Chapter 04: Procurement

Exercise 04-02: Procurement Process

Multiple Company Code

Version 4.15

Revised 01/12/2016

Introduction

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 in the exercise itself. READ CAREFULLY!

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. Whenever you see ##, replace it with your identifier. For example, Joe may have an identifier of 05. Every time Joe sees the ## symbol, he will replace it with “05”.

**Differences in Font**:Throughout this exercise you will see tables with different fonts used in the Data Entry column(s). The normal Times New Roman indicates you enter exactly what is typed out except for the ## Symbol where you would put in your identifier. The italicized *Times New Roman* font indicates the data is looked up, found, or otherwise not to be entered literally as written.

* Always work with your data.
* Provide both the code and its description in your answers. The questions are designed for you to locate the code but also understand the meaning

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 which are used in production.

In this exercise, you execute the procurement process to purchase the three trading goods you created in the previous exercise as master data. You will be purchasing 50 of each of these materials from Olympic Protective Gear (vendor) to be delivered to Miami.

Exercise Prerequisites

Chapter 04-01 Version MCC 4.10

Exercise Workflow

Exercise Deliverables

Deliverables are consolidated into one worksheet at the end of the exercise. It is only necessary to turn in that worksheet and that worksheet alone along with data in the system if required.

For this exercise you will need the following deliverables:

In the System:

* Purchase Requisition Created
* Purchase Order Created
* Goods Receipt Created
* Invoice Created
* Vendor Account Paid Off

On Paper:

* Answer(s) to Question(s)
* Document Number(s)
* You may be assigned additional deliverables. Make certain to check with your instructor.

Step 1: Create Purchase Requisition

In this step, you create the purchase requisition for internal purposes only.

* It is recommended that you keep several windows opened (to view inventory and vendor account balances). This will save you a lot of time in this exercise. Refresh these windows each step of the procurement process to review the consequences of your actions.
* Refer to a previous step in a previous exercise for instructions on how to review material inventory. Review the inventory of your elbow pads, road helmets, and repair kits to answer the following questions. While the balance in your inventory may be obvious, it is always good to check for grading purposes.

1. How many elbow pads are in inventory before the purchase requisition? 0 🖉
2. How many road helmets are in inventory before the purchase requisition? 0 🖉
3. How many repair kits are in inventory before the purchase requisition? 0 🖉

* Refer to a previous step in a previous exercise for instructions on how to review vendor balances. Review the account balance of your vendor to answer the following questions. While the balance in your vendor’s account may be obvious, it is always good to check.

1. What is the balance in your vendor’s account before the purchase requisition? None 🖉

* Refer to a previous step in a previous exercise for instructions on how to display your materials. Use the information about your trading goods to answer to following questions.

1. What is the moving average price for Your Elbow Pads? 37.50 🖉
2. What is the moving average price for Your Road Helmets? 25.00 🖉
3. What is the moving average price for Your Repair Kits? 16.00 🖉
4. In the “SAP Easy Access” screen, follow the navigation path below:

Navigation

Logistics 🡪 Materials Management 🡪 Purchasing 🡪 Purchase Requisition 🡪 Create

1. What is the transaction code to create a purchase requisition? ME51N 🖉
2. What is the transaction code to change a purchase requisition? ME52N 🖉
3. What is the transaction code to display a purchase requisition? ME53N 🖉

* The screen is divided into three sections (Header, Item Overview, and Item Detail). Clicking on the  icon next to each section will open and close them. It is required to open and close the sections as needed to complete the following steps. These steps will assume that you have all three of these sections open within the entire screen for simplicity purposes.

1. In the “Create Purchase Requisition” screen, enter the following information:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Material | Quantity | Deliv. Date | Plant | Stor. Loc. | Des. Vendor |
| EPAD10## | 50 | Current Date | MI## | TG## | 1010## |
| RHMT10## | 50 | Current Date | MI## | TG## | 1010## |
| RKIT10## | 50 | Current Date | MI## | TG## | 1010## |

1. What is the code for the ORIGINAL trading goods storage location? MI54 🖉
2. What is the code for YOUR purchasing group? N54 🖉
3. Click on  (ENTER). Make sure there are no error messages that pop up.

