



Oracle EBS Training Procure to Pay(P2P) cycle

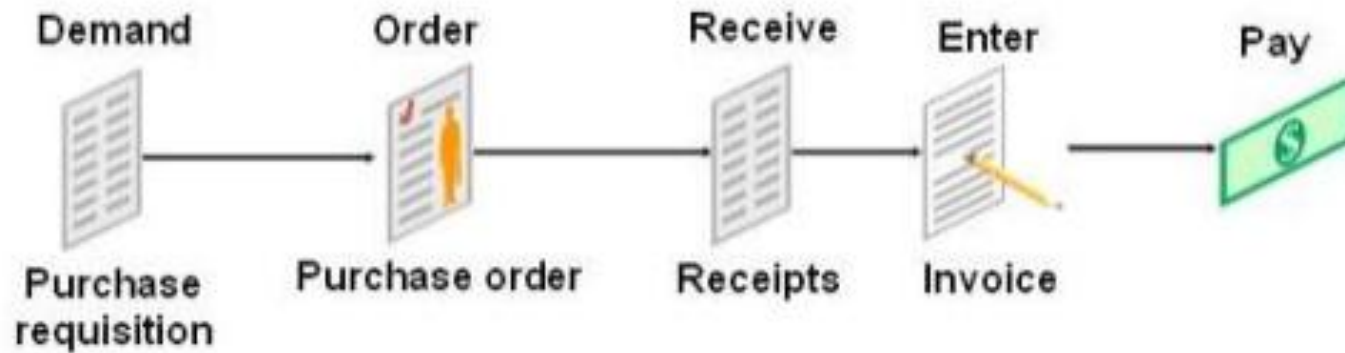
Training Agenda

Areas Covered:

- P2P Cycle Overview
- Process Flow
- Step-by-Step Process
- Use Case in Oracle ERP
- Q&A

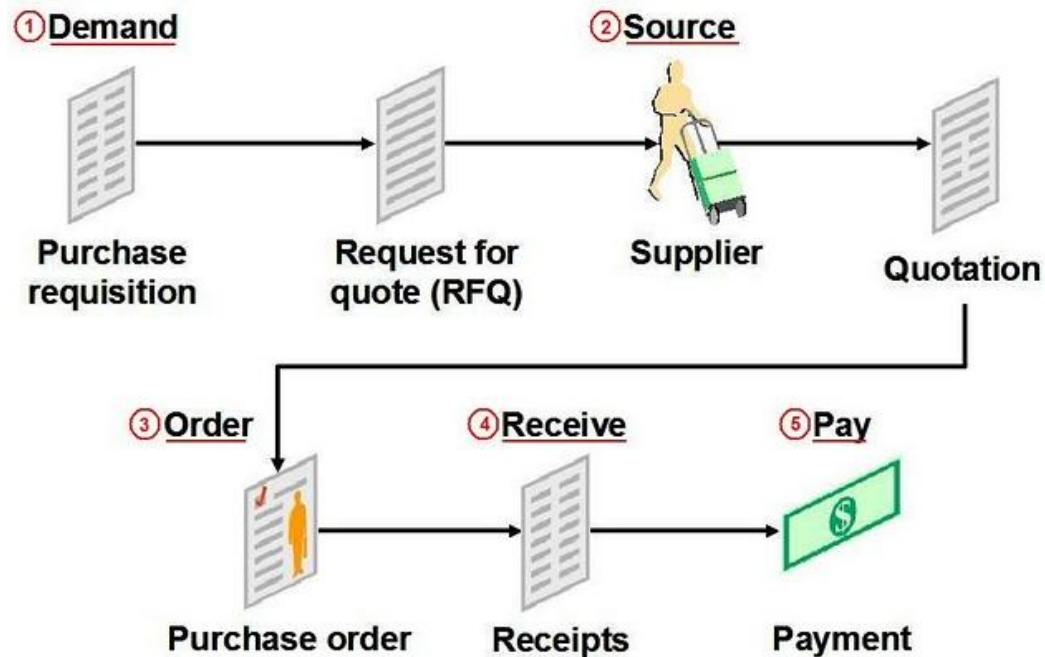
Procure to Pay (P2P) Cycle Overview:

- Procure to Pay Lifecycle is one of the important Process in Oracle Applications.
- Procure to Pay means **Procuring Raw Materials** required to manufacture the final or finished Goods from a Supplier to **Paying the Supplier** from whom the material was purchased.



Process Flow :

- The Oracle Procure-to-Pay (P2P) process enables the integration of purchasing department with account payables department of a company.
- Oracle Procure-to-pay process is designed to provide organizations with control over the entire life-cycle of a transaction, i.e., from placing an order for goods to the payment of invoice.

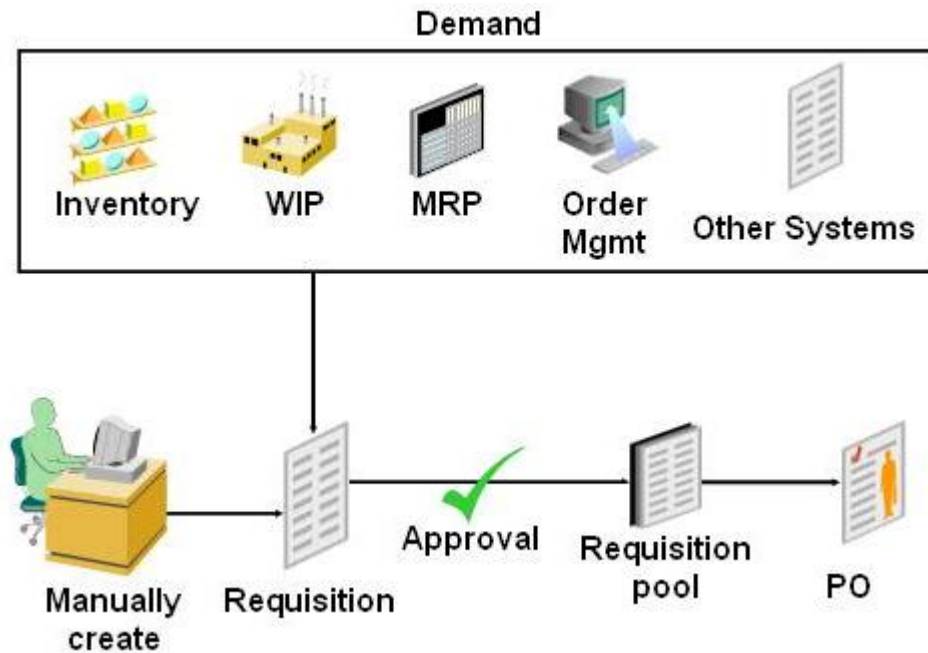


Process Flow :

- **Demand**: The procurement process generates and manages requests for the purchase of goods. The demand for purchase items may be a one-time event or may recur in either predictable or random intervals.
- **Source**: The procurement sourcing covers the business activities related to the search, qualification and selection of suitable suppliers for requested goods and services.
- **Receive**: The receipt process acknowledges that a purchase order has been duly executed. For orders of physical goods, it will typically include receipts, inspection and delivery of the goods to inventory or to another designated location. For orders of services, it will typically consist of a notification from the requester or the approving person that the service has been performed as agreed.
- **Invoice**: The invoice process includes entering supplier and employee invoices.
- **Pay**: The payment process consists of these activities involved in the payment for ordered goods and services.

