenance

Header

- The order header includes the Supplier, Ship-To, Credit Terms, Currency, Exch Rate, and other general order information
- If requisitions are being used and the PO header Due Date is blank, the Requisitions Need Date in Purchase Requisition Maintenance defaults as the PO line Due Date
- Once you enter the header, the order is stored even if you do not enter any line items

5.7 – Purchase Order Maintenance: Line Items - Single-Line Mode

Purchase Order Maintenance

Purchase Order: P0010000 Supplier: 6002000 Ln Format S/M:Single

Ln	Site	Req	Item Number	Qty Ordered	UM	Unit Cost	Disc%
2	10000		02-0010	1,000.0	EA	0.2375	0.00%

Qty Received: 0.0 Due Date: 09/02/2003 CRT Int: 0.00

Qty to Rel: 0.0 Pur Acct: 5100 0100

Single Lot: Performance Date: Project: Type: Taxable: Cmnts:

Location: 200 Need Date: Supplier Item: UM Conversion: 1.0000

Revision: Sales/Job: Manufacturer: Stock UM Quantity: 1000.0 EA

Status: Fixed Price: Description: ERASER REFILL PACK Update Avg/Last Cost: Extended Net Cost: 237.50

PO-PR-060

Line Items - Single-Line Mode

- If you enter your item number, MFG/PRO displays the GL material cost
- If you enter the supplier's item number, the system accesses data in Supplier Item Maintenance and Price List Maintenance and displays the Purchase Cost quoted for that order quantity
- If a supplier item record is in the table for the supplier and item number, the price is obtained from the supplier item
- The price is only obtained from the price list if the price list code is entered on the PO
- You can enter one line at a time or multiple lines; the default is established in the Purchasing Control
 - Single-line entry allows you to enter more details, such as dates, site, location, tax status, and GL accounts
 - You can change the method during order entry by entering S or M in the Ln Format field

5.7 – Purchase Order Maintenance: Line Items - Single-Line Mode

Purchase Order: P0010000 Supplier: 6002000 Ln Format S/M:Single

Ln	Site	Req	Item Number	Qty Ordered	UM	Unit Cost	Disc%
2	10000		02-0010	1,000.0	EA	0.2375	0.00%

Qty Received: 0.0 Due Date: 09/02/2003 CRT Int: 0.00
 Qty to Rel: 0.0 Pur Acct: 5100 0100
 Single Lot: Performance Date: Project: Type: **"S" (subcontract)**
 Location: 200 Need Date: Taxable:
 Revis: Inspect Req: Cmmts:
 Sta: Conversion: 1.0000
 Supplier It: JM Quantity: 1000.0 EA
 Manufact: Last Cost:
 Descript: Net Cost: 237.50

Work Order: ID: Operation: 0 Subcontract Type: Lot/Serial:

PO-PR-070

Line Items - Single-Line Mode

Note For subcontracting operations, you set the line Type = S (in single-line entry). The system then requests the work order and operation numbers.

- Note the following for memo (non-inventory) items:
 - Set Type to any value other than blank or S for a non-inventory line
 - On receipt, the purchase account and cost center from the line are debited
 - The purchase account and cost center default from the supplier, or from the product line if a valid item code is entered
 - You can use Requisition Approvals to restrict use of the default account

5.7 – Purchase Order Maintenance: Line Items - Multi-Line Mode

Ln	Site	Req	Item Number	Qty Ordered	UM	Unit Cost	Disc%
3	10000		10-0040	10.0	GM	0.50	0.00%
4	10000		10-0040	0.0	GM	0.00	0.00%

PO-PR-080

Line Items - Multi-Line Mode

- Unlike single-line entry, Multi-line entry does not allow you to enter details such as dates, site, location, tax status, and GL Accounts
 - In multi-line entry, these fields contain the defaults for these fields
- In multi-line entry, you can enter 12 lines per screen

5.7 – Purchase Order Maintenance: Trailer

The screenshot shows a window titled "Purchase Order Maintenance" with the following information:

- Purchase Order:** P0010000
- Supplier:** 6002000
- Ship-To:** 10000000
- Non-Taxable:** 442.50
- Currency:** USD
- Line Total:** 442.50
- Taxable:** 0.00
- Total Tax:** 0.00
- Tax Date:** 09/02/2003
- Total:** 442.50
- View/Edit Tax Detail:**
- Revision:** 0
- Amount Prepaid:** 0.00
- Print PO:**
- Status:**
- EDI PO:**
- Close Date:**
- AP Account:** 2100
- FOB:**
- Deliver To:**
- Ship Via:**

PO-PR-090

Trailer

Once all line items are entered, MFG/PRO displays trailer information, totaling line items and calculating taxes.

Revision

- When a purchase order is first entered, revision defaults to zero
 - Each time a purchase order is changed, increase the revision number by 1

A new copy of the purchase order document can be printed listing the current purchase order information along with the revision number.

- When a revised purchase order is printed, it lists all of the purchase order line items, but does not highlight changes

To avoid confusion, highlight the changes yourself or enter comments describing the changes made.

Print PO

- Each purchase order and blanket order has its own print flag
 - If Print PO = Yes, the order should be printed
 - If Print PO = No, the order has already been printed
 - The Purchase Order Print or Blanket Order Print functions automatically set this flag to No.
 - If you want to skip printing this order, set this flag to No manually.
 - Normally a formal printed document should only print once
 - The print flag prevents the document from reprinting by mistake.
 - To reprint it intentionally, change the print flag back to Yes using the maintenance function.

EDI PO

- The EDI PO field defines whether the purchase order will be exported by EDI Purchase Order Export

Status

- With status code, MFG/PRO decides whether to include a purchase order on reports and inquiries, and whether to consider open line item quantities as sources of supply for planning purposes
 - Status = blank means the purchase order is open
 - It is included on all open order reports, and line item quantities are considered by planning.
 - Status = X means the purchase order is cancelled and not considered by planning
 - Line items may or may not have had anything received against them.
 - No further receipts may be processed against this order.
 - Status = C means the purchase order is closed
 - This is automatically set when all line items have either been cancelled or received in full (or, for blanket PO's, released in full).
 - No further receipts may be processed against this order.
 - Closed and cancelled (status C or X) orders may be deleted using the Purchase Order Delete/Archive function.

If an order or line item has been closed, it can be reopened by changing the status.

Returns to supplier can be processed even after an order or line item has been closed or cancelled.

FOB

- Free on board (FOB) prints on formal documents such as Purchase Orders, Blanket Orders, and the Purchase Return Document
- FOB also displays on many purchasing inquiries and reports
 - Validated against predefined values entered in Generalized Codes Maintenance, if any
 - Indicates the FOB point for receipts made against this order

Ship Via

- Supplier ship via is the default ship via on all purchase orders and blanket orders for this supplier
 - It may be changed manually during order entry
 - Validated against predefined values entered in Generalized Codes Maintenance, if any
 - The ship via prints on purchase orders, blanket orders, receivers, and return documents

Exercises



PO-PR-100

Processing Exercises

Important The data used in this exercise may not be the same as the data shown in the screen captures in this lesson.

Purchase Order Entry

Instructions: In this exercise you enter a purchase order using the supplier you set up.

- 1 Enter a purchase order for blister packaging as follows:

Purchase Order: default
Supplier: 5000
Ship-to: 10000000
Due Date: (Select Tomorrow's date)
Site: Train

(Press Go)

Site: Train
Item Number: BP9001
Qty Ordered: 10,000

(Note that once you enter the supplier item number, the system automatically retrieves your item number and the supplier-quoted price.)

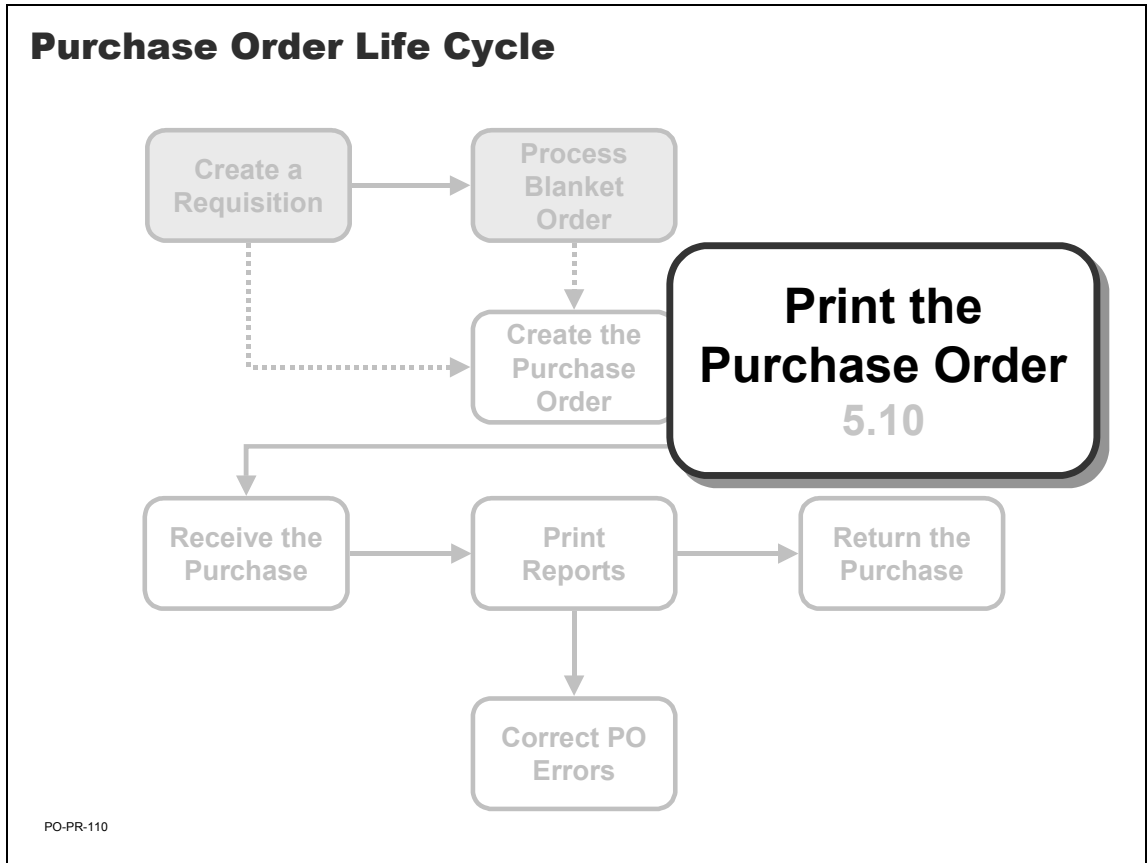
- 2 Press End twice when line two appears, then press Go twice to accept the trailer information.

Use Purchase Order Maintenance

- 3 Print the purchase order and verify that you entered the information correctly.

- a Update PO print flag = Yes

Use Purchase Order Print



Print the Purchase Order

5.10 – Purchase Order Print

Purchase Order Print

Purchase Order:

Supplier:

Buyer:

Order Date:

Language ID:

To:

To:

To:

To:

To:

Open PO's Only:

Unprinted PO's Only:

Include Scheduled Order:

Print Bill-To Address:

Include EMT Orders:

Print Features and Options:

Include Retained Taxes:

Sort PO By:

Form Code:

Update:

Message:

Output:
Batch ID:

PO-PR-120

Purchase Order Print

- Since a purchase order or blanket order is a legal document, it usually should be printed only once
 - To make sure of this, once an order has been printed, the Print PO flag in Purchase Order Maintenance is updated by the system
 - If Unprinted PO's Only = Yes, only orders which have not yet been printed are printed
 - If you need to reprint an order, set Unprinted PO's Only = No
 - The order document is printed with the message *** DUPLICATE ***
 - If you need to reprint an exact copy of an order without the *** DUPLICATE *** message, you must use the maintenance function and reset the print flag to No manually
- If an existing PO is changed, its revision number is updated and the PO can be reprinted

- Date change information is noted in the PO Change History Report
 - This report lists various changes made to POs, such as revisions, item, quantity, and price changes, but date changes are not included
 - This data is recorded in the system only if you set the Keep Booking History field to Yes in the Purchasing Control
 - Date change information applies to PO Change History Browse and PO Change History by Item
 - Only the effective date is kept; that is, the date the change occurred, not any changes to due date, perform date, need date, etc.

Note You can also see the transaction in Transaction History.