If they do pop up, read the Error messages and solve the errors before proceeding.

* Remember, you can press enter to proceed through warning messages, those do not prevent you from proceeding though the exercise and are normal. You only have to solve the Error messages to proceed.

1. Click on  (SAVE).

You will receive a message that says “Purchase requisition number created”.

1. What is the resulting document number? 10000022 🖉

* Refer to a previous step in a previous exercise for instructions on how to review material inventory. Review the inventory of your elbow pads, road helmets, and repair kits to answer the following questions. While the balance in your inventory may be obvious, it is always good to check for grading purposes.

1. How many elbow pads are in inventory after the purchase requisition? 0 🖉
2. How many road helmets are in inventory after the purchase requisition? 0 🖉
3. How many repair kits are in inventory after the purchase requisition? 0 🖉

* Refer to a previous step in a previous exercise for instructions on how to review vendor balances. Review the account balance of your vendor to answer the following question. While the balance in your vendor’s account may be obvious, it is always good to check.

1. What is the balance in your vendor’s account after the purchase requisition? None 🖉

* Refer to a previous step in a previous exercise for instructions on how to display your materials. Use the information about your trading goods to answer to following questions.

1. What is the moving average price for Your Elbow Pads? 37.50 🖉
2. What is the moving average price for Your Road Helmets? 32.00 🖉
3. What is the moving average price for your Repair Kits? 16.00 🖉

Exercise Deliverables

In the System:

* Purchase Requisition Created

On Paper:

* Answer(s) to Question(s)
* Document Number(s)

Step 2: Create Purchase Order

In this step, you create a purchase order from the purchase requisition and send it to the vendor.

1. In the “SAP Easy Access” screen, follow the navigation path below:

Navigation

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

1. What is the transaction code to create a purchase order? ME21N 🖉
2. What is the transaction code to display a purchase order? ME23N 🖉
3. What is the transaction code to change a purchase order? ME22N 🖉
4. In the “Create Purchase Order” screen, enter the following information:

|  |  |
| --- | --- |
| Field Name | Data Entry |
| Purch. Org. | US## |
| Purch. Group | N## |

1. Click on the “Document Overview On” icon.

* Do not worry about the error message that says “Enter a vendor”
* You may turn off the purchase order tutorial, if it is displayed.

1. Click on  (SELECTION VARIANT).
2. Click on My Purchase Requisitions.
3. Highlight your purchase requisition after it appears in the Document Overview, Do Not double click it.

* If you double click on the purchase requisition number, 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.

1. Click on  (ADOPT). You may receive an error that says “Net price must be greater than 0”.

* The screen is divided into three sections (Header, Item Overview, and Item Detail). Clicking on the  icon next to each section will open and close them. It is required to open and close the sections as needed to complete the following steps. These steps will assume that you have all three of these sections open within the entire screen for simplicity purposes.

1. Enter the following information:

|  |  |
| --- | --- |
| Material | Net Price |
|  | 35.00 |
|  | 22.00 |
|  | 14.00 |

1. Click on  (ENTER).
2. What is the net value of the entire purchase order? 3550.00 🖉

* You will have to calculate the Net Value (Quantity\*Net Price).

1. Click on  (SAVE).

You will receive a message that says “Standard PO created under the num.”.

1. What is the resulting document number?       🖉

* Refer to a previous step in a previous exercise for instructions on how to review material inventory. Review the inventory of your elbow pads, road helmets, and repair kits to answer the following questions. While the balance in your inventory may be obvious, it is always good to check for grading purposes.

1. How many elbow pads are in inventory after the purchase order?       🖉
2. How many road helmets are in inventory after the purchase order?       🖉
3. How many repair kits are in inventory after the purchase order?       🖉

* Refer to a previous step in a previous exercise for instructions on how to review vendor balances. Review the account balance of your vendor to answer the following questions. While the balance in your vendor’s account may be obvious, it is always good to check.