Step-by-Step Process:

- **Creation Of Purchase Requisition:** Requisition is nothing but a formal request to buy something. Requisitions represent the demand for any goods or services that an organization needs.



Step-by-Step Process:

➤ Requisitions for goods and services:

- Are generated by applications including Inventory, Work in Process (WIP), Material Requirements Planning (MRP) and Order Management.
- May be entered manually through Purchasing windows.
- May be entered using iProcurement.
- May be imported from external systems.

➤ There are two types of Requisitions:

Internal Requisition – Basically used when there is a Requirement from One Inventory Organization to the Other Inventory Organization (Inter- Organization Transfer)

Purchase Requisition – Basically used when there is a Requirement to be fulfilled by External Sources i.e. Suppliers, Requirement from MRP, Requirement from WIP, Requirement from Sales Order etc.

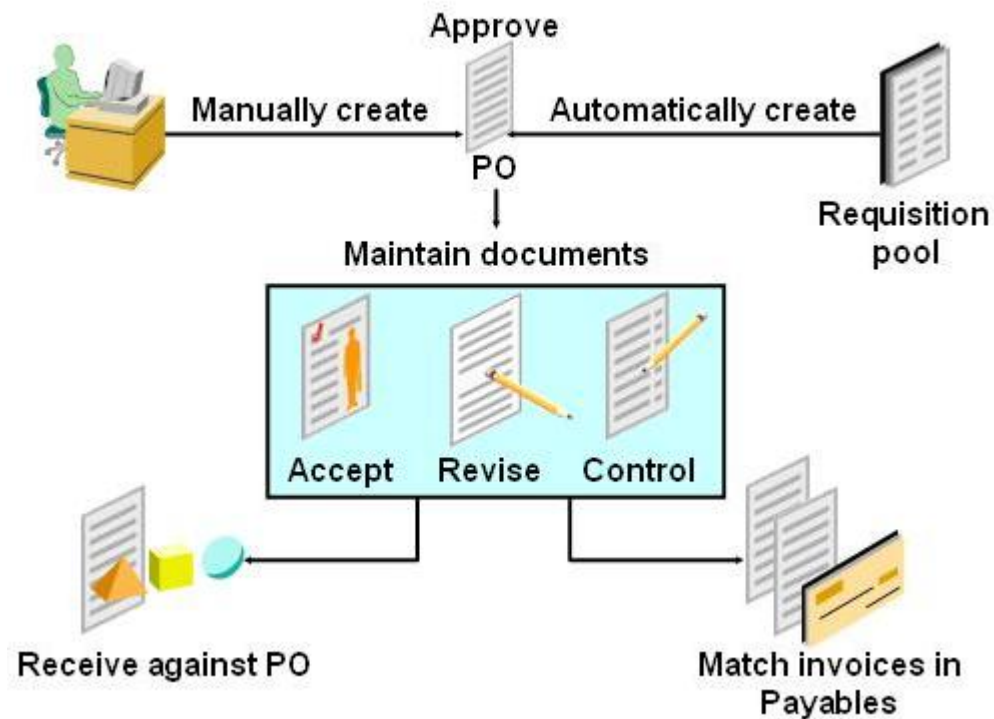
➤ With Oracle Purchasing module, you can create, edit, and review requisition information on-line. Then the Requisitions went for approvals from proper authorities.

Step-by-Step Process:

- **Sourcing:** Oracle sourcing enables buyers to source more of the organizations spend at lower total cost. Oracle Sourcing application creates immediate savings through rapid deployment, and ensures long-term savings with consistent execution and compliance.
- With Oracle Sourcing you can:
 - Manage more sourcing events in less time and bring them to conclusion faster, so you can exploit additional savings opportunities
 - Make more best-value award decisions based on total cost, not just on unit price
 - Create immediate savings and faster ROI with rapid deployment; then gain additional savings with consistent execution through the Oracle Advanced Procurement suite.
- There are three typical business flows that utilize Oracle Sourcing.
 - Create New Documents Using Demand Workbench
 - Create New Documents from Existing Blanket PO Agreements
 - Create Documents Directly in Oracle Sourcing

Step-by-Step Process:

➤ **Creation of Purchase Order:** Based on the Purchase Requisition and its approval next we have to create a Purchase order to buy the item.



Step-by-Step Process:

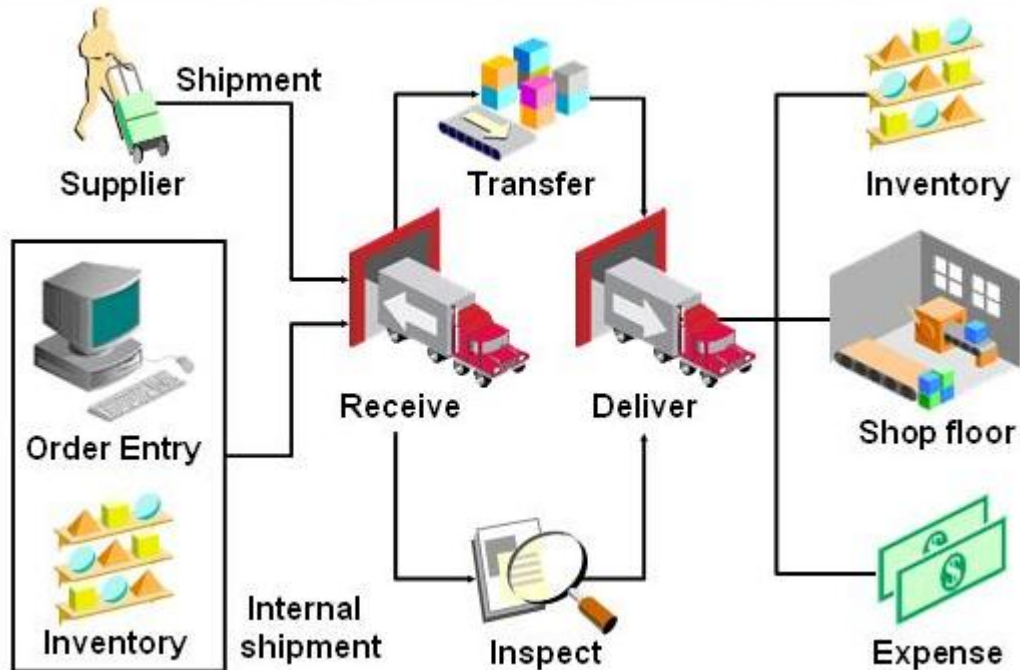
- Purchasing supports four types of purchase orders:
 - **Standard:** Create standard purchase orders for one-time purchases of various items. You create standard purchase orders when you know the details of the goods or services you require, estimated costs, quantities, delivery schedules, and accounting distributions.
 - **Blanket:** Create blanket purchase agreements when you know the detail of the goods or services you plan to buy from a specific supplier in a period, but you do not yet know the detail of your delivery schedules.
 - **Contract:** Create contract purchase agreements with your suppliers to agree on specific terms and conditions without indicating the goods and services that you will be purchasing.
 - **Planned:** A planned purchase order is a long-term agreement committing to buy items or services from a single source. You must specify tentative delivery schedules and all details for goods or services that you want to buy, including charge account, quantities, and estimated cost.

