

Microsoft Dynamics 365 for Finance & Operations



Step by step guide - PR to PO in MSD 365

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1. Overview

1.1 Overview Description:

This document explains the step-by-step process on how to create purchase requisition in Microsoft dynamics 365 finance and operation. A purchase requisition (PR) is an internal document that authorizes the Purchasing department to buy items or services.

After a purchase requisition is approved, it can be used to generate a purchase order. Purchase orders are the external documents that the Purchasing department submits to vendors.

PR is a global form and purchase requisition created across all legal entities can be viewed in the same form.

In this document we will see setups required to create a purchase requisition and how to convert the PR to PO both manually and automatically in Microsoft dynamics 365 F&O.

2. Creating Purchase requisition:

2.1 Step by step PR creation:

1. To create a "new" purchase requisition first user need to be tagged as an employee in the system.
2. Create an employee in HR module and then tag the employee as a person in the path mentioned in below figure.
3. Even though the user is having system administrator role, the user will be able to create a "New" purchase requisition only when the user is tagged as an employee (Person) in the User page as shown below.
4. Also, make sure the user is "enabled" in this form.

The screenshot shows the 'Users' page in Microsoft Dynamics 365 Finance and Operations. The breadcrumb navigation at the top is 'System administration > Users > Users'. The user details section shows the user 'ssivasankaran : Sivasankaran, Shriram'. The 'User details' section includes fields for User ID, Provider, Telemetry ID, User name, Email, and Company. The 'Person' role is highlighted with a red box. The 'Enabled' toggle is set to 'Yes'. The 'User's roles' section shows the 'System administrator' role, which is also highlighted with a red box.

5. To create a purchase requisition, navigate to following path

Procurement and sourcing > Purchase requisitions > All purchase requisitions

Microsoft Dynamics 365 Finance and Operations – Standard Process document

6. In the “All purchase requisitions” form “New” button will be enabled only when the user is added as a person in the system administration-> users. Otherwise “new” button in the “All purchase requisition” form will be disabled.

Finance and Operations Procurement and sourcing > Purchase requisitions > All purchase requisitions

Navigation: < New Delete Workflow Purchase requisition Financials Options

Actions: Maintain (Edit, Edit in grid, Cancel), Actions (Create request for quotation), Summary (Totals), Copy (Copy, Copy lines), History (Compare to recent version, Purchase requisition versions), External catalogs (Pending shopping carts)

All purchase requisitions

Standard view

Filter Requester

Purcha...	Name	Preparer	Project ID	Status
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7. For creating the purchase requisition, we need to create “**workflow**” which is mandatory set up in the dynamics 365.
8. Without workflow user will not be able to complete the purchase requisition process in D365.
9. In this document we are not discussing in detail about the workflow creation but follow my LinkedIn profile (<https://www.linkedin.com/in/shriram-sivasankaran/>) to get the document for workflow creation which I will publish in future.
10. Click on “New” and type a relevant purchase requisition name for reference and then click on “OK” button.

Finance and Operations Procurement and sourcing > Purchase requisitions > All purchase requisitions

Navigation: < New Delete Workflow Purchase requisition Financials Options

Actions: Maintain (Edit, Edit in grid, Cancel), Actions (Create request for quotation), Summary (Totals), Copy (Copy, Copy lines), History (Compare to recent version, Purchase requisition versions), External catalogs (Pending shopping carts)

All purchase requisitions

Standard view

Filter Requester

Purcha...	Name	Preparer	Project ID	Status	Created date	Submitted date
✓ 000831	PR-Home Audio	Debottam Dutta		Closed	7/13/2023	7/13/2023
✓ 000856	check	Kshitiz Sinha		Draft	8/5/2023	
✓ 000882	Office supplies	R P Singh		Closed	11/9/2023	11/9/2023
✓ 000884	PR-T1	R P Singh		Closed	11/9/2023	11/9/2023
✓ 000916	Office supply	R P Singh		Closed	11/10/2023	11/10/2023
✓ 000931	Spare parts	shriram sivasankaran		Draft	12/9/2023	
✓ 000956	Shriram	shriram sivasankaran		Draft	12/14/2023	
✓ 000981	Braking cluster	shriram sivasankaran		Approved	12/20/2023	12/20/2023
✓ 000985	PR-00001	shriram sivasankaran		Draft	12/20/2023	
✓ 001006	Spare parts 2	shriram sivasankaran		Approved	12/29/2023	12/29/2023