1. What is the balance in your vendor’s account after the purchase order?       🖉

* Refer to a previous step in a previous exercise for instructions on how to display your materials. Use the information about your trading goods to answer to following questions.

1. What is the moving average price for Your Elbow Pads?       🖉
2. What is the moving average price for Your Road Helmets?       🖉
3. What is the moving average price for your Repair Kits?       🖉

Exercise Deliverables:

In the System:

* Purchase Order Created

On Paper:

* Answer(s) to Question(s)
* Document Number(s)

Step 3: Receive Shipment from Vendor

In this step, you receive the shipment that you ordered through the purchase order previously.

1. In the “SAP Easy Access” screen, follow the navigation path below:

Navigation

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

1. What is the transaction code to receive the goods?       🖉
2. You are in the “Goods Receipt Purchase Order” screen.

Enter the following information:

|  |  |
| --- | --- |
| Field Name | Data Entry |
| Purchasing Document Number | Your Purchase Order Number |

1. Click on  (ENTER).

* If the “Detail data” section is open, close it.

1. At the bottom of the screen, enter the following information:

|  |  |
| --- | --- |
| Mat. Short Text | OK |
| ## Elbow Pads | Selected |
| ## Road Helmet | Selected |
| ## Repair Kit | Selected |

1. What does “Qty in UnE” refer to?       🖉

* Hint: Use the “F1” key for help!

1. What does “OK” refer to?       🖉
2. Click on  (SAVE).

You will receive a message that says “Material document posted”.

1. What is the resulting document number?       🖉

* Refer to a previous step in a previous exercise for instructions on how to review material inventory. Review the inventory of your elbow pads, road helmets, and repair kits to answer the following questions. While the balance in your inventory may be obvious, it is always good to check for grading purposes.

1. How many elbow pads are in inventory after the goods receipt?       🖉
2. How many road helmets are in inventory after the goods receipt?       🖉
3. How many repair kits are in inventory after the goods receipt?       🖉

* Refer to a previous step in a previous exercise for instructions on how to review vendor balances. Review the account balance of your vendor to answer the following questions. While the balance in your vendor’s account may be obvious, it is always good to check.

1. What is the balance in your vendor’s account after the goods receipt?       🖉

* Refer to a previous step in a previous exercise for instructions on how to display your materials. Use the information about your trading goods to answer to following questions.

1. What is the moving average price for Your Elbow Pads?       🖉
2. What is the moving average price for Your Road Helmets?       🖉
3. What is the moving average price for your Repair Kits?       🖉

Exercise Deliverables:

In the System:

* Goods Receipt Created

On Paper:

* Answer(s) to Question(s)
* Document Number(s) Created

Step 4: Receive Invoice from Vendor

You have received the following invoice from your vendor:



* The total in this invoice should match the total value of your purchase order.
* If the total of your purchase order is different from the total in this invoice, use the total of your purchase order in subsequent steps. This will prevent inconsistency in numbers.

1. In the “SAP Easy Access” screen, follow the navigation path below:

Navigation

Logistics 🡪 Materials Management 🡪 Purchasing 🡪 Purchase Order 🡪 Follow-On Functions 🡪 Logistics Invoice Verification

1. What is the transaction code to receive the invoice and enter into the system?       🖉
2. You are in the “Enter Incoming Invoice: Company Code US##” screen.

Enter the following information:

|  |  |
| --- | --- |
| Field Name | Data Entry |
| Invoice date | Current Date |
| Amount | Invoice Total Amount (from above) |
| Purchase Order Document Number | Your Purchase Order Number |

* Input your purchase order number in the field to the right of the dropdown with Purchase Order/Scheduling Agreement. This is located near the center of the screen.

1. Click on  (ENTER).

* The  icon should equal zero in the top right corner.

1. At the bottom of the screen, enter the following information:

|  |  |
| --- | --- |
| Item | Booking OK |
| 1 | Selected |
| 2 | Selected |
| 3 | Selected |

1. Click on  (SIMULATE DOCUMENT).

* You may be prompted to enter a Base Line Date, enter the current date.

