

# Purchasing

In class, please insert the following Transaction Codes into Favorites:

- MMBE – Stock Overview
- FK10N – Display Vendor Balance
- ME51N – Purchase Requisition
- ME21N – Purchase Order
- MIGO – Goods Received
- MIRO – Invoice
- F-53 – Outgoing Payment
- ME23N – Display Purchase Order



## Introduction to Material Master

### General Notes and Information

It is strongly recommended that you read through the entire exercise prior to starting. Not all instructions can be provided in a linear manner.

The following symbols are used to indicate important information as described below:

- ➔ An arrow highlights an important instruction that must not be overlooked.
- ✎ A pencil prompts you to write down an important piece of information.

Each student or group will be assigned a unique two-digit identifier. This identifier is used in all exercises to uniquely identify your data. Whenever you see ## in these exercises, replace it with your identifier.

- ➔ Always work with your data- your vendor, your materials, your general ledger accounts, etc.

### Business Process Overview

GBI uses the procurement process to acquire or purchase material from a vendor. This process can be used to purchase trading goods as well as raw materials.

In this exercise you will review the master data relevant to purchasing.

### Exercise Prerequisites:



### **Exercise Workflow**



### **Exercise Deliverables**

**Deliverables are consolidated into one worksheet at the end of this exercise. For this exercise, you will need the following deliverables.**

#### **In the System:**

- None

#### **On Paper:**

- Answers to the Questions
- Fill out Attachment and submit to your instructor

- ➔ You may be assigned additional deliverables. Make certain to check with your instructor.**



## Introduction to Procurement Process

### General Notes and Information

It is strongly recommended that you read through the entire exercise prior to starting. Not all instructions can be provided in a linear manner.

The following symbols are used to indicate important information, as described below:

- ➔ An arrow highlights an important instruction that must not be overlooked.
- ✎ A pencil prompts you to write down an important piece of information.

Each student or group will be assigned a unique two-digit identifier. This identifier is used in all exercises to uniquely identify your data. Whenever you see ## in these exercises, replace it with your identifier.

- ➔ Always work with your data.

### Business Process Overview

The procurement process is used to purchase material from a vendor. This process can be used to purchase trading goods as well as raw materials.

In this exercise you will execute the procurement process to purchase the following trading good: DXTR Mountain Bikes. You will be purchasing 100 DXTR Mountain Bikes from Olympic Protective Gear to be delivered to GBI's Miami plant.

## Exercise Workflow



## Exercise Deliverables

**Deliverables are consolidated into one worksheet at the end of this exercise. For this exercise you will need the following deliverables.**

### **In the System:**

- Purchase Requisition
- Purchase Order
- Goods Receipt
- Invoice Verification
- Vendor Payment

### **On Paper:**

- Completed Excel Question Template with Answers to the Questions

- ➔ You may be assigned additional deliverables. Make certain to check with your**
- ➔ instructor.**

## Step 1: Create Purchase Requisition



**In this step, the Purchase Requisition is created for internal purposes only. Purchase Requisitions are requests to purchase a specific quantity of goods or service by a specific date.**

Step 1.1: Step 1.1: Review material inventory (Use Stock Overview Favorite)

**Q1: How many DXTR bikes are in inventory before the requisition:**

Step 1.2: Step 1.2: Review vendor account balance (Use Display Vendor Balance Favorite)

**Q2: What is the balance in your vendor's account before the requisition:**

Step 1.3: Step 1.3: Navigate to the transaction to create a purchase requisition

### Navigation

Logistics → Materials Management → Purchasing → Purchase Requisition → Create

**Q3: What is the transaction code to Create Purchase Requisition:**

**Q4: What is the transaction code to Change Purchase Requisition:**

**Q5: What is the transaction code to Display Purchase Requisition:**

Step 1.4:


Step 1.5:

Step 1.6:

Step 1.7: Step 1.4: In the “*Create Purchase Requisition*” screen, enter the following data:

Step 1.8:

| Field Name                            | Data Entry                                      |
|---------------------------------------|---|
| Document Type<br>(shopping cart icon) | Purchase Requisition (if not already defaulted) |

➔ The screen is divided into three sections – header, item overview, and item. Clicking the  icon next to each section will open or close the section. Open the sections as needed to complete the tasks below.