Create purchase requisition

Purchase requisition: 001032

Name: PR - Spare parts supply

Requested date: 1/3/2024

Accounting date: 1/3/2024

SELECT DEFAULT PROJECT

Buying legal entity

Project ID

OK Cancel

11. After clicking on “OK” button, this will open the purchase requisition form.
12. By Default, the “preparer” will be name of the user tagged in the “Users” form as mentioned in the point no.3.
- a. Note: the preparer and the requestor can be different, a preparer can raise a purchase requisition on behalf of a requester in an organization.
13. To achieve this, against the “preparer” we need to assign the “requesters” applicable. Navigate to following path and then select the user (Shriram Sivasankaran in this case) applicable.

Procurement and sourcing > Setup > Policies > Purchase requisition permissions

14. In this form the selected preparer is authorized to raise purchase requisitions for the listed requesters. Using this form, we are granting permission to the preparer to generate/ raise purchase requisition for the listed requesters.

Microsoft Dynamics 365 Finance and Operations – Standard Process document

15. After selecting the preparer, add the list of requestors for whom the preparer is authorized to raise the purchase requisition and then click on “save” in the top.

Finance and Operations | Procurement and sourcing > Setup > Policies > Purchase requisition permissions | USMF

Standard view

Purchase requisition permissions

Grant permissions so that workers can enter purchase requisitions for other workers

Current view
By preparer | The selected preparer is authorized to enter purchase requisitions for the listed requestors

Filter

Name	Personnel num...	Title
shriram sivasankaran	001165	

+ Add

Name	Personnel number	Title	Authorization
Jodi Christiansen	000001	Compensation & Benefits...	Reporting
Charlie Carson	000002	President	Specific
Sara Thomas	000007	Chief Financial Officer	Specific

16. Now if we navigate back to our PR created and click on “add line”, then in the requestor drop down we will be able to view the list of requestors added in the point 15 & 16.

a. (Now as a preparer I can also create a PR on behalf of the below 4 requestors.)

Purchase requisitions | Standard view

001032 : PR - Spare parts supply

Lines | Header

Purchase requisition lines

+ Add line | + Add products | External catalogs | Cancel | Remove | Purchase requisition line | Financials | In

Valid	Line	Requester	Buying leg...	Receiving operating unit	Item numb
✓	0	shriram sivasankaran	USMF	Client Services	

Worker name

- Jodi Christiansen
- Charlie Carson
- Sara Thomas
- shriram sivasankaran

Line details

17. Buying legal entity and receiving operating unit will be auto populated based on the requester selected.
18. If user(preparer) wants to raise a purchase requisition for a different legal entity, then the user need to be tagged to the corresponding legal entities in the employment history.
19. Navigate to following path and select the employee applicable and click on “employment history” in the action pane.

Finance and Operations | Human resources > Workers > Employees

Edit | New | Delete | Work | Person | Leave | Compensation | Payroll | Benefits | Compliance | Time | Project

Personnel actions

- Change position
- Terminate
- Change worker employment type

Work details

- Employment history**
- Verify employment
- View in hierarchy

Changes timeline

- View changes
- Manage changes

Related information

- Checklists
- Task maintenance
- Worker task assignments

Employees (Active)

Standard view

Filter | View options

Name	Search name	Personnel number	Phone	Extension	Email address
shriram sivasankaran	shriram sivasanka...	001165			

20. Now inside this form user need to add the legal entities for which employee is having the authority to raise the purchase requisitions.

Microsoft Dynamics 365 Finance and Operations – Standard Process document

21. Select the legal entity by clicking on “new” and provide the employment start date and click on “create employment”.

The screenshot shows the 'Create an employment duration' form in the Microsoft Dynamics 365 Finance and Operations interface. The breadcrumb navigation at the top indicates the path: Finance and Operations > Human resources > Workers > Employees. The 'Legal entity' dropdown menu is open, displaying a list of companies with their IDs and names. The company 'USRT' (Contoso Retail USA) is selected. The 'Create employment' button is highlighted with a red box.

22. Now the preparer is authorized to raise the purchase requisition in both USMF and in “USRT” (in this case).

The screenshot shows the 'Purchase requisition lines' form in the Microsoft Dynamics 365 Finance and Operations interface. The 'Buying legal entity' dropdown menu is open, displaying a list of companies with their IDs and names. The company 'USMF' (Contoso Entertainment Sy...) is selected. The 'Receiving operating unit' is set to 'Client Services'.

