

◆ SCM + Finance Integration Project

Step-by-Step Practice Learning (D365 F&O)

STEP 0: Basic Company Setup (Assumed)

(Usually already available in training environment)

- Legal entity created (ex: IN01)
 - Fiscal calendar assigned
 - Currency configured (INR / USD)
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STEP 1: Finance Setup (Foundation)

1.1 Create Main Accounts

Menu path:

General ledger > Chart of accounts > Main accounts

Create:

- Inventory (Asset)
 - GRN / Received Not Invoiced
 - Accounts Payable
 - Accounts Receivable
 - Revenue
 - Cost of Goods Sold (COGS)
-

1.2 Vendor Posting Profile

Menu path:

Accounts payable > Setup > Posting profiles

- Vendor group → AP main account
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1.3 Customer Posting Profile

Menu path:

Accounts receivable > Setup > Posting profiles

- Customer group → AR main account

1.4 Inventory Posting Profile (VERY IMPORTANT)

Menu path:

Inventory management > Setup > Posting > Posting

Configure:

- Inventory → Inventory account
 - Purchase expenditure → GRN account
 - Cost of goods sold → COGS account
 - Sales revenue → Revenue account
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STEP 2: Product & Inventory Setup

2.1 Item Model Group

Menu path:

Inventory management > Setup > Inventory > Item model groups

- Inventory model: FIFO
 - Physical negative inventory: Yes (It allows **issuing goods physically even if stock is not yet received.**)
 - Financial negative inventory: No (It allows **posting financial inventory without actual stock.**)
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2.2 Create Product

Menu path:

Product information management > Products > Released products

Configure:

- Item number
 - Item model group
 - Cost price
 - Storage dimension group
 - Site & warehouse
-

2.3 Site & Warehouse

Menu path:

Inventory management > Setup > Inventory breakdown

- Create Site
 - Create Warehouse and link to site
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STEP 3: Vendor Master

3.1 Create Vendor

Menu path:

Accounts payable > Vendors > All vendors

Fill:

- Vendor group
 - Posting profile
 - Payment terms
-

STEP 4: PROCURE-TO-PAY (SCM → Finance)

4.1 Create Purchase Order

Menu path:

Procurement and sourcing > Purchase orders > All purchase orders

Steps:

- Create PO
 - Add item
 - Confirm PO
-

4.2 Product Receipt (GRN)

Menu path:

Purchase order > Receive > Product receipt

Result:

- Inventory physically increased
 - GRN account posted
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4.3 Vendor Invoice

Menu path:

Purchase order > Invoice > Invoice

Result:

- Inventory financially updated
 - AP credited
 - GRN cleared
-

4.4 Vendor Transactions Check

Menu path:

Accounts payable > Vendors > All vendors > Vendor transactions

Verify:

- Invoice posted
 - Balance updated
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STEP 5: Inventory → GL Validation

5.1 Inventory Transactions

Menu path:

Inventory management > Inquiries and reports > Transactions > Inventory transactions

Check:

- Physical receipt
 - Financial update
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5.2 Voucher Transactions

Menu path:

General ledger > Inquiries and reports > Voucher transactions

Verify:

- Inventory account
 - GRN account
 - AP account
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STEP 6: Customer Master

6.1 Create Customer

Menu path:

Accounts receivable > Customers > All customers

Fill:

- Customer group
 - Posting profile
 - Payment terms
-

STEP 7: ORDER-TO-CASH (SCM → Finance)

7.1 Create Sales Order

Menu path:

Sales and marketing > Sales orders > All sales orders

- Add item
 - Confirm sales order
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7.2 Packing Slip (Delivery)

Menu path:

Sales order > Pick and pack > Packing slip

Result:

- Inventory physically reduced
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7.3 Sales Invoice

Menu path:

Sales order > Invoice > Invoice

Result:

- Revenue posted
 - AR updated
 - COGS posted
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7.4 Customer Transactions

Menu path:

Accounts receivable > Customers > All customers > Customer transactions

Verify:

- Invoice
 - Outstanding balance
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STEP 8: COGS & Profit Check

GL Validation

Menu path:

General ledger > Inquiries and reports > Ledger transactions

Check:

- Revenue account
 - COGS account
 - Profit impact
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STEP 9: Reports & Reconciliation

Inventory Value Report

Menu path:

Inventory management > Inquiries and reports > Inventory value report

Trial Balance

Menu path:

General ledger > Inquiries and reports > Trial balance

STEP 10: Documentation (VERY IMPORTANT)

Prepare:

- FRD (business flow)
- FDD (configuration + integration)
- Test cases (P2P & O2C)
- UAT support notes