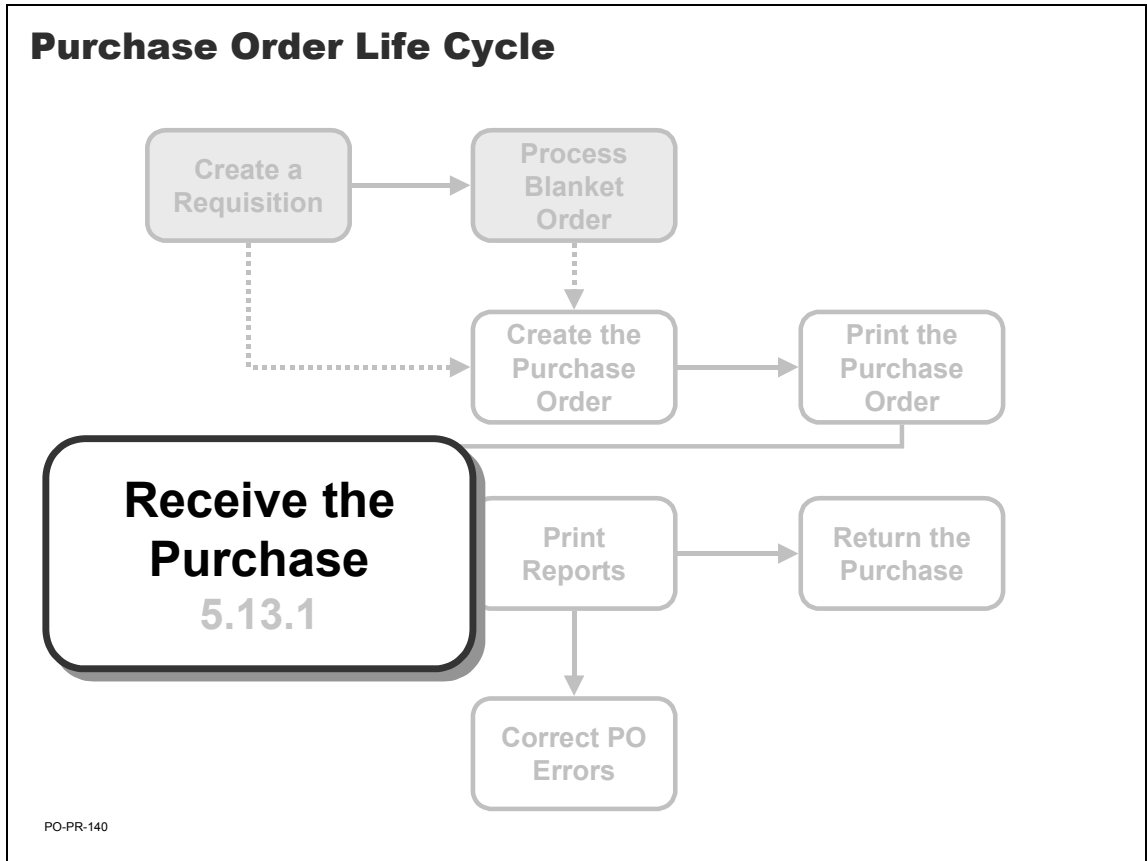
Printed Purchase Order – 5.10

QUALITY PRODUCTS COMPANY Corporate Headquarters 9000 World Way Suite 101 Los Angeles, CA 89000 United States of America	P U R C H A S E O R D E R Order Number: P0010000 Revision: 0 Order Date: 09/02/03 Page: 1 Print Date: 09/02/03
Supplier: 6002000 CANADA'S BEST PACKAGING 20 ST. JAMES WAY LOT A-2 VANCOUVER, BC P2R 8S9 Canada	Ship To: 10000 Quality Products Inc. Manufacturing Division One World Way Consolidated Business Plaza San Diego, CA 92130 United States of America
ATTENTION: MR. TED JOHNSON	
Confirming: yes Buyer: KT Credit Terms: 30 DUE 30 DAYS FROM INVOICE Remarks: CUSTOMS DOCUMENTS MUST BE INCLUDED	Supplier Telephone: 604-923-9292 Contact: JOANNE CAMERON Ship Via: FOB:

Ln	Item Number	T Due Date	Qty Open UM	Unit Cost	Extended Cost
1	02-0020	N 09/02/03	1000.0 EA	0.20	200.00
	Type: Subcontract				
	LEAD REFILL PACK				
2	02-0010	N 09/02/03	1000.0 EA	0.2375	237.50
	ERASER REFILL PACK				
3	10-0040	N 09/02/03	10.0 GM	0.50	5.00
	GLUE				

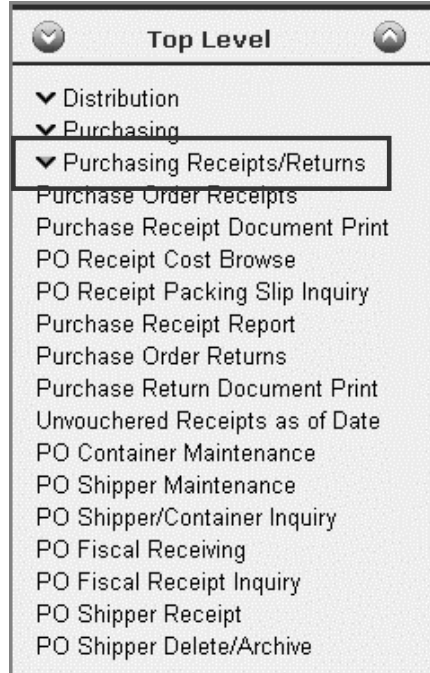
PO-PR-130

Printed Purchase Order



Receive the Purchase

5.13 – Purchasing Receipts/Returns Menu



PO-PR-150

Purchasing Receipts/Returns Menu

PO receipts and returns are accessible from the same menu

- Purchase Order Receipts: use this program to receive POs and shippers
- PO Shipper Receipt: use this program to receive shippers

This menu also lets you edit and maintain shippers and containers. These are normally tied to an advanced shipping notice (ASN) sent to you through EDI.

- Shippers contain containers and can be received in their totality
- Containers can contain other containers as well as items

5.13.1 – Purchase Order Receipts: Header

The screenshot shows a software window titled "Purchase Order Receipts". The window contains the following fields and controls:

- Order: P0010000
- Supplier: 6002000
- Status:
- Effective: 09/03/2003 (with a calendar icon)
- Packing Slip: [text input field with a magnifying glass icon]
- Move to Next Operation:
- Receiver: [text input field with a magnifying glass icon]
- CANADA'S BEST PACKAGING
- Receive All:
- Comments:
- Ship Date: [text input field with a calendar icon]

At the bottom right of the window, there are two navigation arrows (left and right) and a close button (X).

PO-PR-160

Purchase Order Receipts

Header

- Record the PO number, the packing slip number (optional), and assign a receiver number
- Leave the receiver number blank if you want MFG/PRO to assign the next number automatically
- You can move subcontracted items to the next operation, set the quantity default to zero or the quantity ordered number, and choose to attach comments to receiver

Receivers

- Receipts generate receivers that may be used by Accounts Payable or to attach to items as travelers
- Receivers do not have to be printed if you do not use them; however, you will want to delete/archive them occasionally
- Receivers are created automatically and verify the supplier's invoice when it is entered into Accounts Payable
- The purchase price shown on the receiver can be used to update the current cost of an item
- GL transactions for the item are performed at standard cost
- MFG/PRO tracks both vouchered and nonvouchered purchase receipts
 - Both should be archived or deleted periodically

Receive All

- Indicates whether the purchase order is received complete, with all line items delivered in one shipment from the supplier
- This field defaults from the Receive All flag in the Purchase Order Control
- It may be changed manually on any receipt transaction.

Three variances are tracked:

- 1 When an item is received, there may be a variance between the PO price and the GL cost. This is posted to the PO price variance account.
- 2 When an item is invoiced, there may be a variance between the PO price and the invoice price. This is posted to an Accounts Payable rate variance account.
- 3 When an item is invoiced, there may be a variance between the quantity received and the quantity invoiced. This is posted to an Accounts Payable usage variance account.

5.13.1 – Purchase Order Receipts: Line Items

Purchase Order Receipts

Order: P0010000 Supplier: 6002000 Status: Packing Slip:

Ln	Item Number	UM	Qty Open	UM	Receipt Qty	UM	Project	Due Date	T
1	02-0020	EA	1,000.0	EA	0.0	EA		09/02/2003	s
2	02-0010	EA	1,000.0	EA	0.0	EA		09/02/2003	
3	10-0040	GM	10.0	GM	0.0	GM		09/02/2003	

Line: 2 Unit of Measure: EA

Quantity: 0.0 ID: Site: 10000 Loc: 200

Packing Qty: 0.0 OP: 0 Lot/Ser: Reference: Supplier Lot: Multi Entry: Chg Attribute: Cmrmts:

Item Number: 02-0010

Supplier Item:

PO-PR-170

Line Items

- For each item, record the quantity received, the site and location information, and whether to cancel any backordered quantity
 - When a line item is fully received, it is flagged closed (Status = C) in Purchase Order Maintenance
 - Partially received line items can be canceled (Status = X) during Purchase Order Receipts if Cancel Backorders = Yes in the Purchasing Control
- MRP does not consider closed or canceled lines, and you cannot process receipts or returns against them
 - Instead, you must reopen them by changing the Status flag

- Once all lines on a PO are closed or canceled, the PO Status is set to [C]losed and it can be deleted and archived

Note You can process a return against a PO with the original line closed, without having to change the line status. If specified, the RTS function will reopen a closed PO and create a new line on it for the items being returned.

- You can record receipts against both purchase orders and supplier schedules in Purchase Order Receipts
 - More than one line item can be processed in a single transaction
 - You can correct errors made in receiving by entering negative quantities in Purchase Order Receipts; however, you may have to reopen a purchase order line to do this
- If the cumulative quantity received for a scheduled order line exceeds the maximum order quantity for that line, the system displays a warning message
- When you record a receipt, the system records three history records:
 - Purchase receipts
 - Inventory transactions
 - Inventory GL costs

These records are used for accounts payable, variance reporting, and supplier performance reports

If you receive deliveries from more than one supplier on the same day for the same order, you should enter separate receipts to simplify vouchering in Accounts Payable

PO Shipper Receipt



PO Shipper Receipt

Supplier: 6002000

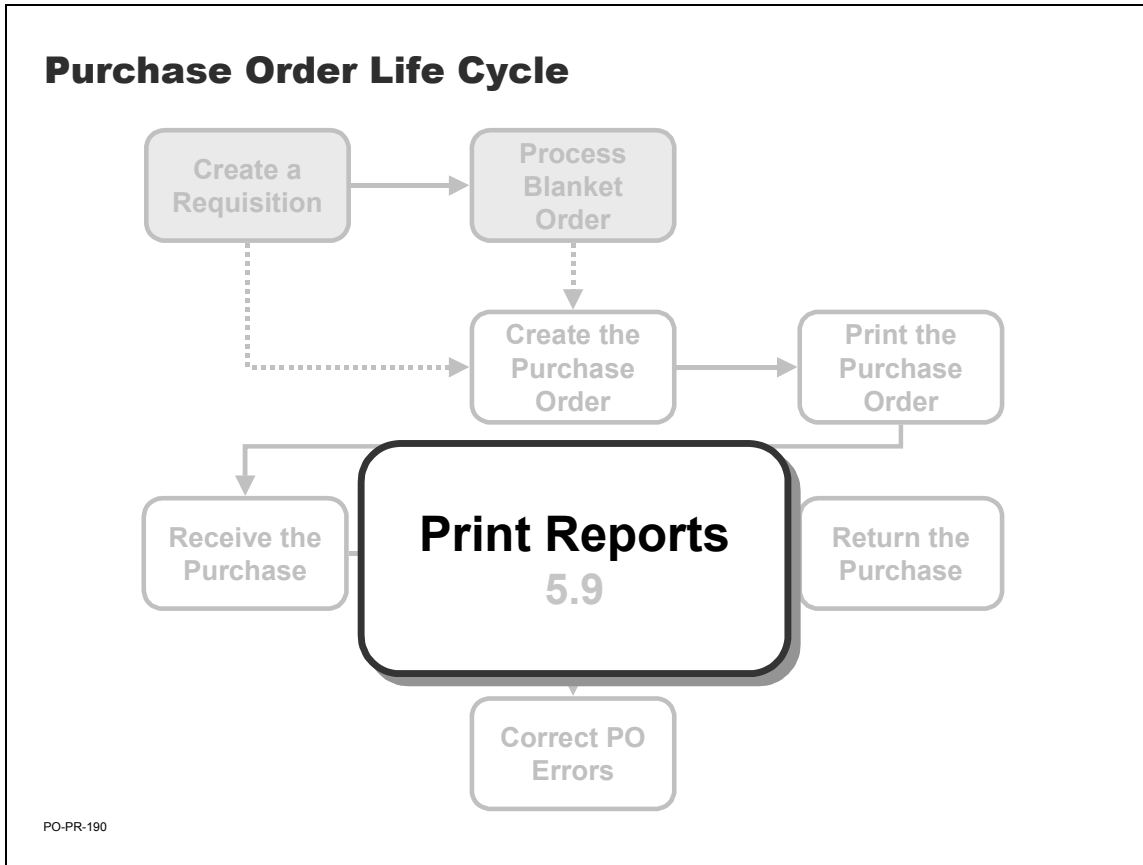
Shipper ID:

PO-PR-180

PO Shipper Receipt

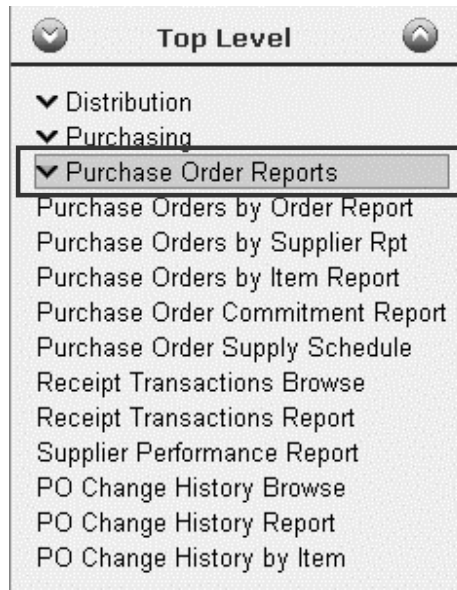
This is an optional process.