➔ Open the Item Overview section, and enter the following data for the five items to be purchased:

| Field Name                        | Data Entry   |
|-----------------------------------|--|
| Material (one line item for each) | Code for <b>your</b> Material Number(s) for the <b>DXTR110XX</b> bicycle to be purchased from your supplier. |
| Quantity                          | <b>100</b> of <b>your</b> bikes  |
| Delivery Date                     | One week from today  |
| Plant                             | Code for Miami Distribution Center -- <b>MIXX</b>  |
| Storage Location                  | Code for Trading Goods storage location -- <b>TGXX</b>   |
| Purchasing Group                  | Code for North America purchasing group -- <b>NXX</b>  |
| Desired Vendor                    | Code for <b>your</b> Olympic Protective Gear<br>(Hint: Use search term <b>0XX</b> in a pull-down for Vendor) |

➔ You may need to scroll right to see all fields.

Q6: What is the code for the trading goods storage location:  

Q7: What is the code for the North America Purchasing Group:  

 (ENTER)

➔ If you get a yellow warning message “Can delivery date be met?” press Enter for each item to confirm that it can.

 (SAVE)

Q8: What is your Purchase Requisition Number?:  

Step 1.9: Review material inventory

Q9: How many of your DXTR bikes are in inventory after the requisition:  

Step 1.10: Review vendor account balance

Q10: What is the balance in your vendor’s account after the requisition:  

## **Exercise Deliverables**

### **In the System:**

- Purchase Requisition

### **On Paper:**

- Answers to the Questions



## Step 2: Create Purchase Order



**In this step, a Purchase Order is created from the Purchase Requisition and sent to the vendor.**

**Step 2.1:** Step 2.1: Navigate to the transaction to create a purchase order:

### Navigation

Logistics → Materials Management → Purchasing → Purchase Order → Create → Vendor/ Supplying Plant Known

**Q11: What is the transaction code to Create a Purchase Order:**



**Q12: What is the transaction code to Display a Purchase Order:**



**Q13: What is the transaction code to Change a Purchase Order:**

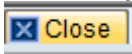


➔ You can close the window “Enjoy SAP: Purchase Order” (if it is open) so you can view more of the screen.

**Step 2.2:** Step 2.2: In the “*Create Purchase Order*” screen enter the following information:

**Step 2.3:**

| Field Name                     | Field Value   |
|--------------------------------|---|
| Top Field (shopping cart icon) | Standard PO (should be defaulted)   |
| Vendor Number                  | Enter the <i>code</i> for your Olympic Protective Gear (box to the RIGHT of “Vendor”) |


On the very left side of the screen, if you have the helpful “User Interface Help to Use Purchase Order”, you may  (CLOSE) out of this for now.

Document Overview should be visible (open) on the left side of the screen. If it is not, then click on the “Document Overview On” button near the top left area of the screen to open it.

Within the Organization Data tab, make sure to enter **your** Purchasing Organization, **your** Purchasing Group, and **your** Company Code.


Click on “Selection Variant”  (first icon to far left -- click and hold on the right side of icon).

Scroll down and select “My Purchase Requisitions.” Your purchase requisition number(s) should now appear in the document overview.

**Step 2.4:** Step 2.3: Highlight your purchase requisition (click on it ONCE ONLY), and click on  (ADOPT) icon to the right of selection variant.

➔ If you double click on the purchase requisition, the system will display the requisition. You are no longer in the application to create a purchase order. If this happens, you must exit back to the main menu and start at the beginning of this step.

➔ The screen is divided into three sections – header, item overview, and item details.

Clicking the  icon next to each section will open or close the section. Open the sections as needed to complete the tasks below, and leave *Item Overview* opened.

**Step 2.5:** Step 2.4: Once your Purchase Requisition is adopted, you may be prompted to enter your organizational levels (purchasing organization, purchasing group, and company in the header section). Provide the necessary values.


➔ In addition, you may be prompted to provide the “Net Price” for each type of material ordered. To find this price, look in the “Moving Price” column from the table you created on Page 48. You can also find this value in the Accounting 1 view of the material master. It is easier to enter these data in the Item Overview section of the screen. Type in the price (cost) of the DXTR bike, which is \$1000.