Step-by-Step Process:

- Once purchase orders are created, they may be submitted for approval.
- The approval process checks to see if the submitter has sufficient authority to approve the purchase order.
- Once the document is approved, it may be sent to your supplier using a variety of methods including: printed document, EDI, fax, e-mail, iSupplier Portal and XML.
- Once the purchase order or release is sent to your supplier, they are authorized to ship goods at the times and to the locations that have been agreed upon.

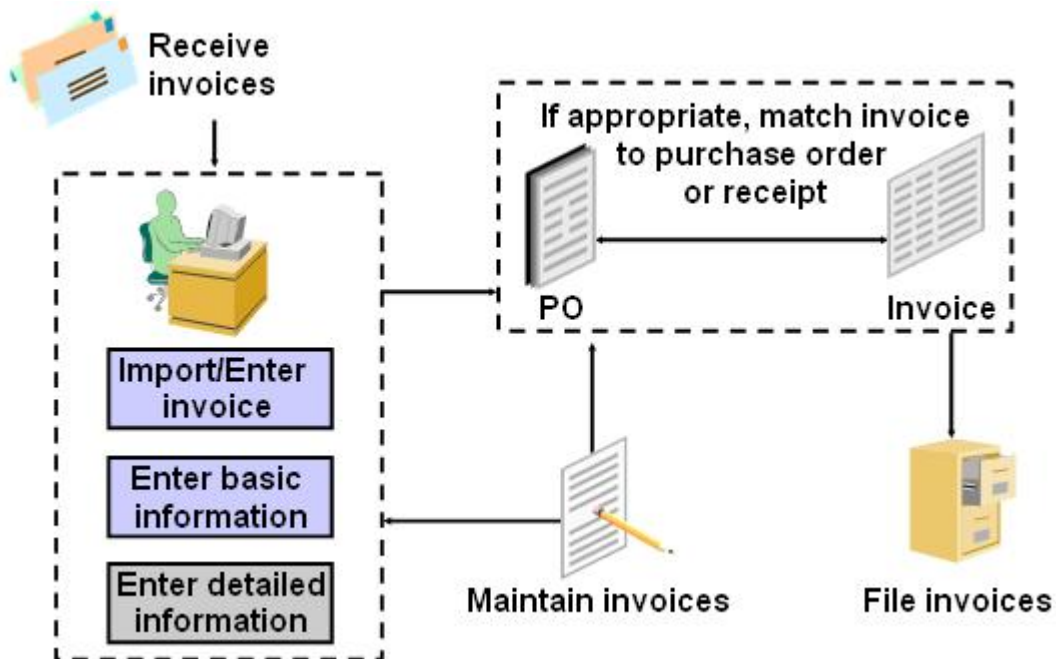
Step-by-Step Process:

- **Receipt of Material:** After receiving the PO, the supplier will send the items.
- Purchasing lets you control the items you order through receiving, inspection, transfer, and internal delivery. You can use these features to control the quantity, quality, and internal delivery of the items you receive.



Step-by-Step Process:

➤ **Creation of Payables Invoice** : Once you've received goods or service from your supplier, you'll also receive an invoice. Using Payables you can record invoices in a number of different ways.



Step-by-Step Process:

➤ With Payables you can:

- Import/Enter invoices manually, either individually or in batches.
- Use Quick Invoices for rapid, high-volume entry of standard invoices and credit memos that are not complex and do not require extensive online validation.
- Automate invoice creation for periodic invoices using the Recurring Invoice functionality.
- Use iExpenses to enter employee expense reports using a web browser.
- Import EDI invoices processed with the e-Commerce Gateway.
- Import XML invoices.
- Match invoices to purchase orders or receipts to ensure you only pay what you're supposed to be paying for.

Step-by-Step Process:

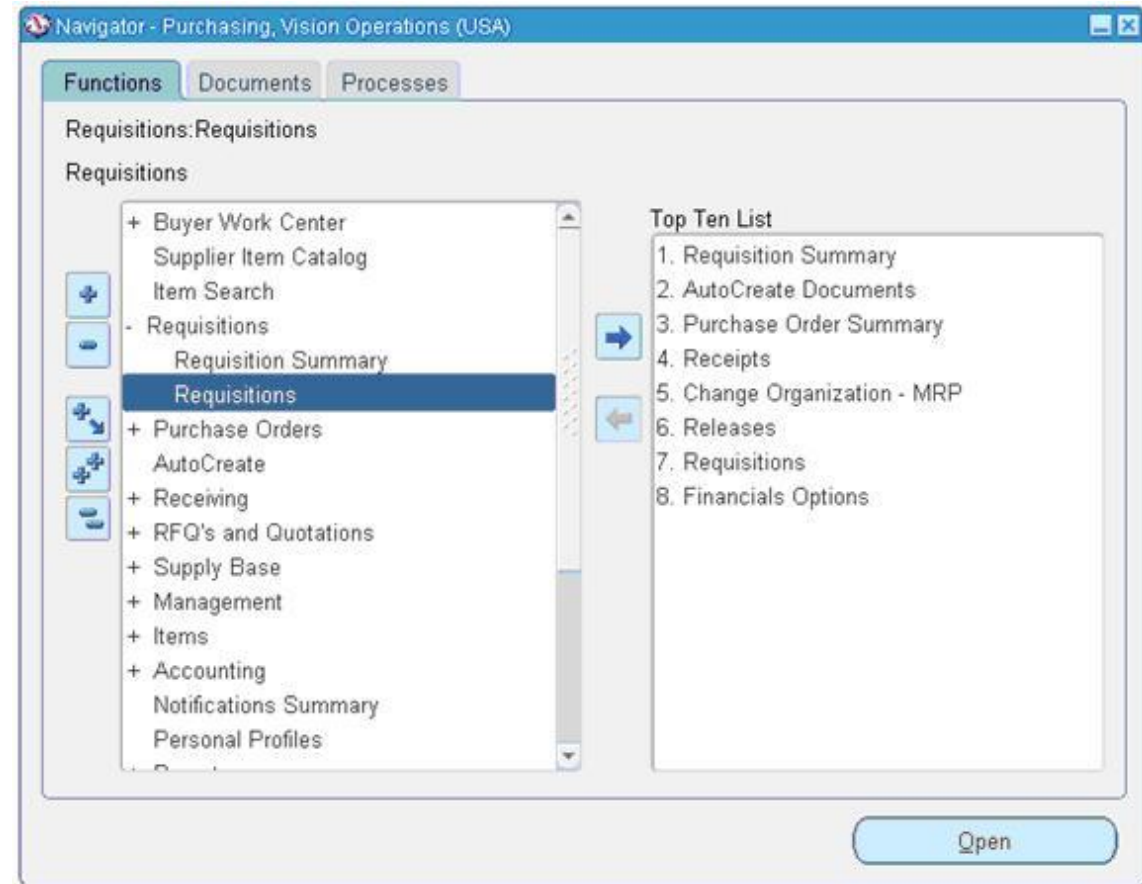
➤ Payment to Supplier:

- Once invoices are validated, they can be paid.
- Payables integrates with Oracle Payments, the E-Business Suite payment engine, to handle every form of payment, including checks, manual payments, wire transfers, EDI payments, bank drafts, and electronic funds transfers.
- Payables also integrates with Oracle Cash Management to support automatic or manual reconciliation of your payments with bank statements sent by the bank.

Use Case in Oracle ERP :

➤ Create Purchase Requisition:

- Go to Purchasing Responsibility and open Requisition Screen.
- Create a new Requisition for the item which is of Purchase type in nature.



Use Case in Oracle ERP :

Requisitions - [New]

Operating Unit: Vision Operations
Number: 14855 Type: Purchase Requi Preparer: Stock, Mr. Pat
Description: TestShare Status: Incomplete Total: USD 500

Lines Source Details Details Currency

Num	Type	Item	Rev	Category	Description	UOM	Q
1	Goods	100		MISC.MISC	Computer	Each	5

Destination Type: Inventory
Requester: Stock, Mr. Pat
Organization: Vision Operations
Location: V1- New York City
Subinventory:

Source: Supplier
Supplier: Dell Computers
Site: DELL
Contact: Redding, Kent
Phone: 512 338-4400

Outside Services Catalog... Distributions Approve...

Click on Distributions to View the charge Account.

Distributions - [New]

Accounts Project

Num	Quantity	Charge Account	Recovery Rate	GL Date	Budget Account
1	5	01-000-1410-0000-000			

Account Description

Charge	Budget
Operations-No Department-Inventory Mat	
Accrual	Operations-No Department-Accounts Pa
	Variance
	Operations-Vision Operations In-Invoice F

Use Case in Oracle ERP :

Approve Document - 14854

Approval Details | Additional Options

Encumbrance

☐ Reserve ☐ Unreserve Unreserve Date

☐ Use GL Override ☐ Use Document GL Date to Unreserve Accounting Date

Approval

☒ Submit for Approval Forward From

☐ Forward Approval Path

Forward To

Note

Change Summary

Transmission Methods

☐ Print ☐ XML

☐ Fax FAX Number ☐ EDI

☐ E-Mail E-Mail Address

OK Cancel

➤ Save and Submit for Approval.

➤ Note down the Requisition number and open the “Requisition Summary Form” to view the status of it. Example, Requisition number is: 14855

Use Case in Oracle ERP :

Find Requisitions

Operating Unit

Requisition Number

Preparer

Buyer

Reference Num

Type

Requester

Modified

Import Source

Line

Line Type

Line | Status | Date Ranges | Sourcing | Deliver To | Related Documents

Item, Rev

Category

Description

Supplier Item

Results

☒ Headers

☐ Lines

☐ Distributions

Clear New Find (F)

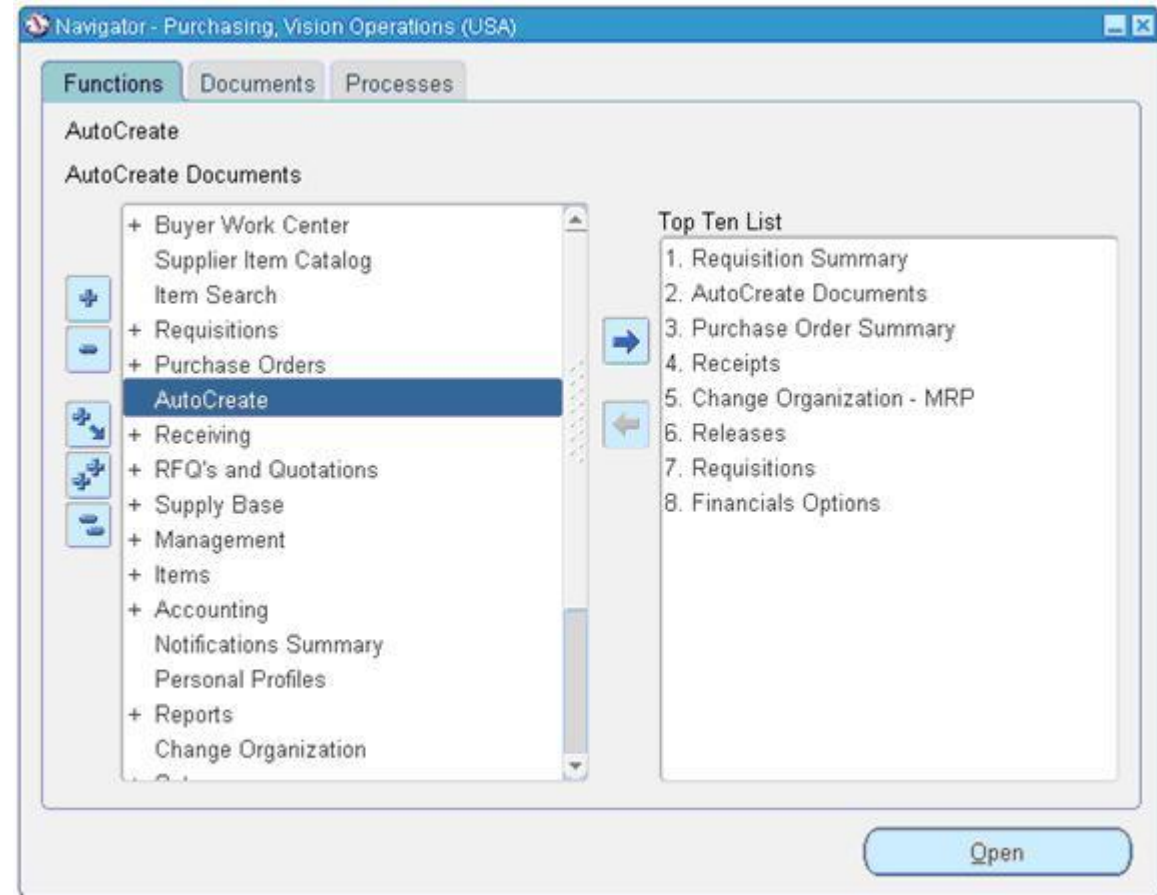
As per the default approval hierarchy, Requisition Is approved.