- Confirm Shipper takes a supplier's shipper, or advance shipping notice, and receives that shipment into inventory
- You can receive a shipment either here or in Purchase Order Receipts



Print Reports

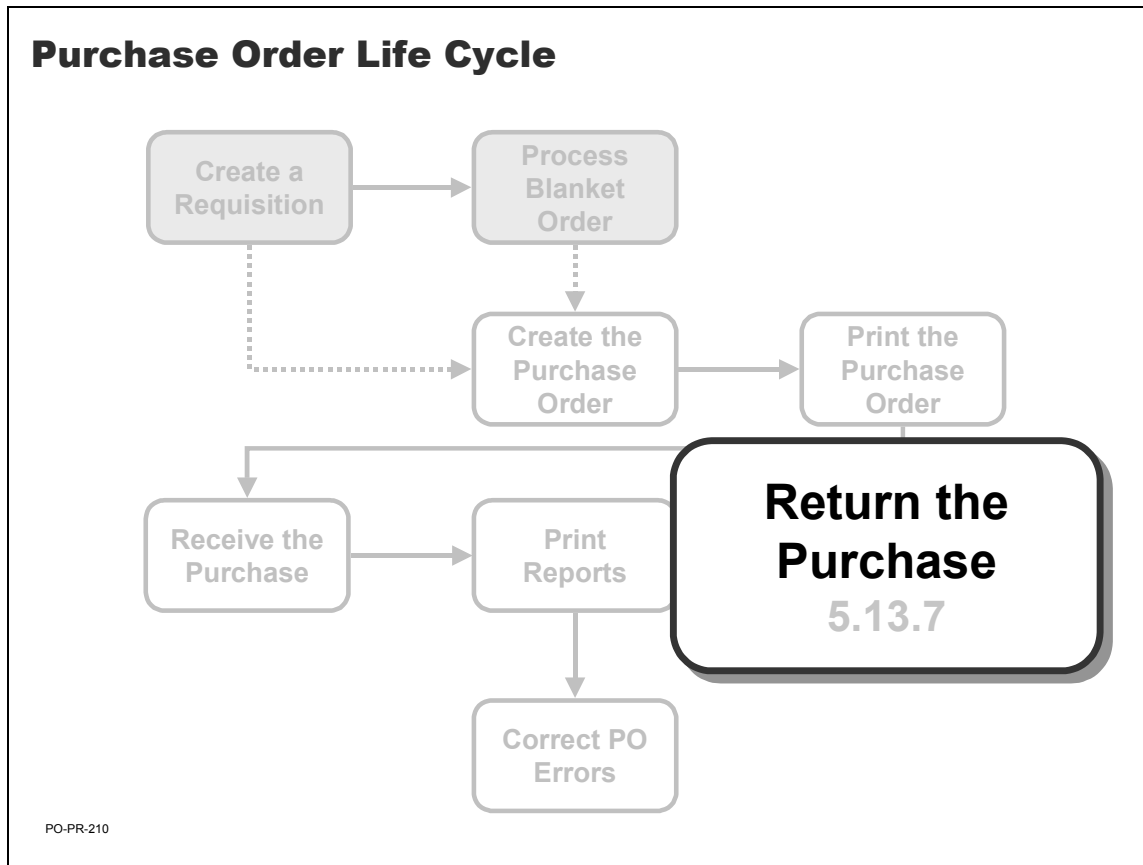
5.9 – Purchase Order Reports Menu



PO-PR-200

Purchase Order Reports Menu

- You can list POs in three sort sequences:
 - Purchase Orders by Order Report
 - Purchase Orders by Supplier Report
 - Purchase Orders by Item Report
- The PO Commitment Report lists commitments to suppliers for open PO items
- The PO Supply Schedule lists items due to be received
- The Receipt Transactions Browse and Report contain PO receipt information
- The Supplier Performance Report shows all performance data
- The PO Change History Browse and Reports contain all PO change data, provided you direct the system to retain this history, by setting the Keep Booking History flag to Yes in the PO Control



Return the Purchase

There are two ways to return goods to a supplier. If the purchase order still exists, use Purchase Order Returns. Or use Purchase Order Maintenance to enter a new line or order for the items to be returned. Use negative numbers to indicate returned quantities. Receive items in Purchase Order Receipts.

This guide discusses the return of goods to the supplier using Purchase Order Returns.

If you are using the Service/Support Management module, the Return to Supplier functions are used to return items to the supplier for service.



Discussed in the following Training Guide: Service/Support Management (SSM)

- A purchase order return indicates that you are returning materials to a supplier
 - The material can be taken from inspection, inventory, or work in process (WIP)
 - Receiving history is generated for matching against the supplier invoice in Accounts Payable
- You can process returns against any PO, open or closed, returning up to the received quantity
 - If you want to replace items, enter a replacement order in Purchase Order Maintenance or increase the quantity on an open PO

Note Returns affect the Supplier Performance Report.

- Subcontract items are returned out of WIP
 - The return updates the quantity completed at the WO operation.
- A complete audit trail of all inventory transactions is maintained in transaction history (tr_hist), which can be reviewed using Transactions Detail Inquiry
 - Each transaction is identified by a transaction number and a transaction type (ISS-PRV)
- All general ledger transactions are stored in the unposted transaction table until they are posted
 - Unposted transactions can be reviewed using Unposted Transaction Inquiry
 - Transactions created in modules other than GL can be reviewed and deleted using GL Transaction Delete/Archive
 - The GL entries are the reverse of those created by Purchase Order Receipts
 - If you process an incorrect quantity in this transaction, you can reverse it by processing the same transaction again with a negative quantity
 - After you reverse the original entry entirely, process this transaction again with the correct quantity to maintain a complete audit trail

Note Do not use a negative Purchase Order Receipt to process a return; it does not update supplier performance history.

5.13.7 – Purchase Order Returns: Header

Purchase Order Returns

Purchase Order: P0010000 Supplier: 6002000 Status: Effective: 09/03/2003

RTV Nbr: CANADA'S BEST PACKAGING Return All:

Ship-From: 10000000 CANADA'S BEST PACKAGII Return to Replace:

Ship-To: 6002000 Comments:

Move to Next Operation:

PO-PR-220

Purchase Order Returns

Header

Purchase Order

- Specify the PO number

Status

- A code identifying the status of this purchase order
 - With status code, MFG/PRO decides whether to include a purchase order on reports and inquiries, and whether to consider open line item quantities as sources of supply for planning purposes

- Blank = the purchase order is open
 - It is included on all open order reports and line item quantities are considered by planning
- X = cancelled
 - Line items may or may not have had any quantity received against them
 - The order is cancelled and not considered by planning
 - No further receipts may be processed against this order
- C = closed
 - Status is set to [C] automatically when all line items have either been cancelled or received in full (or, for blanket PO's, released in full)
 - No further receipts may be processed against this order
- Closed and cancelled orders may be deleted using the Purchase Order Delete/Archive function
- If an order or line item has been closed, it can be reopened by changing the status
 - Returns to supplier can be processed even after an order or line item has been closed or cancelled

Return All

- Yes = all items received on a PO are to be returned
 - This sets the Quantity to Return to the Quantity Received for each line item on the PO, streamlining the return process
 - Return lines are set up with items taken out of the site and location (or work order) specified on the PO
 - If you are returning from a different place, type in the return information for that line
 - Lot/serial numbered items must always be manually returned to record the correct lot/serial number

Return to Replace

- No = a return for credit
- Yes = the item is to be replaced
 - MFG/PRO adds a new line to the original PO for the returned quantity
 - All fields on the new PO line default to the values for the returned line item except that Order Quantity shows the quantity returned, and Qty Received is set to zero
 - The line number is set to the highest line on the PO plus one
 - The new line updates quantity on order, MRP, and transaction history just like any other PO line

- When you process a voucher against the supplier invoice, the quantity returned appears in the receiver window as a negative quantity offset against the original PO line
- The Return for Replacement field will reopen a closed PO but does not work if the original PO has been deleted

Comments

- You can enter information about the return on a comment screen
 - In general, to move from one screen to the next you press Go, except when you are entering comments
 - Since multiple pages of comments can be entered, the system will keep prompting you to enter more until you signal that you are done by pressing End

RTV Nbr

- Number must be unique
 - RTV Number is a form of receiver number
- Enter a receiver number on the receipt transaction only if Receiver Type is set to 0 or 1 in the Purchasing Control
- Some companies use different receiver numbers when recording returns
 - Make sure that codes are entered consistently by entering the allowed codes into Generalized Codes Maintenance
 - The system verifies entered codes against these predefined values, preventing incorrect codes from being entered

5.13.7 – Purchase Order Returns: Line Items

Purchase Order Returns

Purchase Order: P0010000 Supplier: 6002000 Status: RTV Nbr:

Purchase Order Line Items									
Ln	Item Number	UM	Net Received	UM	Return Qty	UM	Project	Due Date	T
2	02-0010	EA	1,000.0	EA	0.0	EA		09/02/2003	

Line: 2 UM: EA Site: 10000 Loc: 200

Quantity: 0.0 ID: Lot/Serial: Reference: Multi Entry:

Packing Qty: 0.0 OP: 0 Reason: Cmnts:

Item Number: 02-0010

Supplier Item:

PO-PR-230

Line Items

- At the top of the screen, MFG/PRO lists line items and the Quantity Received for each
- At the bottom, enter the quantity to return for each line item and specify the Site, Location, Lot/Serial, and Ref
 - Lot/serial numbered items must always be manually returned to record the correct lot/serial number
 - Be sure to enter the same site, location, lot/serial, and lot reference numbers as you entered on the original transaction
 - If you are returning from a different place, type in the return information for that line
- If Return All = Yes in the header, return lines are set up with items taken out of the site and location (or work order) specified on the PO

- You can enter a reason code and comments for each line item returned
- Subcontract items are returned out of WIP
 - The return updates the quantity completed at the WO operation

5.13.7 – Purchase Order Returns: Issue Detail

Purchase Order Returns

Purchase Order: P0010000 Supplier: 6002000 Status: RTV Nbr:

Issue Detail - Site: 10000 Quantity: 500 EA

Location	Lot/Serial	Ref	Supplier Lot	Quantity
200				500.0

Line: 2 UM: EA Site: 10000 Loc: 200
 Quantity: 500.0 ID: Lot/Serial:
 Packing Qty: 0.0 OP: 0 Reference:
 Item Number: 02-0010 Multi Entry:

Location	Lot/Serial	Ref	Supplier Lot	Quantity
<input type="text" value="200"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	

PO-PR-240

Issue Detail

- If you set Multi Entry to Yes, another screen pops up for you to enter a list of sites, locations, lot/serial, and lot reference numbers, and a quantity for each one

Exercises



PO-PR-250

Processing Exercises

Important The data used in this exercise may not be the same as the data shown in the screen captures in this lesson.

Receipts and Returns

Instructions: In this exercise you receive and return purchased items. You also look at how a purchase receipt affects inventory, receivers, and the general ledger.

- 1 Receive a quantity of 7,550 of the items on the purchase order you just entered. (Make sure Receive All is set to No.)
 - a Press Go until the Line field is displayed in the lower frame

- b** Enter 1
- c** Enter your quantity, press Go, then End
- d** Accept the defaults of Yes in the message fields
- e** Press End when you get back to the header

Since the order has not been filled, it remains open on the system with the quantity remaining to be received.

Use Purchase Order Receipts

- 2** Review the effect the receipt had on the inventory balance of your item (09-0001 from the first exercise)

- a** Note the balance:

Use Stock Availability Browse/Inquiry

- 3** We made a mistake when entering the receipt quantity. It should have been 7500, not 7550. Correct this by entering a receipt for -7550 against the original purchase order.

Use Purchase Order Receipts

- 4** Check the inventory balance to verify that it worked

Use Stock Availability Browse/Inquiry

- 5** Receive a quantity of 7500 of the items on the purchase order you entered. (Again, make sure Receive All is set to No.)

Use Purchase Order Receipts

- 6** Review the receivers that were created. You should have three receivers, one negative and two positive, each with its own receiver number.

Use Purchase Receipt Cost Browse/Inquiry

- 7** A quantity of 500 of the items received were found to be defective. These were returned to the supplier. They will not be replaced.

- a** Record this using the Purchase Order Returns transaction

- b** Ship from train

Note that you can enter comments to describe the reason for the return. These can be printed on the return document.

- c** Press End after recording comments

- d** Select the line number to move to the quantity

Use Purchase Order Returns

- 8** Print the return document

Use Purchase Return Document Print

- 9** Returns to supplier have the same effect as corrections (negative receipts) have on inventory and receivers. However, the return will be treated differently on the Supplier Performance Report.