 (ENTER)

➔ The system may issue a warning message asking if the delivery date can be met as well as a warning about the delivery date not being a working day. You must acknowledge each warning by clicking “Enter” once for each line item.

**Q14:** What is the net value of the purchase order:  

➔ Hint: it is in the header – conditions

Click “Enter” or  to validate the data on the screen. Correct errors, if any.



(SAVE)



➔ If the system displays a message “Do you want to save document or process data?” click Edit to see the messages. If all the messages are warnings (yellow), select continue (Enter). Then Save it again, but this time when you get the message, select Save instead of Edit. If the messages are error messages, then you must correct the errors before saving the document.

**Q15: What is your standard PO Number:**

**Step 2.6:** Step 2.5: Review material inventory

**Q16: How many of your DXTR bikes are in inventory after the PO:**

**Step 2.7:** Step 2.6: Review vendor account balance

**Q17: What is the balance in your vendor’s account after the PO:**

**Exercise Deliverables**

**In the System:**

- Purchase Order

**On Paper:**

- Answers to the Questions

### Step 3: Receive Shipment from the Vendor



**Step 3.1: Navigate to the transaction to create a receive goods:**

#### Navigation

Logistics → Materials Management → Inventory Management → Goods Movement → Goods Receipt → For Purchase Order → PO Number Known

**Q18: What is the transaction code to receive the goods:**  

**Step 3.2: In the “Goods Receipt Purchase Order - Username” screen enter the following data:**

Step 1.11:

| Field Name             | Data Entry                       |
|------------------------|----------------------------------|
| Next to Purchase Order | Enter your Purchase Order number |

- ➔ **If you don't remember your purchase order number, then you can search for it. Click on the search icon next to the field. The system defaults to the “purchase documents per asset” tab. Scroll through the tabs until you are on the “purchasing documents per vendor” tab and click on the tab. Enter your vendor number (or search for it!) and click enter. Your purchase orders for this vendor should be displayed. Select (double-click) the appropriate one (the one you created in the last step – it should be the one with the highest number). The PO number should now be populated in the goods receipt screen.**



**(ENTER)**

The goods receipt document should be populated with relevant data from your purchase order.

| Field Name              | Data Entry  |
|-------------------------|---|
| Quantity (Qty in UnE)   | The quantity from your Purchase Order (should be populated from your PO)  |
| Storage Location (Sloc) | Enter the <i>code</i> for the trading goods storage location if required  |
| Movement Type           | <i>Code</i> for Goods Receipt for purchase order into warehouse/stores (should be defaulted)                                  |
| Stock Type              | Unrestricted use (should be defaulted)  |
| OK                      | Check the OK box for each line item. The “Detail Data” tab should be collapsed, which will allow you to check off the OK box. |

**Q19:** What does “Qty in UnE” refer to:  

➔ (Hint: click on the column heading and click F1 for help)

**Q20:** What do the boxes in the OK column mean:  

(Hint: click on the column heading and click F1 for help)



(ENTER)



(SAVE)

**Q21:** What is your goods movement document number:  

**Step 3.3: Review material inventory**

**Q22:** How many DXTR bikes are in inventory after receiving shipment:  

**Step 3.4: Review vendor account balance**

**Q23:** What is the balance in your vendor’s account after receiving shipment:  

**Exercise Deliverables**

**In the system:**

- Goods Receipt for Purchase Order

**On Paper:**

- Answers to the Questions

## Step 4: Receive an Invoice from the Vendor



### Step 4.1: Navigate to the transaction to verify and record an invoice:

#### Navigation

Logistics → Materials management → Purchasing → Purchase Order → Follow-On Functions → Logistics Invoice Verification