[illegible]

Use Case in Oracle ERP :

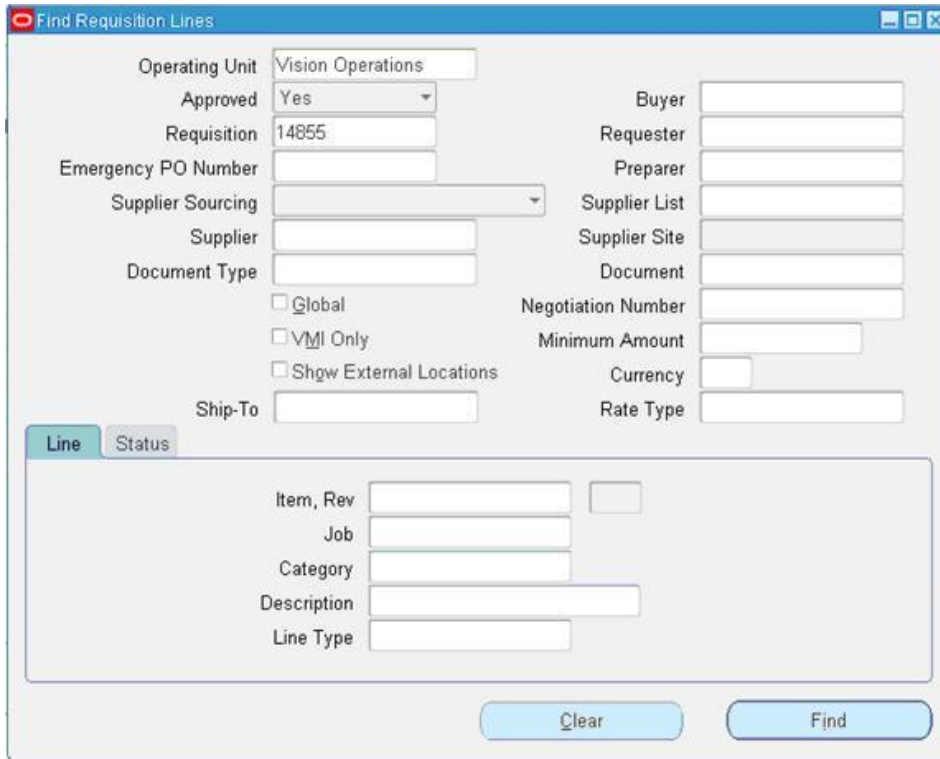
➤ Creation of Purchase Order:

- For creating a Purchase order, let us use the “Autocreate Documents” Form. Follow the below Navigation



Use Case in Oracle ERP :

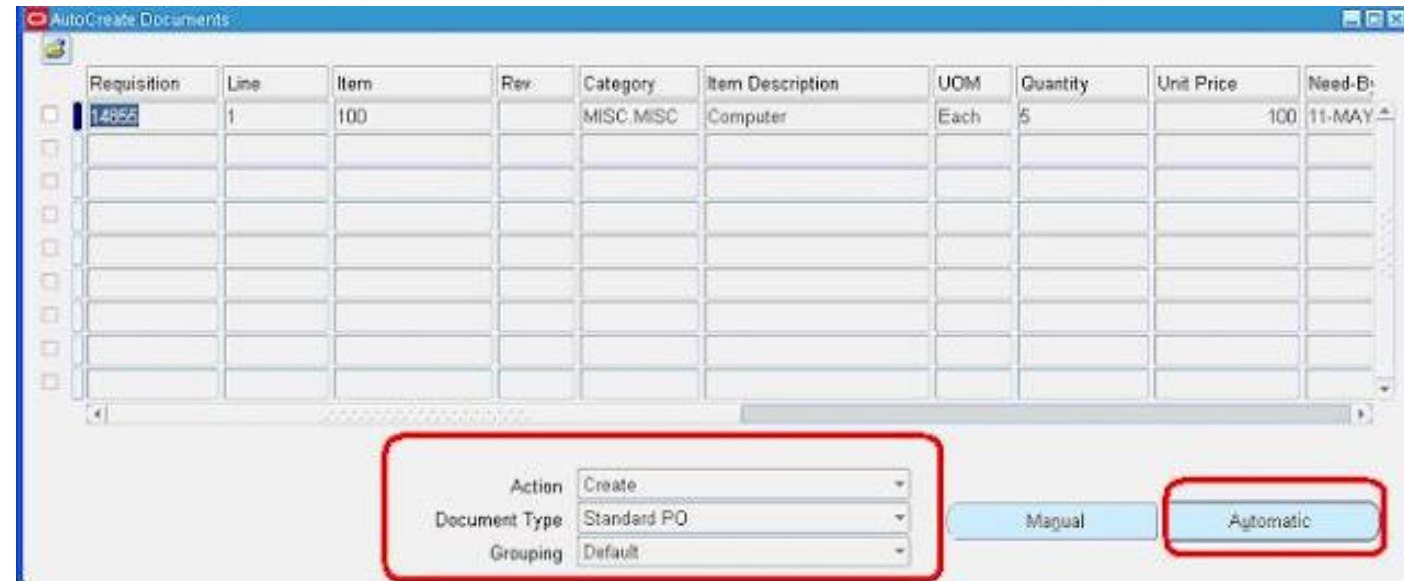
Query for the Requisition.



The 'Find Requisition Lines' window contains the following fields and controls:

- Operating Unit: Vision Operations
- Approved: Yes (dropdown)
- Requisition: 14855
- Emergency PO Number: (empty)
- Supplier Sourcing: (dropdown)
- Supplier: (empty)
- Document Type: (empty)
- Global: ☐
- VMI Only: ☐
- Shgw External Locations: ☐
- Ship-To: (empty)
- Buyer: (empty)
- Requester: (empty)
- Preparer: (empty)
- Supplier List: (empty)
- Supplier Site: (empty)
- Document: (empty)
- Negotiation Number: (empty)
- Minimum Amount: (empty)
- Currency: (empty)
- Rate Type: (empty)
- Line/Status tabs
- Item, Rev: (empty)
- Job: (empty)
- Category: (empty)
- Description: (empty)
- Line Type: (empty)
- Clear and Find buttons

Click on Automatic as shown in the below figure to create a Purchase Order



The 'AutoCreate Documents' window displays a table with the following data:

Requisition	Line	Item	Rev.	Category	Item Description	UOM	Quantity	Unit Price	Need-B
14855	1	100		MISC MISC	Computer	Each	5	100	11-MAY

At the bottom, there are controls for document creation:

- Action: Create (dropdown)
- Document Type: Standard PO (dropdown)
- Grouping: Default (dropdown)
- Manual button
- Automatic button (highlighted with a red box)

Use Case in Oracle ERP :

Click on “Create” button to create a Purchase order

The screenshot shows the 'New Document' window in Oracle ERP. The window has a title bar with the Oracle logo and the text 'New Document'. The main area contains several input fields and buttons. The fields are organized into two columns. The left column includes 'Global Agreement', 'Document', 'Release', 'Supplier' (with a dropdown menu showing 'Dell Computers'), 'Currency' (with a dropdown menu showing 'Default'), 'Requisition', 'Currency' (with a dropdown menu showing 'USD'), and 'Rate Date' (with a dropdown menu showing '10-MAY-2010'). The right column includes 'Purchasing Org' (with a dropdown menu showing 'Vision Operations'), 'RFQ Type', 'Release Date', 'Supplier Site' (with a dropdown menu showing 'DELL'), and 'Supplier List Name'. At the bottom of the window, there are two buttons: 'Create' and 'Cancel'.