23. User can also provide a “reason code” to track the business justification for raising the purchase requisitions.
24. By default, once the purchase requisition is created the status of purchase requisition will be in “Draft”.

The screenshot shows the 'Purchase requisition header' form in the Microsoft Dynamics 365 Finance and Operations interface. The breadcrumb navigation at the top indicates the path: Finance and Operations > Procurement and sourcing > Purchase requisitions > All purchase requisitions. The 'Purchase requisition' is identified as '001032 : PR - Spare parts supply'. The 'Preparer' field is set to 'shriram sivasankaran'. The 'Status' dropdown is set to 'Draft'. The 'Reason' dropdown is set to 'General'. The 'Business justification' section shows a list of reasons with their descriptions.

25. Now to add the item number, the item numbers need to be tagged in the procurement category.

Microsoft Dynamics 365 Finance and Operations – Standard Process document

26. I already published a detailed document on how to create category hierarchy and assign to procurement category, please go through this link to create a [create a category hierarchy and assign procurement category in D365](#)
27. User can either select the item number (for which procurement category is assigned) or select the procurement category drop down directly and select the category -> item number for which purchase requisition need to be created.
28. Once the item number is selected the unit price is fetched based on the trade agreement (if applicable) and vendor account is fetched from the released products-> purchase fast tab.

Item number	Procurement category	Product name	Quantity / Unit	Unit price	Net amount	Currency	Vendor account	Vendor name	Status
C0004	Computers	Lifecam HD 5000	1.00 ea	39.95	39.95	USD	US-111	Contoso office supply	Draft

Released product details

Standard view

C0004 : Lifecam HD 5000

General

Purchase

PURCHASE ORDER

Unit: ea

Overdelivery: 0.00

Underdelivery: 0.00

Intercompany stopped: No

Item price tolerance group:

Vendor: US-111

TAXATION

Item sales tax group: ALL

PRICE UPDATE

29. After selecting item number and updating the quantity user can submit the purchase requisition for workflow.
30. Now there are two choices which a preparer is having to convert the purchase requisition to a purchase order
 - a. PR -> Request for quotation (RFQ) -> PO
 - b. PR -> PO
31. In this document we are going to discuss about the **option b.** and option a. will be discussed in another document.
32. The "request for quotation" button will be enabled only after the PR is submitted for "Workflow", which means RFQ will be enabled if the PR is in the status of "In review".
33. Now based on the set up from PR we can either automatically or manually create a purchase order.

Finance and Operations

Procurement and sourcing > Purchase requisitions > All purchase requisitions

USMF

← Edit + New Delete Workflow Purchase requisition Financials Options

New Maintain Summary Copy History

Request for quotation Cancel Totals Copy Copy lines Compare to recent version Purchase requisition versions

Purchase requisitions | Standard view

001033 : PR- Spare parts supply 1

Lines Header

Purchase requisition header

ADMINISTRATION Preparer DATES BUSINESS JUSTIFICATION

34. If PO manually need to be created, then the status of the purchase requisition will be changed to "Approved" once the workflow is approved.

Microsoft Dynamics 365 Finance and Operations – Standard Process document

35. If PO automatically need to be created, then the status of the purchase requisition ID will be changed to "Closed". Once the Purchase requisition is approved and PO is created.
36. Once the PR is approved it will be changed to the state of "Approved", now user (purchase manager) who wants to convert the approved purchase requisitions to the purchase orders need to navigate to following path.

Procurement and sourcing > Purchase requisitions > Approved purchase requisition processing > Release approved purchase requisitions

37. Select the appropriate approved purchase requisition in the "release approved purchase requisition" page and click on "purchase order" in the action pane.

Finance and Operations > Procurement and sourcing > Purchase requisitions > Approved purchase requisition processing > Release approved purchase requisitions

Release approved purchase requisitions

Standard view

Consolidation status	Purchase r...	Line	Currency	Item number	Product name	Net amount	Category
✓ None	000631	1	USD	Flair Pens	Flair Pens	20.00	A
✓ None	000633	1	USD	MB	MB	5,000.00	Fabric
✗ None	000731	1	USD	thread	thread	230.00	A
✓ None	000981	1	USD	Brake unit	Brake unit	0.00	BP 10003
✓ None	001006	1	USD	Braking system	Braking system	0.00	Braking System
✓ None	001033	1	USD	C0004	Lifecam HD 5000	39.95	Computers

38. This will release the purchase order and user will be able to view the purchase order reference in the action pane. User can also use a batch job to confirm the approved PRs.