- a** Print the report for supplier 5000

Use Supplier Performances Report

- 10** Select the latest transaction

- a** Press Go until the ISS-PRV transaction appears

- b** Write down the GL reference number

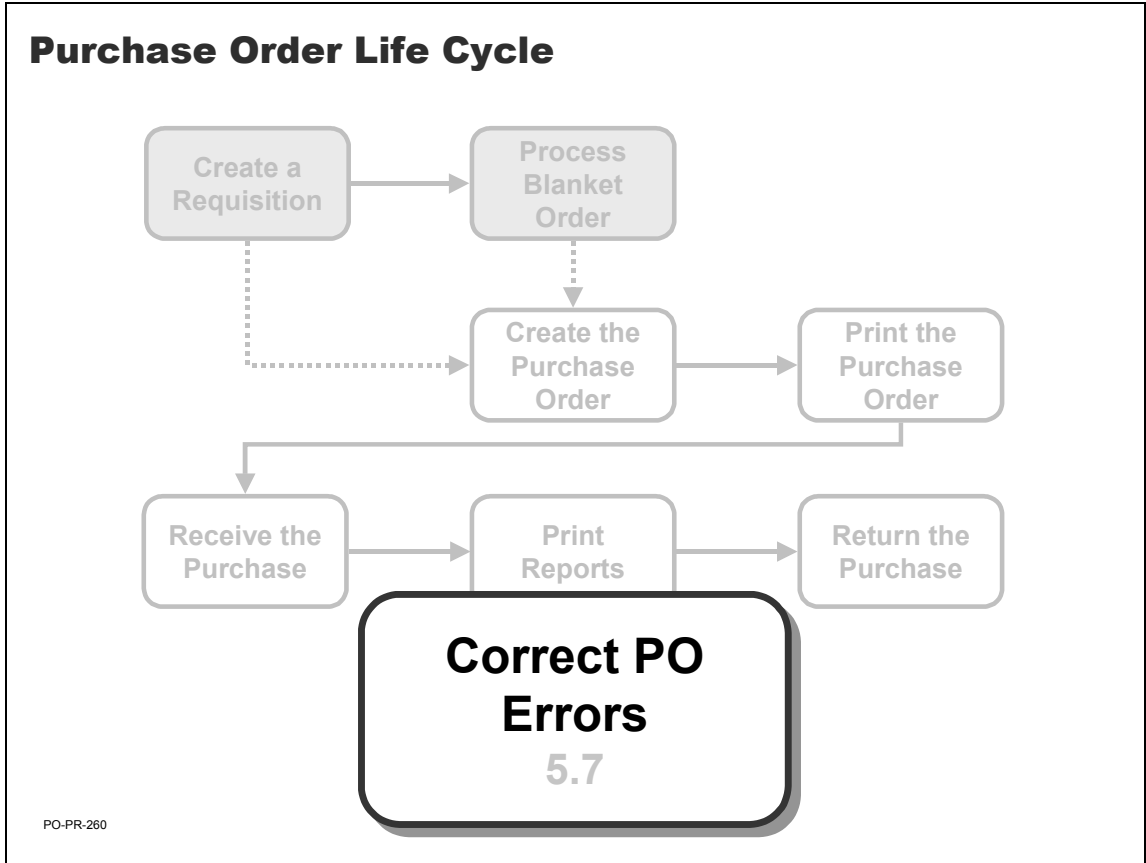
Use Transactions Detail Browse/Inquiry

- 11** Review the GL transactions created by your receiving activity

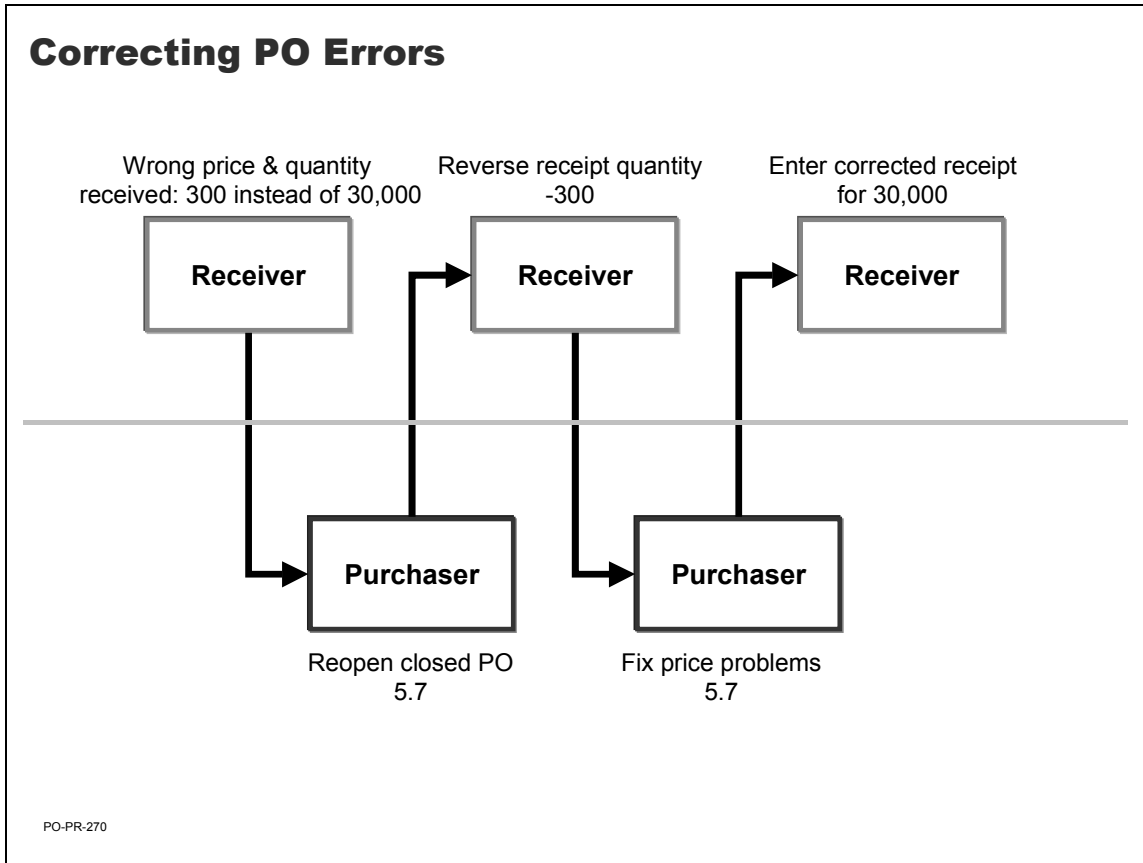
- a** Enter the GL reference number you noted in the last step in the GL Reference field

- b** What amount was posted to account 2200?

Use Unposted Transaction Browse/Inquiry



Correct PO Errors



PO Corrections Flow

Correcting these errors involves employees in both receiving and purchasing.

Important If you need to correct a transaction within MFG/PRO, completely reverse out the incorrect transaction (in this case, receive a negative amount) and then enter the correct transaction. If you only enter the difference between the two quantities, the audit trail is more difficult to follow.

5.7-- Purchase Order Maintenance: Correcting PO Errors

Purchase Order Maintenance

Purchase Order: P0010000 Supplier: 6002000

Ln Format S/M:Single

Line mode

Ln	Site	Req	Item Number	Qty Ordered	UM	Unit Cost	Disc%
3	10000		10-0040	10.0	GM	0.50	

Fix cost errors here

Qty Received: 10.0 Due Date: 09/02/2003 CRT Int: 0.00

Qty to Rel: 0.0 Pur Acct: 5100 0600

Single Lot: Performance Date: 09/02/2003 Project:

Location: 100 Need Date: 09/02/2003 Type:

Revision: Sales/Job: Taxable: Cmnts:

Status: c

Supplier Item: UM Conversion: 1.0000

Manufacturer: Stock UM Quantity: 10.0 GM

Description: GLUE Update Avg/Last Cost: Extended Net Cost: 5.00

Set status to blank here

PO-PR-280

Purchase Order Maintenance

- Ln Format must be single to correct these errors
- Reopen the PO by setting the Status field to blank (C = closed, X = canceled)
 - The line item is automatically closed when the quantity is completely received
 - It may be closed when only a partial amount is received if you set the Cancel Backorders field to Yes in the PO Control
- Fix any costing errors in the Unit Cost field

Summary

- ✓ Introduction to Purchase Orders
- ✓ Business Considerations
- ✓ Set up Purchase Orders
- ✓ Process Purchase Orders
 - Using Requisitions
 - Using Blanket Purchase Orders

PO-PR-300

CHAPTER 5

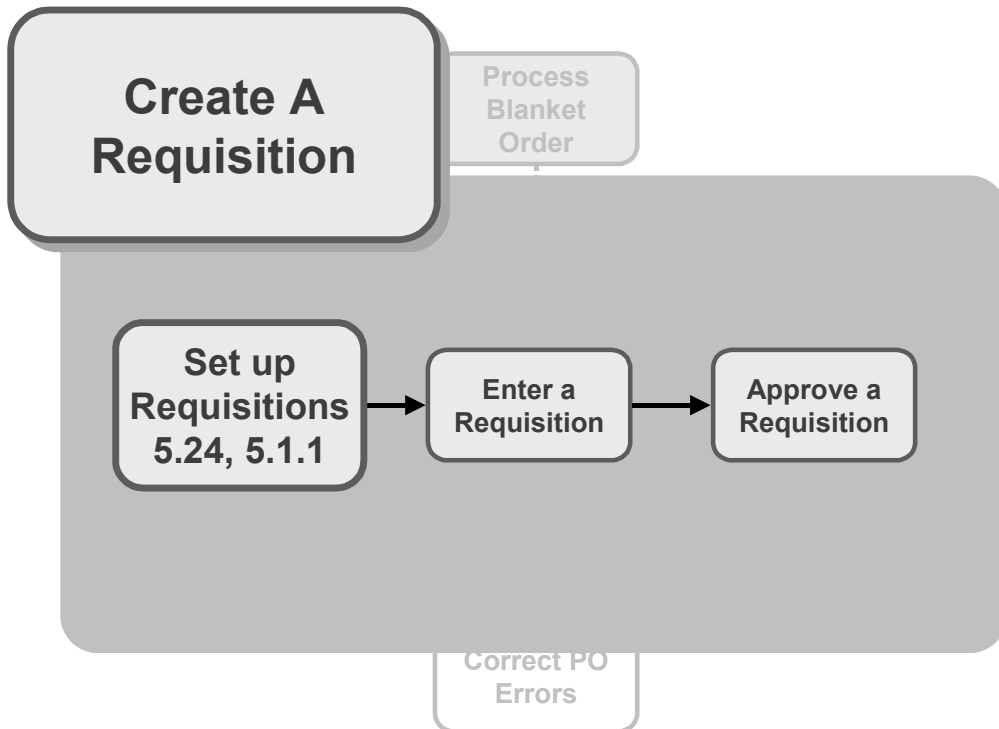
Requisitions

Requisitions

- ✓ Identify some key business considerations before setting up Purchase Orders in MFG/PRO
- ✓ Set up Purchase Orders in MFG/PRO
- ✓ Process Purchase Orders in MFG/PRO
- **Use Requisitions**
- Use Blanket Purchase Orders

PO-REQ-010

Purchase Order Life Cycle



PO-REQ-020

Set up Requisitions

Requisitions are optional.

- Planned Purchase Orders, which come out of MRP, become requisitions when approved by a planner
- Requisitions can also be created manually
- In both cases, they can then go through an approval process

5.24 – Purchasing Control

Purchasing Control

Bill To: 10000000
 Ship-To: 10000000
 PO Prefix: P00
 Next Purchase Order: 00010000
 Receiver Prefix: R00
 Next Receiver: 00010000
 Sort PO By: Site
 Receive All:
 Price Table Required:
 Disc Table Required:
 Apprvd Reqs for POs:
 Inspection Location: inspect
 Receiver Type: 2
 Sequential Receiver:
 Tolerance Percent: 10.00
 Tolerance Cost: 100.00

Ln Format S/M: Single
 PO Header Comments:
 PO Line Comments:
 Cancel Backorders:
 Keep Booking History:
 ERS Processing:
 ERS Option: 1

Type: 0 - Do not print receivers
 1 - Print for each shipment
 2 - Print for each item/shipment
 (Acceptance Limit For Overshipments)

PO-REQ-030

Purchasing Control

Approved Reqs for POs

- Specifies whether purchases must be approved prior to entering a purchase order
- Yes = you are using purchase approvals
 - Prior to entering a purchase order, a requisition is entered, printed, and approved
 - The system calculates a required approval level for any purchase requisition, whether it is manually generated or created by MRP
 - Requisitions requiring approval may not be referenced on a purchase order or blanket order until they have been approved
- Approval codes may have up to four levels of people required to approve a purchase requisition, depending on the purchase cost

- Approval amounts may be calculated by site, product line, person requesting, and purchase account (for non-inventory items)
- Approval information is printed on requisitions waiting to be approved
 - When approvals are entered, an appropriate approval code must be recorded
- It is not necessary to use purchase approvals for everything you buy
 - Only set up approval codes for things that require an approved requisition prior to purchasing
 - For example, you may require approvals on all capital equipment purchases but not on raw materials
- If no approval code exists for the site, product line, purchases account, or requested by entered on the PO, you will not be required to go through the approval process

5.1.1 – Purchase Approvals Maintenance

Purchase Approvals Maintenance

Approval Code: 10
 Description: Manager Approval
 Site: 10000
 Product Line:
 Purchases Acct:
 Requested By:

Maximum Amount	Approver
0.00	
0.00	
0.00	
0.00	

PO-REQ-040

Purchase Approvals Maintenance

- Purchase approval codes allow you to control the amount of money a person can spend
 - Codes defining sets of spending levels may differ by Site and Product Line
 - For noninventory purchases they may differ by the General Ledger Purchases Acct and Requested By
- If purchase approval codes exist, they are automatically assigned to purchase requisitions
- For inventory requisitions, MFG/PRO assigns an Approval Code by looking for a match in the following order:
 - Site, Purchases Acct/CC <blank>, the Product Line of the item, and Requested By
 - Site, Purchases Acct/CC <blank>, the Product Line of the item, and Requested By <blank>

- Site, Purchases Acct/CC <blank>, the Product Line of the item <blank>, Requested By
- Site, Purchases Acct/CC <blank>, the Product Line of the item <blank>, Requested By <blank>