**Q24: What is the transaction code to receive the invoice:**

**Step 4.2: On the “Enter Incoming Invoice: Company Code US##” screen enter the following:**

Step 1.12:

| Field Name  | Data Entry  |
|---|---|
| Invoice Date  | Enter Today's Date  |
| Posting Date  | Today's date (should be defaulted)  |
| Field next to “Purchase order/scheduling agreement” | <ol style="list-style-type: none"> <li> Complete a pull-down</li> <li> Complete another pull-down.</li> <li> Enter your search term of <b>0XX</b> in the “Search Term” field. Press “Enter” and select the vendor you are purchasing DXTR bikes from. Select it</li> <li>Execute the search query using  , then check the Purchase Order you created and click  Copy<br/>On the “Enter Incoming Invoice: Company Code USXX” screen, press enter, and you will see the purchase order amount autopopulate the “Amount” field.</li> </ol> |
| Amount  | <p>Enter the amount of the invoice.</p> <p>➔ The total above should match the amount from the previous search. Don't put in commas or dollar signs.</p>   |



(ENTER)

➔ If you are asked to enter the “*Payment Period Baseline Data*” enter today’s date.

**Step 4.3:** You should see data about each line item in your purchase order. Enter the following information:

| Field Name        | Data Entry              |
|-------------------|-------------------------|
| Tax Code          | <b>XI (Input tax)</b>   |
| Jurisdiction Code | <i>Code for Florida</i> |


➔ Scroll to the right to find these above fields.

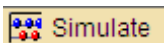
➔ Verify this information because it may already be entered by default.





Check the boxes in the column that has a check mark symbol, indicating that you have verified the items received as matching what is on the invoice.



(ENTER)

The traffic light in the top right corner, next to “balance,” should be green, and the amount should be zero.  Balance  USD

➔ (Hint: To answer the following four questions, simulate the invoice (click the  icon).

- Q25: What is the GL account number that is used for the debit posting:  
- Q26: What is the name of the GL account that is used for the debit posting:  
- Q27: What is the GL account number that is used for the credit posting:  
- Q28: What is the name of the GL account that is used for the credit posting:  

Click “Back” to return to the previous screen.



(SAVE)

Q29: What is your invoice number:  

**Step 4.1: Review material inventory**

Step 1.13:

**Q30: How many DXTR bikes are in inventory:**  

**Step 4.2: Review vendor account balance**

**Q31: What is the balance in your vendor's account after invoice receipt:**  

**Exercise Deliverables**

**In the System:**

Invoice Verification

**On Paper: Answers to the Questions**



## Step 5: Pay the Vendor



**Step 5.1: Navigate to the transaction to record a vendor payment:**

### Navigation

Accounting → Financial Accounting → Accounts Payable → Document Entry → Outgoing Payment → Post

**Q32: What is the transaction code to pay your vendor:**

**Step 5.2: On the “Post Outgoing Payments: Header Data:” screen enter the following:**

Step 1.14:

| Field Name    | Data Entry                       |
|---------------|----------------------------------|
| Document Date | Enter Today’s Date               |
| Posting Date  | Today’s Date should be defaulted |
| Reference     | OPERATING                        |

**“Bank Data” section:**

| Field Name | Data Entry  |
|------------|---|
| Account    | Search for and enter the <i>account number</i> for GBI’s Cash (not the alternate bank account)<br>→ When searching, be sure to search within the chart of account <b>GL##</b> . |
| Amount     | Enter the <i>amount</i> owed to this vendor. This is the amount of the invoice created in the previous step.  |

**Q33: What is the account number for GBI’s Cash:**

**“Open Item Selection” section:**

| Field Name   | Data Entry                                 |
|--------------|--|
| Account      | Enter the <i>number</i> of the your Vendor |
| Account Type | <b>K (Vendors)</b> should be defaulted     |


Click the “Process open items” icon button  (This will show you the unpaid invoices from the vendor).

In the bottom right part of the screen, the “amount entered” should equal the “assigned” amount. The “not assigned” amount should be zero.

|              |      |
|--------------|------|
| Not assigned | 0.00 |
|--------------|------|

If “not assigned” is not 0.00, then double click on \$\$ amount under the USD Gross column. If there is more than one open invoice listed, then select (double click) the one(s) that add up to the amount of the payment.

 (SAVE)

**Q34: What is your document number for posting payment:**  

**Step 5.1: Review vendor account balance**

**Q35: What is the balance in your vendor’s account after payment:**  

**Exercise Deliverables**

**In the system:**

- Posted outgoing payment