Automatic purchase creation Vendor account: US-111 Purchase order USMF-PO-000000007 has been created.

39. Once the purchase order is released then status of the purchase requisition ID will be changed from "Approved" to "Closed".
40. Also, user can view the corresponding PO reference in the purchase requisition ID in the related information anytime whenever they want.

Finance and Operations > Procurement and sourcing > Purchase requisitions > All purchase requisitions

Purchase requisition

001033 : PR- Spare parts supply 1

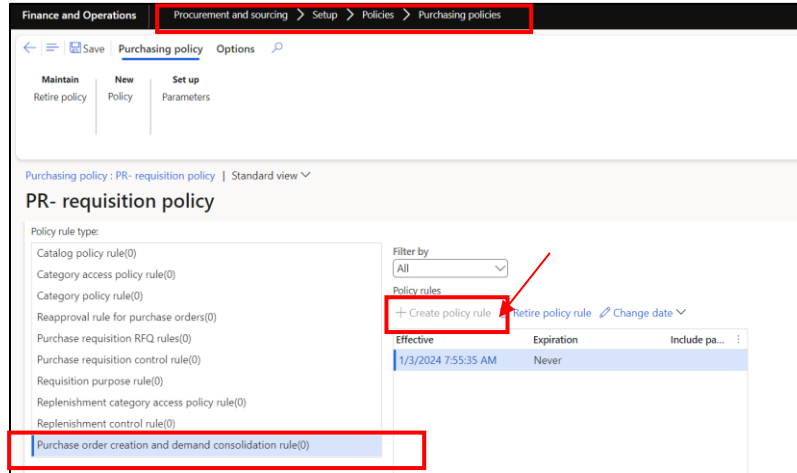
Status: Closed

Related information

Purchase order: USMF-PO-000000007

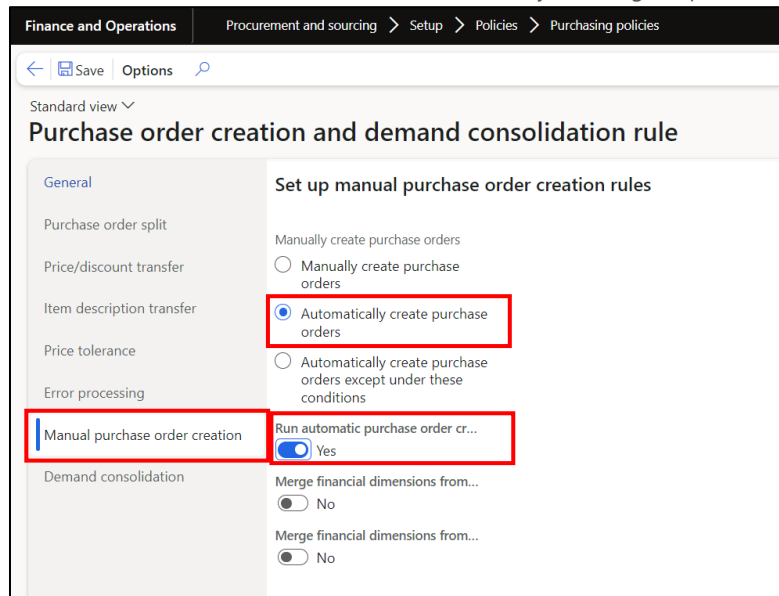
Microsoft Dynamics 365 Finance and Operations – Standard Process document

41. If user wants to create the purchase order automatically then user need to create a purchasing policy.
42. Navigate to purchasing policies in the procurement and sourcing module and create a new policy with "policy rule type"-> "purchase order creation and demand consolidation rule".
43. Ensure correct legal entity (USMF in this case) is selected and click on "create policy rule" date link. If already created then click on "effective date link".



44. Now in this page inside the "manual purchase order creation" section enable "automatic create purchase orders" and enable the "run automatic purchase order creation as a batch job" and then save the purchase policy.

- a. This setting applies only to purchase requisitions that do not require manual processing. You can run the automatic purchase order generation as a batch job. This allows you to schedule this activity at a time when resources are less constrained. Instead of manually releasing the purchase order as mentioned in point 37,38,39.



45. You can also specify any exception under certain conditions by selecting the third toggle.
46. By following above steps user will be able to create purchase requisition and convert it to purchase order either automatically or manually.

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