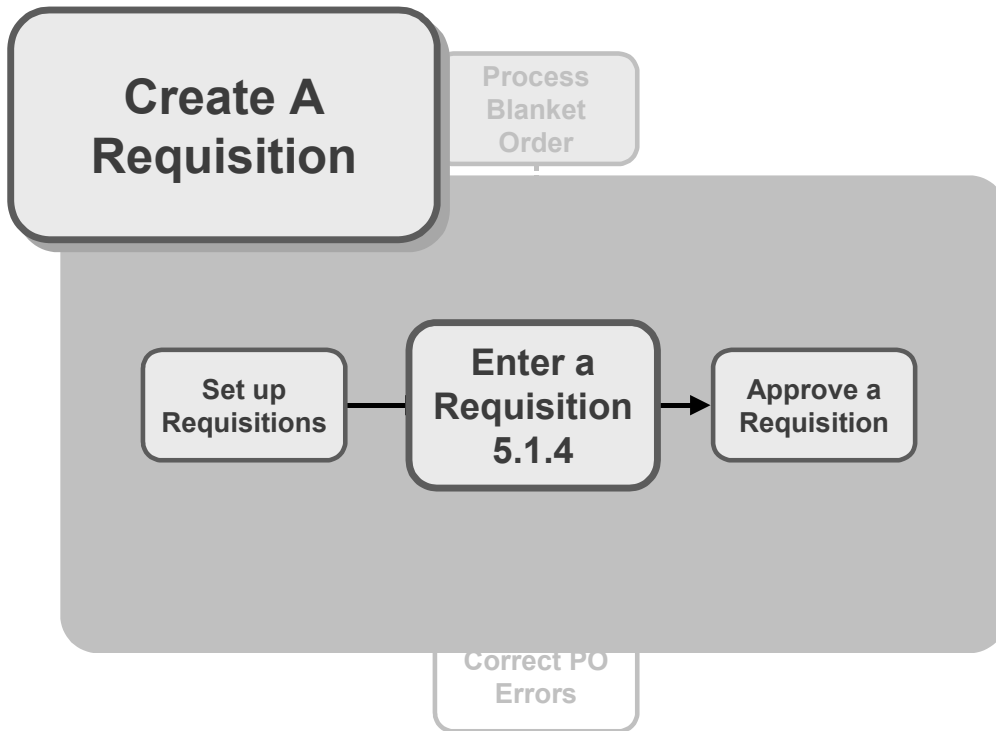
If no match is found, no Approval Code is assigned; the requisition is flagged as Approved

- For noninventory requisitions, MFG/PRO looks for a match as follows:
 - Site, Purchases Acct/CC, the Product Line of the item <blank>, Requested By
 - Site, Purchases Acct/CC, the Product Line of the item <blank>, Requested By <blank>
 - Site, Purchases Acct/CC <blank>, the Product Line of the item <blank>, Requested B
 - Site, Purchases Acct/CC <blank>, the Product Line of the item <blank>

If no match is found, MFG/PRO approves the requisition.

- If an Approval Code is assigned, the requisition cannot be referenced on an order until it is approved in Requisition Approval Maintenance
 - The amount determines the person who should approve it
 - Since clerks often enter the actual approval, MFG/PRO saves both the approver code and the user ID of the person who enters the approval
- If an approval code exists and Approvals Required = Yes in the Purchasing Control, the purchase order must reference an approved requisition
 - If Approvals Required = No, a purchase order without a requisition can be entered
 - If requisitions are used, only approved requisitions can be entered in the purchase order
- If approvals are needed only for some sites, or some product lines, set up approval codes for those only
 - The requisition approval is not a control; it is simply a way of recording and tracking who approved a requisition
 - Controls for requisition approval are provided using formal procedures outside of MFG/PRO

Purchase Order Life Cycle



PO-REQ-050

Enter a Requisition

- A requisition is a way of communicating demand for purchased materials
- It records the need for a specified quantity of an item at a specified site on a specified date
- PO Site specifies which site negotiates the purchase
- Requisitions are usually generated by MRP, but can be entered manually
- A requisition generated by MRP has an Item Number, Site, Qty, Release Date, and Need Date
 - MRP calculates both the Qty and Need Date, setting the Release Date to the Need Date less the purchasing lead time for the item
 - PO Site defaults from the item master
- On manual requisitions, the Item Number, Site, Qty, and Need Date are required

- MRP generates a requisition when you approve an MRP planned purchase order
 - MRP then treats it as a firm planned order
 - If a release date passes without an order, MRP issues an action message
- New requisitions are approved, printed, and referenced on a purchase order
 - The purchase order quantity consumes the requisition quantity until it is zero; then the requisition is deleted
 - Requisitions should be deleted if they cannot be filled
- The referencing of requisitions can be controlled through purchase approvals
 - If Approvals Required = Yes in Purchasing Control, purchase orders must reference approved requisitions: the requisition number can't be blank
 - When approvals are used, each new requisition is assigned an Approval Code based on the Site, Product Line of the item, Requested By, and Extended Amount
 - The Approval Code is the name of the authorized approver
 - To approve a requisition, run Requisition Approval Maintenance, supplying the Approval Code
- Requisitions have no financial effects
 - Pur Acct is not used on requisitions for inventory items
- On requisitions for noninventory items, you must enter all information, including the Unit Cost and the Purchases Account, which are used to determine approval level
 - The Purchases Account is passed to the PO and debited by Purchase Order Receipts
- You do not have to use approvals
 - Simply do not set up any approval codes
- Requisitions are not used with supplier schedules

Note Companies seeking economies of scale may wish to pass requisitions from many sites to a central purchasing site, possibly on another database.

- Simply specify a PO Site on the requisition
- When Approved Requisition Print is run at the PO Site, it sweeps through all sites, including sites on other databases, and prints all requisitions specifying that PO Site
- The purchase order entered at the PO Site can then reference the requisitions from the remote sites (the databases must be connected)

These requisitions are consumed, and MRP is updated

- When the items are received, inventory is updated in the remote database, but the receiver is created for matching on the PO Site database
- Requisitions may be referenced on blanket orders and regular purchase orders
 - When a requisition is referenced on a purchase order, the requisition quantity is reduced by the quantity ordered
 - When a requisition quantity is satisfied by purchase orders, the requisition is automatically deleted
 - Subsequent references to that consumed requisition are treated as though the requisition were non-existent
 - A requisition recorded on a blanket order is not reduced or deleted until the blanket order is released to create a purchase order
- Requisitions do not specify a supplier or a price
 - For this, consider using blanket orders instead

5.1.4 – Purchase Requisition Maintenance

Purchase Requisition Maintenance

Requisition Number: 1001

Item Number: 30-1000 BATTERIES, LONG-LIFE

Site: 10000

Quantity: 50

Unit of Measure: EA

Unit Cost: 1,000.00

Release Date: 09/03/2003

Need Date: 09/10/2003

Requested By:

Pur Acct: 5100 0200

PO Site: 10000

Print Requisition: Comments:

Approvals

Approval Code:

Approved:

Approved By:

Extended Amount: 0.00

Print Approval:

Approved Entered By:

PO-REQ-060

Purchase Requisition Maintenance

Requisition

- Requisition number uniquely identifies a purchase requisition--an authorization to purchase a particular item or product in a specific quantity for a specific due date
 - Requisitions may be entered manually or they may be created by approving MRP planned orders
- Requisition number selects specific information to appear on reports and inquiries
- Some companies assign specific ranges of requisition numbers to each buyer or department
 - Make sure that codes are entered consistently by entering the allowed codes into Generalized Codes Maintenance

- The system verifies entered codes against these predefined values, preventing incorrect codes from being entered

Item Number

- The item that this requisition is for
- Requisitions may be entered for non-inventory or inventory items
 - Non-inventory requisitions may be for items such as office supplies
In the Item Number field, you can enter the brand, catalog number, or even a short description such as “Pencils” or “Copy Paper”
The unit cost of the item can be recorded and comments can enter a detailed description of the item
 - If an inventory item is entered, its description is displayed
 - If a non-inventory item is entered, the description “Item not in inventory” displays

Site

- The site that needs the requisitioned items
- Site codes identify areas where inventory is manufactured or stored: an off-site storage area, a distribution center, a warehouse, a manufacturing facility, or any combination of these
- When a purchase order or blanket order is entered for this requisition, the line item site is set to the site on the requisition
 - This is the site to deliver the purchase items to
- Site is also used when calculating requisition approval levels based on the requisition amount
 - Different approvals may be required for each site, product line, person requesting, and purchase account (for non-inventory items)
- Requisitions, approvals, orders, and other purchasing documents and reports may be selected and sorted by site code

Qty

- The quantity of this item needed at this site by the need date specified
- If the requisition is created using the Planned Purchase Order Approval function in MRP, the requisition quantity defaults to the MRP planned order quantity
- Quantity and cost determine the approval level required for this requisition
 - The level depends on the purchase amount--the requisition quantity multiplied by the unit cost
 - For inventory items, the unit cost is taken from the Item/Site GL material cost

- For non-inventory items, the unit cost is taken from the requisition
- Requisition quantity and cost print on all requisition reports and documents

UM

- Validated against predefined values entered in Generalized Codes Maintenance, if any
- If a non-inventory item is entered unit of measure defaults to blank
 - Otherwise it defaults to the item unit of measure
- The unit of measure for the requisition quantity is usually the purchasing unit of measure
 - This is not always the same as the item unit of measure
- When a purchase order or blanket order references this requisition, the line item unit of measure defaults to the requisition unit of measure
 - If left at this value, the purchase order and receipt transaction use this unit of measure
- When an inventory transaction references a unit of measure other than the item unit of measure, the system looks for a conversion factor

Example The item may be held in inventory in the unit of measure [EA] but sold by the [CS], case. A unit of measure conversion can be set up to define the number of [EA] held in a case. If a [CS] holds 25 [EA], the Alternate UM is [CS] and the UM conversion is 25.

Unit Cost

- The normal price you expect to pay for one unit of this item, expressed in the unit measure entered on the requisition
- Quantity and cost determine the approval level required for this requisition
 - The level depends on the purchase amount—the requisition quantity multiplied by the unit cost
 - For inventory items, the unit cost is taken from the Item/Site GL material cost
 - For non-inventory items, the unit cost is taken from the requisition
- Requisition quantity and cost print on all requisition reports and documents
- Unit cost is entered manually only for non-inventory items
 - When a purchase order is entered for the requisition, the suggested unit cost displays on the line item as the line item unit cost
 - It may be changed manually

Release Date

- Release date is when a purchase order should be released for this requisition to get delivery of the items when they are needed

- For requisitions created using the Planned Purchase Order Approval function, release date is set to the need date less the purchasing lead time for the item
- For requisitions entered manually, release date defaults to system date
 - Enter a ? to calculate release date as need date less the purchasing lead time
- If this date arrives and a purchase order has not been entered referencing this requisition, MRP prints a “Past Due Release” action message
 - This MRP action message helps ensure you release purchase orders early enough, a reason to keep your item purchasing lead times up to date

Need Date

- Need date is when the requisitioned items need to be delivered
- For requisitions created using the Planned Purchase Order Approval function, need date is set to the due date of the MRP planned order
- For requisitions entered manually, need date is set to system date plus the purchasing lead time for the item
 - Enter a ? to calculate need date as the release date plus the purchasing lead time for the item
- If the need date arrives and a purchase order has not been entered referencing this requisition, MRP prints a “Past Due” message for this requisition
 - The requisition also appears on the Past Due Release Report and Inquiry
 - This MRP action message helps ensure you release purchase orders early enough, a reason to keep your item purchasing lead times up to date

Requested By

- A code identifying the person who requested the purchase
- The system may use this field when calculating purchase approval codes

Pur Acct

- This is the general ledger account code which is normally used to record purchases of non-inventory (expense) items
- The system calculates purchase approval codes for non-inventory requisitions using this account
- The expense account entered on the requisition displays as the default on the purchase order or blanket order line item

PO Site

- If this requisition is for an inventory item, the PO site defaults to the PO site entered for the item
 - For a non-inventory item, the PO site defaults to the deliver-to site entered on the requisition
- The PO site is where the purchase order for this item is to be generated
- The PO site entered on the requisition determines which purchasing department takes action on this requisition
 - With distributed purchasing, some items may be purchased at one site for all other sites, allowing your company to take advantage of price breaks or quantity discounts on purchases for the entire company
- When the Requisition Print function is run at the PO site, it picks up all requisitions with this site, regardless of what physical database they are on
 - When an order is entered referencing this requisition, the system decreases or deletes the requisition from the database it was entered on

Note If you are not using distributed purchasing, the PO site should always be the same as the item (deliver-to) site.

Print Requisition

- Yes = the requisition should be printed
- No = the requisition has been printed
 - The Requisition Print function automatically sets this flag to No
 - To skip printing this requisition, set this flag to No manually

Note Normally a formal printed document should print once. The print flag prevents the document from reprinting by mistake. To reprint it intentionally, change the print flag back to Yes using the maintenance function.