Global Agreement		Purchasing Org	Vision Operations
Document		RFQ Type	
Release		Release Date	
Supplier	Dell Computers	Supplier Site	DELL
		Supplier List Name	
Currency			
Source	Default	Line	
Requisition		Rate Type	
Currency	USD	Rate	
Rate Date	10-MAY-2010		
Create		Cancel	

Use Case in Oracle ERP :

Verify the Purchase order created.

AutoCreate to Purchase Orders - 7642

Operating Unit: Vision Operations
PO, Rev: 7642
Supplier: Dell Computers
Ship-To: V1- New York City
Buyer: Stock, Mr. Pat
Description:

Created: 11-MAY-2010 03:45:23
Type: Standard Purchase Order
Site: DELL
Bill-To: V1- New York City
Status: Incomplete

P-Card:
Contact: Redding, Kent
Currency: USD
Total: 500.00

Lines: Price Reference Reference Documents More Agreement Temporary Labor

Num	Type	Item	Rev	Job	Category	Description	UOM	Quantity	Price
1	Goods	100			MISC MISC	Computer	Each	5	100

Item: 100 Computer

Catalog... Currency... Terms Shipments Approve...

Use Case in Oracle ERP :

View the shipment screen to change the “Match Approval Level” to “2-Way”.

The screenshot shows the 'Shipments - 7642' window. It has tabs for 'Shipments', 'More', and 'Status'. The 'Shipments' tab is active. Below the tabs is a table with columns: 'Num', 'Receipt Close Tolerance (%)', 'Invoice Close Tolerance (%)', 'Match Approval Level', 'Invoice Match Option', and 'Accrue at Receipt'. The first row is highlighted in yellow and shows '1' in the 'Num' column, '10' in both tolerance columns, '2-Way' in the 'Match Approval Level' column, 'PO' in the 'Invoice Match Option' column, and a checked box in the 'Accrue at Receipt' column. Below the table are input fields for 'Line Num' (1), 'Item' (100), and 'Computer'. At the bottom are two buttons: 'Receiving Controls' and 'Distributions'.

Num	Receipt Close Tolerance (%)	Invoice Close Tolerance (%)	Match Approval Level	Invoice Match Option	Accrue at Receipt
1	10	10	2-Way	PO	<input checked="" type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>

Line Num: 1 Item: 100 Computer: Computer

Buttons: Receiving Controls, Distributions

Other Match Approval Levels are:

2-way matching verifies that purchase order and invoice information match within your tolerances as follows:

- Quantity billed is less than or equal to Quantity ordered
- Invoice price is less than or equal to Purchase order price

3-way matching adds a third criterion to verify that receipt and invoice information match with the quantity tolerances you define:

- Quantity billed is less than or equal to Quantity received.

4-way matching adds a fourth criterion to verify that acceptance documents and invoice information match within the quantity tolerances you define:

- Quantity billed is less than or equal to Quantity accepted.

Use Case in Oracle ERP :

Click the “Receiving Controls” to make sure that the “Routing” is made as “Direct Routing”.

The screenshot shows the 'Receiving Controls' window with the following settings:

- Receipt Date:**
 - Days Early: 5
 - Days Late: 5
 - Action: Warning
 - Last Accept Date: (empty)
- Over Receipt Tolerance:**
 - Tolerance: 5 %
 - Action: Warning
- Miscellaneous:**
 - ☒ Allow Substitute Receipts
 - Receipt Routing: Direct Delivery
 - Enforce Ship To: Warning

Buttons: OK, Cancel

Receipt Routing are of three types

Direct:

once the goods arrive at the gate we directly move them to Sub-Inventory.

Standard:

once the goods are at gate we receive it at the receiving point first and then move them to the Sub-Inventory.

Inspection:

Once the goods are at gate we receive it at the receiving point and then we perform inspection and accordingly we either accept it or reject them.

Use Case in Oracle ERP :

Click Save and submit for Approval.

Approve Document - 7642

Approval Details Additional Options

Encumbrance

☐ Reserve ☐ Unreserve Unreserve Date

☐ Use GL Override ☐ Use Document GL Date to Unreserve Accounting Date

Approval

☒ Submit for Approval Forward From

☐ Forward Approval Path

Forward To

Note

Change Summary

Transmission Methods

☐ Print ☐ XML

☐ Fax FAX Number ☐ EDI

☐ E-Mail E-Mail Address

OK Cancel (B)

Use Case in Oracle ERP :

PO Number: 7642 created successfully.

AutoCreate to Purchase Orders - 7642

Operating Unit: Vision Operations
PO, Rev: 7642, 0
Supplier: Dell Computers
Ship-To: V1- New York City
Buyer: Stock, Mr. Pat

Created: 11-MAY-2010 03:45:23
Type: Standard Purchase Order
Site: DELL
Bill-To: V1- New York City
Status: Approved

P-Card:
Contact: Redding, Kent
Currency: USD
Total: 500.00

Num	Type	Item	Rev	Job	Category	Description	UOM	Quantity	Price
1	Goods	100			MISC.MISC	Computer	Each	5	100

Item: 100 Computer

Buttons: Catalog..., Currency..., Terms, Shipments, Approve...

Creation of Receipts

Navigator - Purchasing, Vision Operations (USA)

Functions Documents Processes

Receiving: Receipts

Receipts

- + Buyer Work Center
- + Supplier Item Catalog
- + Item Search
- + Requisitions
- + Purchase Orders
- AutoCreate
- Receiving
- Receipts
- Returns
- Receiving Transactions
- Corrections
- Manage Shipments
- Match Unordered Receipts
- Receiving Transactions Summary
- Transaction Status Summary
- Update Movement Statistics

Top Ten List

1. Requisition Summary
2. AutoCreate Documents
3. Purchase Order Summary
4. Receipts
5. Change Organization - MRP
6. Releases
7. Requisitions
8. Financials Options

Open

Use Case in Oracle ERP :

Query with the Purchase order.