1. What is the account being debited? (use your accounting knowledge from in class discussion)
2. What is the account being credited? (use your accounting knowledge from in class discussion)
3. What is the general ledger account number used for the debit posting?       🖉
4. What is the general ledger account number used for the credit posting?       🖉
5. You are in the “Simulate Document in USD (Document currency)” pop-up.

Click on the  “Post” icon. You will receive a message that says “Doc. created”.

1. What is the resulting document number?       🖉

* Refer to a previous step in a previous exercise for instructions on how to review material inventory. Review the inventory of your elbow pads, road helmets, and repair kits to answer the following questions. While the balance in your inventory may be obvious, it is always good to check for grading purposes.

1. How many elbow pads are in inventory after the invoice?       🖉
2. How many road helmets are in inventory after the invoice?       🖉
3. How many repair kits are in inventory after the invoice?       🖉

* Refer to a previous step in a previous exercise for instructions on how to review vendor balances. Review the account balance of your vendor to answer the following questions. While the balance in your vendor’s account may be obvious, it is always good to check.

1. What is the balance in your vendor’s account after the invoice?       🖉

* Refer to a previous step in a previous exercise for instructions on how to display your materials. Use the information about your trading goods to answer to following questions.

1. What is the moving average price for Your Elbow Pads?       🖉
2. What is the moving average price for Your Road Helmets?       🖉
3. What is the moving average price for Your Repair Kits?       🖉

Exercise Deliverables:

In the System:

* Invoice Created

On Paper:

* Answer(s) to Question(s)
* Document Number(s)

Step 5: Send Payment to Vendor

In this step, you pay your vendor for the invoice in which you received in the previous step.

1. In the “SAP Easy Access” screen, follow the navigation path below:

Navigation

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

1. What is the transaction code to pay your vendor?       🖉
2. In the “Post Outgoing Payments: Header Data” screen, enter the following information:

|  |  |
| --- | --- |
| Field Name | Data Entry |
| Document Date | Current Date |
| Bank data Account | Your Bank Account |
| Amount | Amount Owed to this Vendor |
| Open item selection Account | Your Olympic Protective Gear |

1. What is the number of your bank account?       🖉
2. Click on  (ENTER).

You will receive a message that says “1 item was selected”.

* The following screen shows you the unpaid invoices from this vendor. In the bottom right part of the screen, the amount entered should equal the assigned amount and thus would make the not assigned amount zero. If the not assigned amount is not equal to zero, click on the amount under the “USD Gross” column. This will tell you if there is more than one listed.

1. Click on  (SAVE).

You will receive a message that says “Document was posted in company”.

1. What is the resulting document number?       🖉

* Refer to a previous step in a previous exercise for instructions on how to review material inventory. Review the inventory of your elbow pads, road helmets, and repair kits to answer the following questions. While the balance in your inventory may be obvious, it is always good to check for grading purposes.

1. How many elbow pads are in inventory after the payment?       🖉
2. How many road helmets are in inventory after the payment?       🖉
3. How many repair kits are in inventory after the payment?       🖉

* Refer to a previous step in a previous exercise for instructions on how to review vendor balances. Review the account balance of your vendor to answer the following questions. While the balance in your vendor’s account may be obvious, it is always good to check.

1. What is the balance in your vendor’s account after the payment?       🖉

* Refer to a previous step in a previous exercise for instructions on how to display your materials. Use the information about your trading goods to answer to following questions.