Approval Code

- An approval code identifying the type of approval required for this purchase requisition
- The system calculates a required approval level for any purchase requisition, whether it is manually generated or created by MRP
 - Requisitions requiring approval may not be referenced on a purchase order or blanket order until they have been approved
- Approval codes may have up to four levels of people required to approve a purchase requisition, depending on the purchase cost

- Approval amounts may be calculated by site, product line, person requesting, and purchase account (for non-inventory items)
- Approval information is printed on requisitions waiting to be approved
 - When approvals are entered, an appropriate approval code must be recorded
- The approval code used to approve the requisition must be at a level at least as high as that required to approve the requisition
 - Otherwise the requisition is not flagged as approved
- It is not necessary to use purchase approvals for everything you buy
 - Only set up approval codes for things that require an approved requisition prior to purchasing--you may require approvals on all capital equipment purchases but not raw materials
 - If no approval code exists for the site, product line, purchases account, or requested by entered on the PO, you will not be required to go through the approval process

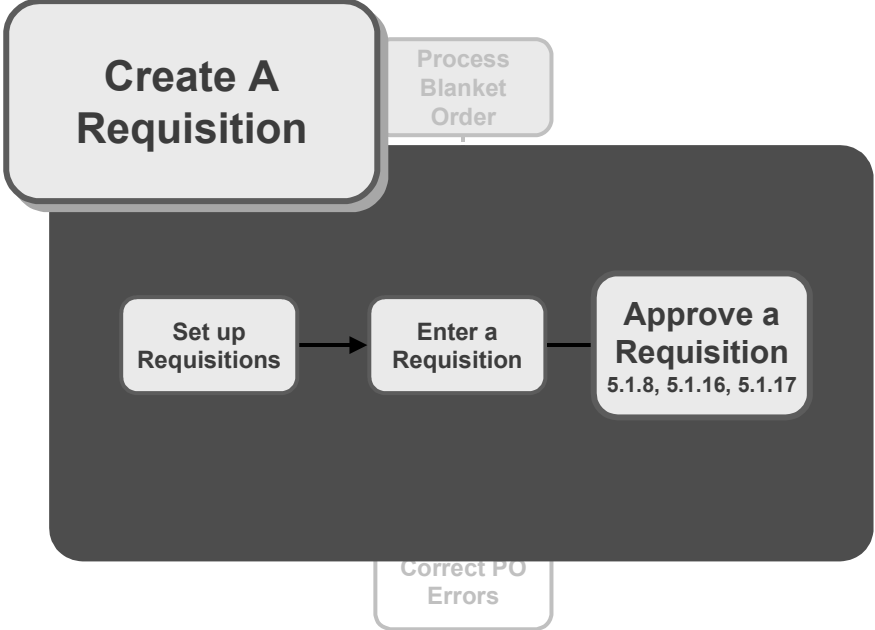
Approved

- Yes = the requisition has been approved using Requisition Approval Maintenance function
- Only approved requisitions can be printed and referenced on a purchase order or blanket order

Approved By

- A code identifying the person who approved this purchase requisition
- The person who entered the approval may not be the person who actually approved the requisition
 - The system tracks both for auditing purposes
- Normally the person who approves the requisition should be the person authorized for this approval amount and approval code

Purchase Order Life Cycle



PO-REQ-070

Approve a Requisition

5.1.8 – Req Approval Document Print

Req. Approval Document Print

Item Number:

To:

Requisition:

To:

Need Date:

To:

Requested By:

To:

Approval Code:

To:

Buyer/Planner:

To:

Print Comments:

Update:

Note: Only those requisitions with 'Print Approval' of yes will print

Output:

Batch ID:

PO-REQ-080

Req Approval Document Print

- Before a purchase takes place, it may need to be approved; an approval document helps manage this process
- Requisitions are listed by Approval Code, then each requisition prints with a space for approval signatures
- When using requisitions and approvals to control the purchasing process, approval documents are printed and circulated for review and sign-offs
- Once the required signatures are gathered, the requisition is approved and sent to purchasing
- When an unapproved requisition prints, MFG/PRO sets Print Approval to No
 - Unless you reset this flag, the requisition will not print on the next approval document
- To reprint an unapproved requisition, if the requisition information has changed, set Print Approval to Yes in Purchase Requisition Maintenance

5.1.16 – Requisition Approval Maintenance

Requisition Approval Maintenance

Approval Code: 10 Approver: Unapproved Only:

Req	Item Number	Req By	Extended Amount	Apr Needed	Aprv By	Apr
						<input type="checkbox"/>

PO-REQ-090

Requisition Approval Maintenance

- Recording a Requisition approval indicates that the approver have reviewed the requisition and approved it for purchase
- There are three parts to the screen:
 - First frame: select the requisitions to review: all those for a particular Approval Code or Approver
 - Middle frame: displays the selected requisitions
 - Bottom frame: specify which requisitions you approve
- The purchase approval cycle goes through the following steps:
 - Requisitions are entered

- An approval code is assigned automatically based on the Site, Product Line, Requested By, and Purchases Acct
- Unapproved requisitions are printed and circulated for management approval
- Approvals are recorded
- Approved requisitions are printed
- Purchase orders are entered
- Multiple levels of approvals may be required, depending on the Requisition Amount
- When approvals are entered, the system keeps track of just the last one
- Only when the highest required approval is entered is the requisition flagged as Approved, and only then can you enter a PO for this requisition.
- If you enter an approval by mistake, use Purchase Requisition Maintenance to remove it
- This function should be password controlled

5.1.17 – Approved Requisition Print

Approved Requisition Print

PO Site: 10000

Item Number: To:

Requisition: To:

Need Date: To:

Supplier: To:

Buyer/Planner: To:

Print Suppliers:

Print Comments:

Show Blanket POs:

Approval Code:

Print Approved:

Print Unapproved:

Note: Only those requisitions with 'Print Requisition' of yes will print.

Output:

Batch ID:

PO-REQ-100

Approved Requisition Print

- Allows Purchasing to review all requests prior to issuing a PO
- This is particularly helpful when multiple sites are submitting requests
- Requisitions are listed by Item Number
- Optionally, can also include a list of supplier quotes and a list of any open blanket orders
- When using approvals, requisitions are printed by Purchasing only after they have been approved
 - They are printed at the PO site: where the PO is to be entered
 - Approved Requisition Print lists all requisitions for the designated PO site, including requisitions entered at other sites in the network

Approved Requisition Print sweeps all connected databases looking for requisitions

- When a requisition prints, MFG/PRO sets Print Requisition = No in Purchase Requisition Maintenance
 - Unless you reset this flag, the requisition will not print again
- To reprint a requisition, set Print Requisition = Yes in Purchase Requisition Maintenance

Exercises



PO-REQ-110

Requisitions Exercises

Important The data used in this exercise may not be the same as the data shown in the screen captures in this lesson.

Process Requisitions

Instructions: In this exercise you enter and approve a requisition.

- 1 Check to be sure that approved requisitions are required for PO. If they are not, change the Purchasing Control so that they are.

Use Purchasing Control

2 Set up an approval code for:

Site: train
Product Line: 1000
Maximum Amount: \$500,000
Approver: Yourself

Use Purchase Approvals Maintenance

3 Create a requisition for:

Item Number: 02-0005
Site: train
Qty: 100
Approval Code: The code you created above

Use Purchase Requisition Maintenance

4 Approve the requisition you just created.

Use Distribution Icon, Requisition Approval Maintenance

5 Print the approved requisition.

Use Approved Requisition Print

6 Change the approved requisitions for PO flag back to no for future exercises

Use Purchasing Control

Summary

- ✓ Introduction to Purchase Orders
- ✓ Business Considerations
- ✓ Set up Purchase Orders
- ✓ Process Purchase Orders
- ✓ Using Requisitions
- Using Blanket Purchase Orders

PO-REQ-120

CHAPTER 6

Blanket Purchase Orders

Use Blanket Orders

- ✓ Identify some key business considerations before setting up Purchase Orders in MFG/PRO
- ✓ Set up Purchase Orders in MFG/PRO
- ✓ Process Purchase Orders in MFG/PRO
- ✓ Use Requisitions
- Use Blanket Purchase Orders

PO-BL-010

Blanket Purchase Orders

Introduction

- A blanket order is an agreement to purchase items at a specific price during a defined time period, with the actual delivery dates to be determined
- A blanket order assumes that you and the supplier have a long-term relationship
- Blanket orders are useful when you place periodic (daily, weekly, monthly) or recurring orders for the same item
- Blanket orders are usually negotiated in advance of the demand and cover a rather long time period, such as the annual requirement for a key component, with a price based on a volume commitment

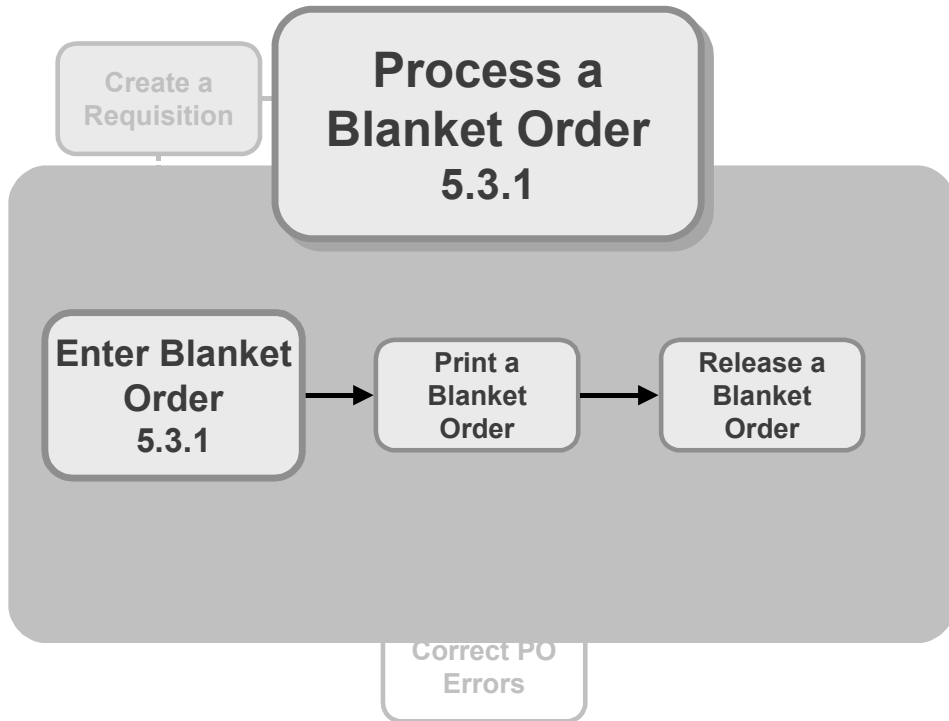
- Blanket orders monitor the quantity purchased and offer an opportunity to negotiate a good price
- In general, blanket orders are entered, printed, and released to purchase orders (POs)
 - Multiple releases can be processed for any blanket order line item, and you specify the quantity to release and the due date
 - Each release generates a purchase order; all receipts are processed against this PO
- Blanket orders are used for multiple deliveries of stock rather than make-to-order items

Example A manufacturer of circuit boards might buy solder at irregular intervals but always from the same supplier. A blanket order for 12 months, could be set up with the supplier, and each month an order for solder would be released. The amount of solder needed would be specified at the time each order is released.

- MFG/PRO uses the blanket order as a template to create a purchase order when a release is made
 - MRP ignores blanket orders and you cannot process receipts against them
 - However, once the blanket order is released, the resulting purchase order is treated exactly as any other purchase order
- You do not have to specify order and line item due dates during order entry
 - If you leave these fields blank, the system will assign these automatically when you release the blanket order
- To release a blanket order to a purchase order, the Release field must be set to Yes and the quantity to release must be entered for each line item
 - If you are releasing orders by cycle code, the blanket order must also have a cycle code
- When blanket orders are released to purchase orders, the system assigns a PO number by appending a release number to the blanket order number
 - For example, the first purchase order for blanket order 12004 would be 12004001, the second would be 12004002, and so on
- If a purchase order line item is canceled or deleted, the open quantity on the corresponding blanket PO is automatically adjusted
 - When a receipt is posted against a regular PO, the corresponding blanket order receipt quantity, if any, is also updated
 - The system closes blanket orders when the order is fully released or when all the lines are closed or canceled
- Blanket orders have no effect on the General Ledger

Note For close supplier partnerships and recurring deliveries, you can use supplier schedules rather than blanket orders. Generated by MRP, these can provide your supplier with visibility into the projected timing of your requirements.

Purchase Order Life Cycle



PO-BL-020

Blanket Order Flow

5.3.1 – Blanket Order Maintenance: Header 1 of 2

Purchase Order: P0010001
Supplier: 5001000
Ship-To: 10000000

Supplier	Ship To
METAL SUPPLY COMPANY 720 EAST COLLEGE AVENUE BUILDING B-2 LOS ANGELES CA 90293 United States of America	QUALITY PRODUCTS COMPANY Corporate Headquarters 9000 World Way Los Angeles CA 89000 United States of America

Order Date: 09/04/2003	Price Tbl: <input type="text"/>	Confirming: <input checked="" type="checkbox"/>	Imp/Exp: <input type="checkbox"/>
Due Date: <input type="text"/>	Disc Tbl: <input type="text"/>	Currency: USD	Language: US
Buyer: JJ	Ln Disc: 0.00%	Taxable: <input type="checkbox"/>	<input type="text"/>
Bill To: 10000000	Site: <input type="text"/>	Fixed Price: <input checked="" type="checkbox"/>	Consign: <input type="checkbox"/>
Sales/Job: <input type="text"/>	Project: <input type="text"/>	Credit Terms: 2/10-30	0.00
Contract: <input type="text"/>		Entered By: qad	
Contact: HOLLY JONES		Requested By: <input type="text"/>	
Remarks: LIMITED SHIPPING HOURS (SEE COMMENTS)		Comments: <input type="checkbox"/>	

PO-BL-030

Blanket Order Maintenance

Header

- Once you enter the header, the order is stored on the system even if you do not enter any line items
- The order header includes the Supplier, Ship-To, Credit Terms, Currency, Exch Rate, and other general order information
- You are prompted to enter comments only if the Comment flag = Yes on the header or line item frames
 - Unlimited comment text can be entered, with up to 99 pages, each designated as printing or non-printing

5.3.1 – Blanket Order Maintenance: Header 2 of 2

The screenshot shows a software window titled "Blanket Order Maintenance". At the top, it displays "Purchase Order: P0010001", "Supplier: 5001000", and "Ship-To: 10000000". Below this, there are two columns of supplier information. The left column is for "METAL SUPPLY COMPANY" and the right column is for "QUALITY PRODUCTS COMPANY". A callout box with an arrow points to the "Cycle Code:" field, which is currently empty. Below the supplier information, there are fields for "Blanket Start:" (09/04/2003), "Blanket End:", "Est Value:" (0.00), "Release:" (checkbox), and "Recurr:" (checkbox). On the right side, it shows "Blanket Order: P0010001", "Rel: 0", and "Type: B".