Find Expected Receipts (V1)

Supplier and Internal Customer

Operating Unit: Vision Operations

Source Type: Supplier

Purchase Order: 7642

Line:

Requisition: Line:

Supplier: Dell Computers

Supplier Site:

Receiving Location:

Release: ☐

Shipment: ☐

Shipment: ☐

Supplier Site: ☐

☐ Include Closed POs

Item Date Ranges Shipments Destination

Item, Rev:

Category:

Description:

Supplier Item:

Unordered Clear Find

Check the check box near to the lines that are received and click save.

Receipts (V1)

Lines Details Currency Order Information Outside Services Shipment Information

Quantity	UOM	Secondary	Quantity	UOM	Requester	Subinventory	Locator	Category
5	Each				Stock, Mr. Pat	test		MISC.MISC

Operating Unit: Vision Operations

Supplier: Dell Computers

Item Description: Computer

Destination: V1- New York City-Stock, Mr. Pat-test

Header Receiver Note:

Shipment Receiver Note:

Order Type: Standard

Order: 7642

Due Date: 11-MAY-2010 22:00

Hazard:


UN Number:

Routing: Direct Delivery

Lot - Serial Cascade Express Header

Use Case in Oracle ERP :

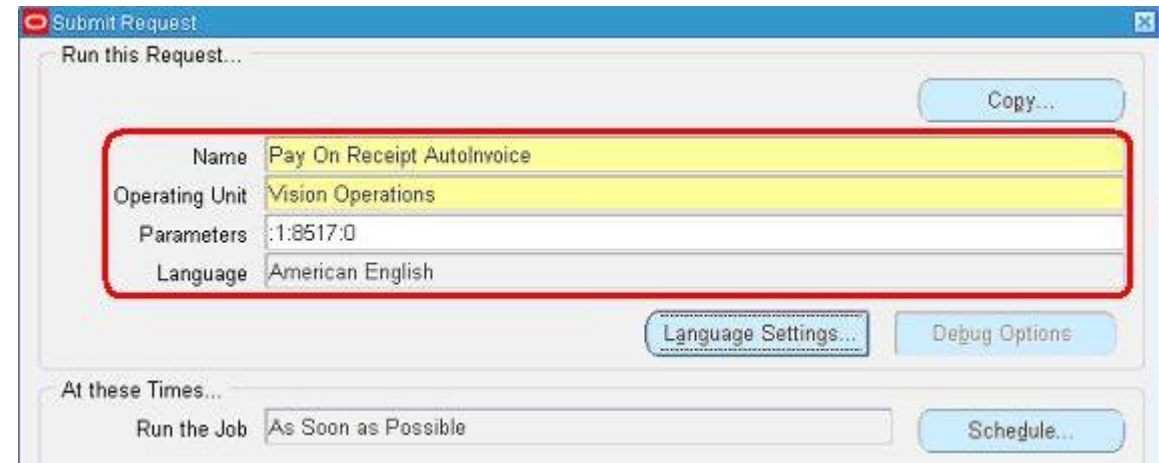
Click the “Header Button” to view the Receipt Number.



The screenshot shows the 'Receipt Header (V1)' window. It has two tabs: 'New Receipt' (selected) and 'Add To Receipt'. The 'New Receipt' tab contains several input fields: 'Receipt' (8517), 'Shipment', 'Packing Slip', 'Freight Carrier', 'Containers', 'Supplier' (Dell Computers), and 'Comments'. The 'Add To Receipt' tab contains: 'Receipt Date' (11-MAY-2010 05:16), 'Shipped Date', 'Waybill/Airbill', 'Bill of Lading', and 'Received By' (Stock, Mr. Pat).

Creation of Invoice.

Navigate to any Purchasing Responsibility and view à Requests
Submit the below requests by providing the Receipt number as
Parameter to create an invoice.



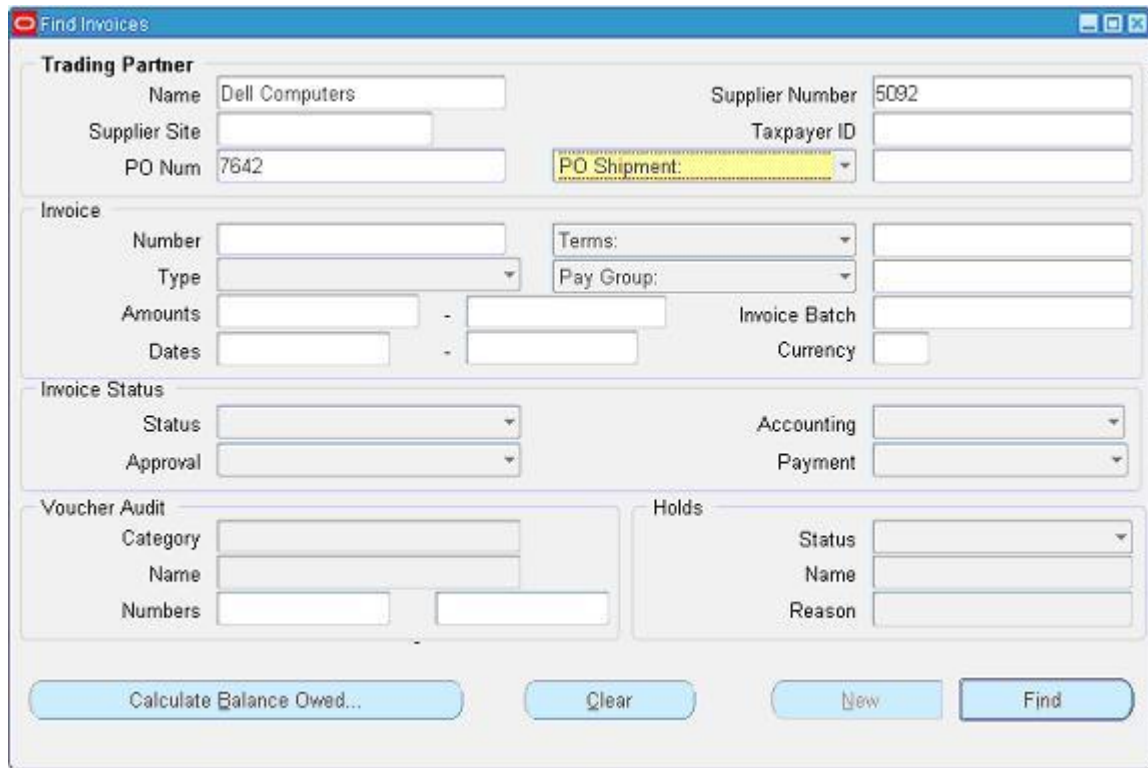
The screenshot shows the 'Submit Request' window. It has a 'Run this Request...' section with a 'Copy...' button. Below this is a table with the following data:

Name	Pay On Receipt AutoInvoice
Operating Unit	Vision Operations
Parameters	:1:8517:0
Language	American English

Below the table are buttons for 'Language Settings...' and 'Debug Options'. At the bottom, there is a section 'At these Times...' with 'Run the Job' set to 'As Soon as Possible' and a 'Schedule...' button.