1. What is the moving average price for Your Elbow Pads?       🖉
2. What is the moving average price for Your Road Helmets?       🖉
3. What is the moving average price for your Repair Kits?       🖉

Exercise Deliverables:

In the System:

* Vendor Account Paid Off

On Paper:

* Answer(s) to Question(s)
* Document Number(s)

Attachment 1: Exercise Worksheet

Name:

Course and Section:

Identifier:

Client:

* Provide both the code and its description in your answers. The questions are designed for you to locate the code but also understand the meaning

1. How many elbow pads are in inventory before the purchase requisition? 🖉
2. How many road helmets are in inventory before the purchase requisition? 🖉
3. How many repair kits are in inventory before the purchase requisition? 🖉
4. What is the balance in your vendor’s account before the purchase requisition? 🖉
5. What is the moving average price for Your Elbow Pads? 🖉
6. What is the moving average price for Your Road Helmets? 🖉
7. What is the moving average price for Your Repair Kits? 🖉
8. What is the transaction code to create a purchase requisition? 🖉
9. What is the transaction code to change a purchase requisition? 🖉
10. What is the transaction code to display a purchase requisition? 🖉
11. What is the code for the ORIGINAL trading goods storage location? 🖉
12. What is the code for YOUR purchasing group? 🖉
13. What is the resulting document number? 🖉
14. How many elbow pads are in inventory after the purchase requisition? 🖉
15. How many road helmets are in inventory after the purchase requisition? 🖉
16. How many repair kits are in inventory after the purchase requisition? 🖉
17. What is the balance in your vendor’s account after the purchase requisition? 🖉
18. What is the moving average price for Your Elbow Pads? 🖉
19. What is the moving average price for Your Road Helmets? 🖉
20. What is the moving average price for your Repair Kits? 🖉
21. What is the transaction code to create a purchase order? 🖉
22. What is the transaction code to display a purchase order? 🖉
23. What is the transaction code to change a purchase order? 🖉
24. What is the net value of the entire purchase order? 🖉
25. What is the resulting document number? 🖉
26. How many elbow pads are in inventory after the purchase order? 🖉
27. How many road helmets are in inventory after the purchase order? 🖉
28. How many repair kits are in inventory after the purchase order? 🖉
29. What is the balance in your vendor’s account after the purchase order? 🖉
30. What is the moving average price for Your Elbow Pads? 🖉
31. What is the moving average price for Your Road Helmets? 🖉
32. What is the moving average price for your Repair Kits? 🖉
33. What is the transaction code to receive the goods? 🖉
34. What does “Qty in UnE” refer to? 🖉
35. What does “OK” refer to? 🖉
36. What is the resulting document number? 🖉
37. How many elbow pads are in inventory after the goods receipt? 🖉
38. How many road helmets are in inventory after the goods receipt? 🖉
39. How many repair kits are in inventory after the goods receipt? 🖉
40. What is the balance in your vendor’s account after the goods receipt? 🖉
41. What is the moving average price for Your Elbow Pads? 🖉
42. What is the moving average price for Your Road Helmets? 🖉
43. What is the moving average price for your Repair Kits? 🖉
44. What is the transaction code to receive the invoice and enter into the system? 🖉
45. What is the account being debited? (use your accounting knowledge from in class discussion)
46. What is the account being Credited? (use your accounting knowledge from in class discussion)
47. What is the general ledger account number used for the debit posting? 🖉
48. What is the general ledger account number used for the credit posting? 🖉
49. What is the resulting document number? 🖉
50. How many elbow pads are in inventory after the invoice? 🖉
51. How many road helmets are in inventory after the invoice? 🖉
52. How many repair kits are in inventory after the invoice? 🖉
53. What is the balance in your vendor’s account after the invoice? 🖉
54. What is the moving average price for Your Elbow Pads? 🖉
55. What is the moving average price for Your Road Helmets? 🖉
56. What is the moving average price for Your Repair Kits? 🖉
57. What is the transaction code to pay your vendor? 🖉
58. What is the number of your bank account? 🖉
59. What is the resulting document number? 🖉
60. How many elbow pads are in inventory after the payment? 🖉
61. How many road helmets are in inventory after the payment? 🖉
62. How many repair kits are in inventory after the payment? 🖉
63. What is the balance in your vendor’s account after the payment? 🖉
64. What is the moving average price for Your Elbow Pads? 🖉
65. What is the moving average price for Your Road Helmets? 🖉
66. What is the moving average price for your Repair Kits? 🖉