PO-BL-040

- Set up a blanket order in either of two ways:
 - Irregular: when deliveries are irregular or of varying quantities, set Release = No and Recurr = No
 - When you need a delivery, set Release = Yes and enter the Receipt Qty in Blanket Order Maintenance, then run Blanket Order Release to PO
 - Recurring: when deliveries are regular, recurring, and of the same size, set Recurr = Yes and Release = Yes and Receipt Qty to the normal delivery size

Cycle Code

- Specifies the frequency with which purchase orders are released from this blanket order
 - MO = monthly releases
 - WK = weekly releases

- DA = daily releases
 - This field may also be left blank
- When a delivery is to be released against an outstanding blanket order, the system can automatically generate the purchase order from the blanket order
 - Blanket Order Release to PO creates orders based on the blanket order Release, Cycle Code, and line item Quantity to Release values
 - It only considers blanket orders flagged with Release = Yes and the specified Cycle Code, if any
- Purchase orders are released with all the blanket order information
- Purchase order line items are created for any blanket order line with a non-zero Quantity to Release

5.3.1 – Blanket Order Maintenance: Line Items

Blanket Order Maintenance

Purchase Order: P0010001 Supplier: 5001000 Ln Format S/M:Single

Ln	Site	Req	Item Number	Qty Ordered	UM	Unit Cost	Disc%
1	10000		03-0030	1,000.0	EA	17.98	0.00%

Qty Received: 0.0 Due Date: CRT Int: 0.00

Qty to Rel: 0.0 Pur Acct: 5100 0500

Single Lot: Performance Date: Project:

Location: 300 Need Date: Type: B

Revision: D Sales/Job: Taxable:

Status: Fixed Price: Inspect Req: Cmnts:

Supplier Item: UM Conversion: 1.0000

Manufacturer: Stock UM Quantity: 1000.0 EA

Description: DISPLAY RACK Update Avg/Last Cost: Extended Net Cost: 17,980.00

PO-BL-050

Line Items

- If you fill in the optional Req number, the system fills in the Item Number, Qty Ordered, UM, and Purchase Cost
- If you enter your item number, MFG/PRO displays the GL material cost
- If you enter the supplier's item number, the system accesses data in Supplier Item Maintenance and Price List Maintenance to display the Purchase Cost quoted for that order quantity
- You can enter line items in single- or multiple-line mode
 - Specify the default in Purchasing Control
 - More data, such as Due Date and Location, can be entered in single-line mode, but multiple-line entry is quicker

You can switch between the two within an order.

- Blanket orders can be for inventory or non-inventory items, but not for subcontracting
- Delivery receipts can be processed only against a PO, not a blanket order
- When you need delivery, enter the quantity to release for each line in Blanket Order Maintenance and set Release = Yes and run Blanket Order Release to PO

5.3.1 – Blanket Order Maintenance: Trailer

Blanket Order Maintenance ? i [icon] x

Purchase Order: P0010001 Supplier: 5001000 Ship-To: 10000000

Non-Taxable: 17,980.00 Currency: USD Line Total: 17,980.00
 Taxable: 0.00 Total Tax: 0.00
 Tax Date: 09/04/2003 Total: 17,980.00
 View/Edit Tax Detail:

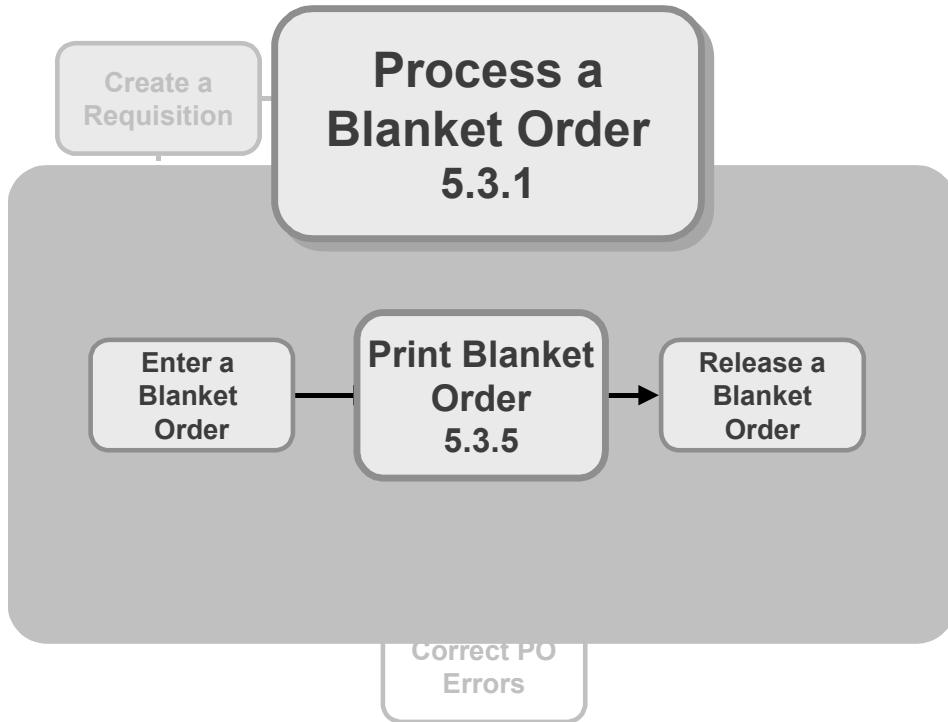
Revision: <input type="text" value="0"/>	Amount Prepaid: <input type="text" value="0.00"/>
Print PO: <input checked="" type="checkbox"/>	Status: <input type="text"/>
EDI PO: <input type="checkbox"/>	Close Date: <input type="text"/>
AP Account: <input type="text" value="2100"/> <input type="text"/> <input type="text"/>	FOB: <input type="text"/>
Deliver To: <input type="text"/>	Ship Via: <input type="text" value="CONSOLIDATED"/>

PO-BL-060

Trailer

- Once all line items are entered, MFG/PRO displays trailer information, totaling line items and calculating taxes

Purchase Order Life Cycle



PO-BL-070

Print Blanket Order

5.3.5 – Blanket Order Print

PO-BL-080

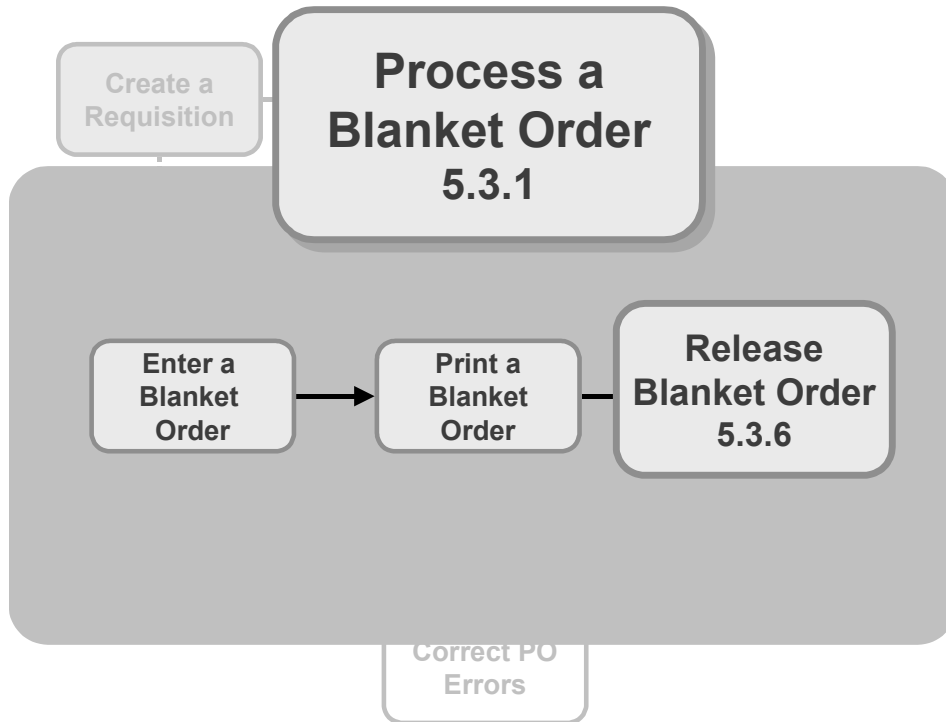
Blanket Order Print

Printing a blanket order works just like printing a regular purchase order using Purchase Order Print.



See in this training guide: *Print the Purchase Order* on page 127

Purchase Order Life Cycle



PO-BL-090

Release Blanket Order

- Blanket Order Release to PO generates purchase orders for open blanket orders that are ready for release
- This function should be password-controlled

5.3.6 – Blanket Order Release to PO

Blanket Order Release to PO

Cycle Code:

Blanket Order:

Supplier:

Blanket Start:

To:

To:

To:

Due Date: 09/04/2003

Copy Edited Tax Records from Blanket PO:

Output:

Batch ID:

PO-BL-100

Blanket Order Release to PO (Optional)

- MFG/PRO generates a purchase order for each blanket order released
 - The PO number equals the blanket order number followed by a sequential release number: blanket order 123456 generates POs 12345601, 12345602, and so on
- When a delivery is to be released against an outstanding blanket order, the system can automatically generate the purchase order from the blanket order
- The Blanket Order Release to PO function creates orders based on the blanket order Release, Cycle Code, and line item Quantity to Release values
 - It only considers blanket orders flagged with Release = Yes and the specified Cycle Code, if any
- The PO information is taken from the blanket order

- Purchase order line items are created for any blanket order line with a non-zero Quantity to Release
- Line item Qty Ordered is set to the Quantity to Release, and Due Date is set to the Due Date on the release
 - If a due date is entered on the blanket PO line then that due date is used on the released PO
- If a line item is closed or cancelled, Blanket Order Release to PO does not release orders for those items
- When you need delivery, enter the quantity to release for each line in Blanket Order Maintenance then set Release to Yes and run Blanket Order Release to PO
- The number of releases and the total quantity released is maintained on the blanket order
- Each release checks that the total quantity released does not exceed the blanket order quantity

Note If you release an item by mistake, use Purchase Order Maintenance to cancel or delete the line. This adjusts the quantity open on the blanket order. Do not change the line item quantity on the PO, since this does not update the blanket order.



Blanket Orders Exercises

Important The data used in this exercise may not be the same as the data shown in the screen captures in this lesson.

Blanket Orders

Instructions: In this exercise you enter a blanket order and release some items. Blanket orders are used to record purchase agreements such as yearly contracts for your suppliers to supply a given quantity of raw material at a given price. During the year you then release delivery requests against this contract, automatically creating a purchase order.

- 1 Quality Pencil Company has negotiated a contract with Plastic Supply Corporation (supplier 5004000). They have agreed to purchase 5,000,000 plastic pencil barrels (item 05-0005) over

the next 12 months. In return, PSC has agreed to a price of .075 EA, a significant savings over their regular price of .12 EA.

a Record this contract as a blanket order. (Use site train, Release = No.)

Use Blanket Order Maintenance

2 Print the blanket order (To Be Released Only = No) and verify the information.

Use Blanket Order Print

3 Quality Pencil needs 20,000 plastic barrels next Monday. Modify the blanket order so that they can make this delivery release as follows:

- Set Release to Yes (in the header)
- The line item Qty To Rel to 20,000
- Revision to 1
- Line item Due Date to next Monday.

Use Blanket Order Maintenance

4 Release the delivery for the blanket order and the appropriate due date.

Use Blanket Order Release to PO

5 Look at the purchase order that was created by the release (PO number followed by three-digit numeric code).

a Notice that all the information was maintained along with the correct line item quantity and unit cost.

b Once the blanket order has been released to purchasing, it is handled exactly the same way as a regular purchase order.

Use Purchase Order Maintenance

6 Review the blanket order. Notice the quantity ordered is still 5,000,000. However, the quantity open has been decreased by 20,000.

Use Blanket Order Browse/Inquiry

7 Receive the purchase order created by the release.

Use Purchase Order Receipts

8 Review the blanket order again. Notice the quantity received has been updated.

Use Blanket Order Browse/Inquiry

Summary

- ✓ Introduction to Purchase Orders
- ✓ Business Considerations
- ✓ Set up Purchase Orders
- ✓ Process Purchase Orders
- ✓ Using Requisitions
- ✓ Using Blanket Purchase Orders

PO-BL-120

APPENDIX A

Workshops and Study Questions

Setup/Implementation

Setup Workshop

Instructions: Pick one of the companies you have been working with so far, kitchen products or beverages, whichever you like. List the raw materials and components that you want to set up. These are the items that you need to purchase.

- 1 First, make sure that each of the items are set up with the appropriate planning information. In particular, what fields do you need to check?
- 2 See if you have any open sales orders for your finished items. (If not, plug in a forecast.)
 - a Run Selective MRP for your product line. This should generate some requirements for your purchased items.
 - b Take a look at the Planned Order Browse/Inquiry.
- 3 Approve one of the planned purchase orders. Look at this in the Purchasing menu. Where did you look?
- 4 Add a new supplier for this item.
 - a What if you send payments to a different address?
 - b Where do you enter this?
- 5 This supplier supplies you with at least two of your component items. Set this up in the system. Enter both a quote quantity and cost.
- 6 Enter a purchase order for this supplier. Order exactly 1,000 units. (Do not specify a requisition.)
 - a Enter the supplier's item number on the PO line.
 - b What happened?
- 7 Enter another purchase order and specify a requisition.
 - a After you finish, take a look at the requisition.
 - b What happened?
- 8 Purchasing can also be used for non-inventory activities. Assume you are refurbishing your office. Add a new supplier and enter a purchase order for some new furniture.