Use Case in Oracle ERP :

Change to any Payables Responsibility.
Open the invoices Form. Query for the Purchase order.



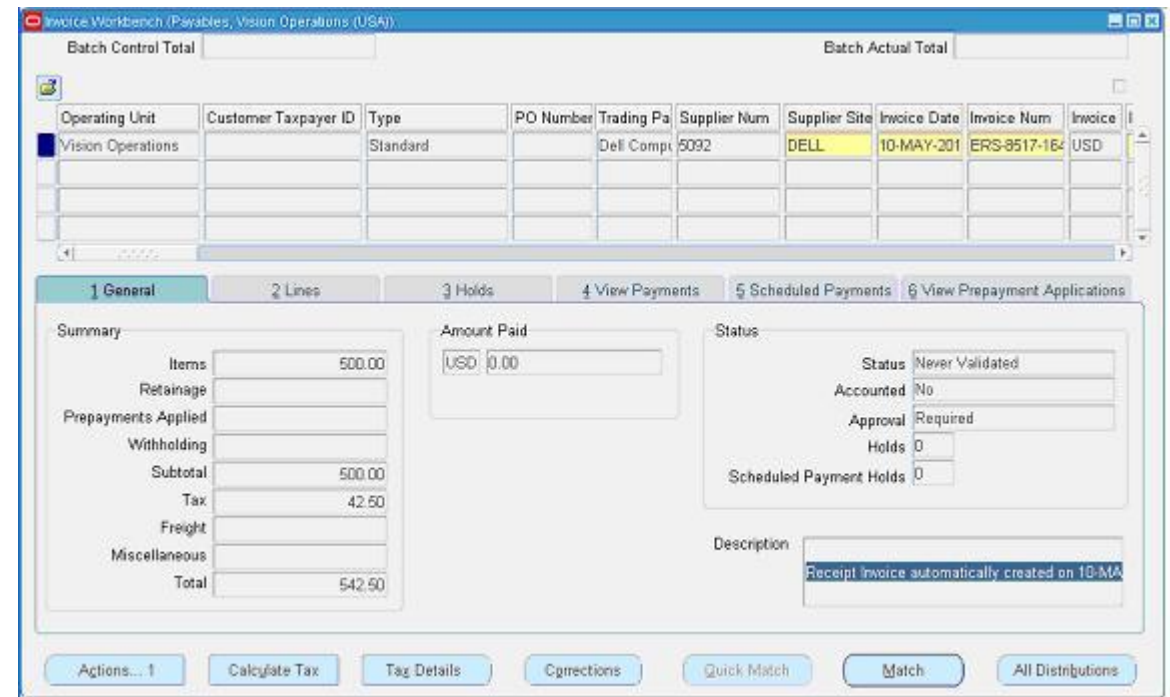
The 'Find Invoices' window is a form for searching invoices. It includes sections for Trading Partner, Invoice, Invoice Status, and Voucher Audit. The Trading Partner section shows 'Dell Computers' with Supplier Number '5092'. The Invoice section has fields for Number, Type, Amounts, Dates, Terms, Pay Group, Invoice Batch, and Currency. The Invoice Status section has Status and Approval dropdowns. The Voucher Audit section has Category, Name, and Numbers fields. At the bottom are buttons for 'Calculate Balance Owed...', 'Clear', 'New', and 'Find'.

Trading Partner	
Name	Dell Computers
Supplier Site	
PO Num	7642
Supplier Number	5092
Taxpayer ID	
PO Shipment:	

Invoice	
Number	
Type	
Amounts	-
Dates	-
Terms:	
Pay Group:	
Invoice Batch	
Currency	

Invoice Status	
Status	
Approval	

Voucher Audit	
Category	
Name	
Numbers	



The 'Invoice Workbench' window displays a table of invoices and a summary section. The table has columns for Operating Unit, Customer Taxpayer ID, Type, PO Number, Trading Partner, Supplier Number, Supplier Site, Invoice Date, Invoice Number, and Invoice Currency. The summary section shows a breakdown of amounts: Items (500.00), Retainage, Prepayments Applied, Withholding, Subtotal (500.00), Tax (42.50), Freight, Miscellaneous, and Total (542.50). It also shows the Amount Paid (USD 0.00) and a Status section with fields for Status, Accounted, Approval, Holds, and Scheduled Payment Holds. At the bottom are buttons for 'Actions...', 'Calculate Tax', 'Tag Details', 'Corrections', 'Quick Match', 'Match', and 'All Distributions'.

Operating Unit	Customer Taxpayer ID	Type	PO Number	Trading Pa	Supplier Num	Supplier Site	Invoice Date	Invoice Num	Invoice
Vision Operations		Standard		Dell Comp	5092	DELL	10-MAY-201	ERS-8517-1E4	USD

Summary	
Items	500.00
Retainage	
Prepayments Applied	
Withholding	
Subtotal	500.00
Tax	42.50
Freight	
Miscellaneous	
Total	542.50

Amount Paid	
USD	0.00

Status	
Status	Never Validated
Accounted	No
Approval	Required
Holds	0
Scheduled Payment Holds	0

Description: Receipt Invoice automatically created on 10-MAY-2011

Use Case in Oracle ERP :

Click “Actions” Button then tick the “Validate Check Box” and press “Ok” to validate the invoice.
Verify the Status of the Invoice.

Invoice Workbench (Payables, Vision Operations (USA))

Batch Control Total: Batch Actual Total:

Operating Unit	Customer Taxpayer ID	Type	PO Number	Trading Pa	Supplier Num	Supplier Site	Invoice Date	Invoice Num	Invoice I
Vision Operations		Standard		Dell Comp	5092	DELL	10-MAY-201	ERS-8517-164	USD

1 General 2 Lines 3 Holds 4 View Payments 5 Scheduled Payments 6 View Prepayment Applications

Summary

Items	500.00
Retainage	
Prepayments Applied	
Withholding	
Subtotal	500.00
Tax	42.50
Freight	
Miscellaneous	
Total	542.50

Amount Paid

USD 0.00

Status

Status	Validated
Accounted	No
Approval	Required
Holds	0
Scheduled Payment Holds	0

Description

Receipt Invoice automatically created on 10-MA

Actions... 1 Calculate Tax Tag Details Corrections Quick Match Match All Distributions

Use Case in Oracle ERP :

Creation of Accounting and Payment:

- Once invoice got approved, we can “Create Accounting” and “Create Payments” via “Action” Button in the “Invoice Form” as we validated the invoice.
- Do the Final Post.

Transfer to General Ledger:

- Run the concurrent program “Payables Transfer to General Ledger” which will transfer the posting details to GL.

Q&A:



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