- a What is the line item type on the purchase order?
- 9 You are now establishing data entry procedures for purchasing non-inventory items. Look at the purchase order line item detail screen.
 - a Which fields would be handled differently for non-inventory purchases?
 - b Of these, which should you make sure are entered on this type of PO?

Study Questions for Setup

- 1 What are the two sources of a requisition?
- 2 How would you set up the system if you wanted to use requisition approvals at one site and not at another, when running both in the same database?
- 3 When you enter a purchase order, where does the line item unit cost come from? List three sources and when they are used.
- 4 Overshipment tolerances apply to all product lines and sites in a database.
 - True or False
 - Why?
- 5 A purchase order line item of type S identifies a _____ purchase. This type of purchase order normally specifies the _____.
- 6 If you are not using Accounts Payable, you should set the Receiver Type to zero in the Purchasing Control.
 - True or False
 - Why?

Processing

Processing Workshop

- 1 Select the order you entered in step 6 of the previous workshop. (This should be an order for 1,000 units. If you do not have one, enter a new one.)
 - a Receive 999 units and cancel the backorder.
 - b How did you do this?
- 2 You made a mistake, you processed a receipt for 999 units, but it should have been 99.
 - a Fix it.
 - b What did you have to do?
- 3 Of the 99 units you received, 25 of them did not pass inspection.
 - a Send them back to the supplier.
 - b What function did you use?
- 4 Receive the items for your office (from step 8 of the previous workshop).
 - a Review the receivers and verify the GL transactions.
- 5 Receive all of the other purchase orders for your raw materials.
 - a What location did the system assume you would receive these into?
 - b Where did this come from?
- 6 If you get a chance, go into Accounts Payable and enter the supplier invoice for your furniture. Use Voucher Maintenance and enter your PO number. Notice that this brings in all of the PO information—supplier, terms, and so on.
 - a On the receiver screen, do a lookup browse at Receiver number and a list of all your receipts appears.
 - b Try vouchering one or two lines.
 - c Notice the variances that appear if you voucher a different quantity than was received or at a different price than was on the PO.

Study Questions for Processing

- 1 Purchase order receipts processed for line item Type M (memo) or S (subcontract) do not affect inventory.
Receipts of line item type M increase the balance (debit) in the GL _____ account.
Receipts of line item Type S normally increase the balance (debit) in the GL _____ account.
- 2 Items can be received into only one site at a time. If you need to receive into another site, you need to process another Purchase Order Receipts transaction.
True or False
Why?
- 3 Processing a negative receipt in Purchase Order Receipts automatically generates a return document to send to your supplier.
True or False
Why?
- 4 How do you process a return to supplier if the purchase order has been closed?
- 5 Returning items against a PO automatically reopens the PO and flags the returned quantity as “on order.”
True or False
Why?
- 6 What is a PO price variance? How is it calculated? When is it created?
- 7 If the unit cost on a subcontract purchase order differs from the standard subcontract cost on the work order routing, the difference is posted as a PO price variance.
True or False
Why?

Blanket Order Workshop

Exercise 1

Instructions: In this exercise you enter blanket order and release a part of the blanket order to a PO.

1 Make sure that you do not need to use approved requisitions to generate a PO.

2 Create a blanket order for:

Supplier:	5004000
Blanket Start:	one month ago
Blanket End:	one month from today
Release:	no
Recur:	no
Cycle Code:	blank
Site:	train
Item Number:	02-0005
Qty Ordered:	1000

3 Print the blanket order you just created.

To Be Released Only: no

4 Generate a PO from the blanket order you just created to release 100 of item 02-0005.

Use Blanket Order Maintenance and Blanket Order Release to PO

5 Review the purchase order that you created.

Note: this is *not* the same order number as your blanket order.

Verify that the data from your blanket order has been copied to the purchase order.

Use Purchase Order Maintenance

Exercise 2

1 Enter a blanket order.

2 Prepare the blanket order for release. What fields did you have to enter in Blanket Order Maintenance to do this?

- 3 Release the blanket order. Look at the resulting purchase order. Note the purchase order number it was assigned.

Blanket Order Study Questions

- 1 What two fields do you need to check before you can release a blanket order to an order?
- 2 Blanket purchase orders are just like requisitions. MRP treats them as firm planned orders.
True or False
Why?
- 3 The first time you release a purchase order from blanket order number BP3, the purchase order number is set to _____.
- 4 Once the blanket order quantity has been released, no more releases can be processed against it.
True or False
Why?
- 5 You work with one supplier who provides all of your printed product manuals. Usually you use about 12,000 units a year, and they have quoted you a fixed price based on this volume. Manuals are not planned by MRP, they are just set up on a reorder point. Although sometimes your needs change, usually you order 2,000 every two weeks.
What fields in Blanket Order Maintenance identify this situation?

Answers to Workshops and Study Questions

Setup Workshop

- 1 Pur/Mfg should be set to P for purchased items. In addition, you enter the purchasing lead time and the purchasing (PO) site. If the item needs to be inspected, you should set Ins Reqd = Yes and enter an inspection lead time. Minimum, Maximum, and Order Multiple may also apply depending on the type of product, as does Reorder Point.
- 2 Use Purchase Requisition Browse/Inquiry. The requisition number should be the planned order number, unless you changed it during the approval.
- 3 Use Supplier Maintenance and Supplier Remit-to Maintenance.
- 4 Use Supplier Item Maintenance.
- 5 When you entered the supplier item number, the system retrieved your item number and the supplier's quoted cost.
- 6 When a requisition is referenced on a purchase order, the system subtracts the purchase order quantity from the requisition quantity. If the purchase order quantity is greater than or equal to the requisition quantity, the requisition is deleted automatically.
- 7 Line item type M for Memo indicates a non-inventory purchase.
- 8 Like any other PO, you need to enter the item, quantity, unit of measure, and unit cost. Since the purchase is non-inventory, the location information is not really needed. The key here is that you should always enter the appropriate GL expense account in the Purchases field for this type of PO.

Setup Study Questions

- 1 Requisitions can be entered manually or created by approving an MRP planned purchase order.
- 2 First, you need to set Approvals Required = Yes in the Purchasing Control. Then, set up approval codes for only the one site. Do not set up any for the other site.
- 3 Line item unit cost defaults from:
 - Price list and discount table specified in the supplier item table
 - Supplier item quote cost, if no price list is specified and if the order quantity exceeds the quote quantity

- GL material cost for the item
- 4 True.
- 5 A purchase order line item of type S identifies a SUBCONTRACT purchase. This type of purchase order normally specifies the WORK ORDER (NUMBER, ID, and OPERATION).
- 6 False. Receivers are created regardless of whether or not you are using Accounts Payable. Receiver Type indicates whether you print them.

Processing Study Questions

- 1 Purchase order receipts processed for line item type M or S do not affect inventory.
 - a Receipts of line item type M decrease the balance (credit) in the GL EXPENSED ITEM RECEIPTS account and increase the balance (debit) in the PURCHASE EXPENSE account on the PO line.
 - b Receipts of line item type S normally increase the balance (debit) in the GL WORK IN PROCESS account.
- 2 False. Multiple sites, locations, lot/serial numbers, and lot references can be specified on any line item receipt.
- 3 False. The Purchase Order Returns transaction generates a return document that can be printed using Purchase Return Document Print.
- 4 Purchase Order Returns can be processed only against open orders. If the PO is closed, the system prompts you to reopen it; then process the return against it.
- 5 False. You have to put the items on order manually. The system does not assume you will be replacing them.
- 6 PO price variance is calculated as the difference between the PO cost and the GL cost, multiplied by the number of items received. It is only calculated for inventory items, and is created at the time of PO receipt.
- 7 False. This creates a subcontract rate variance, not a PO price variance.

Processing Workshop

- 1 You can cancel the backorder during the PO Receipt or you can go into Purchase Order Maintenance and change the line item status to X, for canceled.
- 2 Since the line item was canceled, if it was the only line item on the order, the whole order is canceled. The first thing you must do is reopen the purchase order. After that, you must fix your error. The best way is to reverse the original entry by processing a negative receipt (-999). Then receive the correct quantity of 99.

Do not use a Purchase Order Return to Supplier to correct this error, since this would look bad on the supplier performance report, and you would not want that.
- 3 Use Purchase Order Returns.
- 4 Use Purchase Receipt Browse/Inquiry and the Transactions Detail Browse/Inquiry.
- 5 Items and PO lines set up as Inspection Required = Yes are received into the inspection location specified in the Purchasing Control. If inspection is not required, the location defaults to the location on the PO line, which defaults from the location entered in Item Inventory Data Maintenance.

Blanket Order Workshop (Exercise 2)

- 1 Release = Yes and Quantity to Release.

Blanket Order Study Questions

- 1 Quantity to release should be entered and the Release flag set to Yes.
- 2 False. Blanket orders are not considered by MRP.
- 3 The first time you release a purchase order from blanket order number BP3, the purchase order number is set to BP3001.
- 4 True. Once the quantity has been reached, no more releases can be processed until the open quantity is increased inside the blanket order.
- 5 Usually you set up this type of quote as Recurring = Yes, with Blanket Order Quantity [12000] and Quantity to Release [2000]. You can also set Release = Yes, and since releases are to be on a regular basis (biweekly), you can set Cycle Code = BI.

APPENDIX B

General Ledger Effects in Purchase Orders

Function	Notes	DR / CR	Account	Defaults From	
5.13.20 or 5.5.5.11 PO Shipper Receipts	Inventory items	DR	Inventory	1.2.13 ^{aa}	
		CR	PO Receipts	1.2.1	
		CR	Applied Overhead	1.2.1	
		DR/CR	PO Price Variance	1.2.1	
		DR/CR	Purchase Gain/Loss <i>(Multiple currencies only)</i>	26.1	
	Subcontract items, work order specified	DR	Cost of Production	1.2.1	
		CR	PO Receipts	1.2.1	
		DR	Work in Process	16.1	
		CR	Cost of Production	1.2.1	
		DR	Subcontract Usage Variance	16.1	
		CR	Work in Process	16.1	
	Subcontract items, work order not specified	DR	Cost of Production	1.2.1	
		CR	PO Receipts	1.2.1	
		Non-inventory Items	DR	Purchases	5.7
			CR	Expensed Item Receipts	36.1
5.13.7 PO Returns	Inventory Items	DR	PO Receipts	1.2.1	
		DR	Applied Overhead	1.2.1	
		CR	Inventory	1.2.13 ^{aa}	
		DR/CR	PO Price Variance	1.2.1	

Function	Notes	DR / CR	Account	Defaults From
		DR/CR	Purchase Gain/Loss <i>(Multiple currencies only)</i>	26.1
	Subcontract items, work order specified	DR	PO Receipts	1.2.1
		CR	Work in Process	16.1
		DR/CR	Subcontract Usage Variance	1.2.1
	Subcontract items, work order not specified	DR	PO Receipts	1.2.1
		CR	Cost of Production	1.2.1
	Non-Inventory Items	DR	Expensed Item Receipts	36.1
		CR	Purchases	5.7

aa The GL account defaults from the inventory item/site account in Inventory Account Maintenance if one is set up; otherwise, from Product Line Maintenance.

APPENDIX C

Purchase Order Reports

Purchase Orders Reports 5.9

Menu	Report	Function/Purpose
5.9.1	PO by Order Report	This report lists the purchase orders by number. It includes all items, quantities, and costing information, as well as the current status.
5.9.2	PO by Supplier Report	This report lists the purchase orders by supplier. It includes the same information as 5.9.1.
5.9.3	PO by Item Report	This report lists the purchase orders by item numbers. It includes the same information as 5.9.1.
5.9.4	PO Commitment Report	This report lists PO commitments to suppliers for open PO line items. It prints commitment amounts split into eight columns (buckets) according to your parameters. The first bucket, prior periods, is a total for commitments prior to the start date. The next six buckets are for periods after the start date, and the last bucket is the total of commitments beyond the sixth bucket. Periods may be Days, Weeks, Months, or GL calendar Periods, and you can have more than one period per column.
5.9.6	PO Supply Schedule	This report lists, by supplier, items due to be received. It prints quantities in eight columns (buckets) according to your parameters. The first bucket, prior periods, is a total for items due to be received prior to the start date. The next six buckets are for periods after the start date, and the last bucket is the total of commitments beyond the sixth bucket. Periods may be Days, Weeks, Months, or GL calendar Periods, and you can have more than one period per column.
5.9.13	Receipt Transactions Inquiry	Displays PO receipts by supplier and receiver number; it includes quantities, costs, and variances.
5.9.14	Receipt Transactions Report	This report lists PO receipts by supplier and receiver number; it includes quantities, costs, and variances
5.9.18	Supplier Performance Report	This report shows supplier performance, with early, late, and on-time deliveries, as well as percentage returned. On-time deliveries are based on the perform date on PO line item, the date the delivery was actually received, and the tolerance of days early and days late you specify on the report.
5.9.20	PO Change History Inquiry	Displays all changes made to POs, such as revisions, pricing changes, and so forth. This data is recorded in the system only if you set the Keep Booking History field to Yes in the PO Control.

Purchase Orders Reports 5.9

Menu	Report	Function/Purpose
5.9.21	PO Change History Report	This report lists various changes made to POs, such as revisions; item, quantity, and price changes, and so forth. (Note that date changes are <i>not</i> included.) This data is recorded in the system only if you set the Keep Booking History field to Yes in the PO Control.
5.9.22	PO Change History by Item	This report lists, in item number sequence, all changes made to POs, such as revisions, pricing changes, and so forth. This data is recorded in the system only if you set the Keep Booking History field to Yes in the PO Control.

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