

Chapter 3: Supply Chain and Related Processes

This chapter covers Shopping Carts, Purchase Orders and Invoices. In this chapter you will learn:

- How to reconcile supply chain purchases from shopping cart creation through invoice receipt.
- How to distinguish between valuated and non-valuated purchase orders.
- How purchase order document types and dollar amounts control whether expenses post at the time of goods receipt or invoice receipt.
- Which BW reports and ECC transaction codes are most helpful in reconciling purchase orders.

Business Overview

The most commonly used method to purchase goods and services from vendors outside of Johns Hopkins is by creating a purchase order. Before conversion to SAP, eProcurement and REQN were used to do this. Now this task is handled through the SAP web portal using the “Go Shopping” transaction, also known as SRM. Previously, a requisitioner would create an order that would be routed directly to a buyer in Purchasing, unless the order was for over \$2,500. Orders over that threshold required a departmental approval before being routed to Purchasing for approval and completion.

Like many of the other transactions in SAP, a system of checks and balances known as workflow has been designed to increase the control of valid expenses on University accounts. Workflow for SRM shopping carts has been designed to flow to an administrative approver of the cost center that the requisitioner is charging. For example, if a shopping cart is created to charge multiple cost centers, the administrative approver for each cost center will have to approve the line item charging their cost center. This way, any order placed must first be approved by an administrative approver for that particular cost center before the purchase order can be created.

It should be noted that all shopping carts, excluding LVPO's (Low Value Purchase Orders) less than \$2,500 in value, are approved at the division or center level, while PO transactions with an aggregate value of \$5,000 or more are routed to the Supply Chain Shared Service Center (SCSSC) for final approval. As noted, LVPO's require no approval and the good or service is also ordered by the original requisitioner.

The purpose of workflow within this transaction, and all SAP transactions, is to validate expenses before they are even incurred. For example, if an administrative approver checks shopping carts for allowability and allocability on the front-end, it decreases the possibility of erroneous charges significantly. Rather than just approving a shopping cart because it is created within your department, the requisitioner, cost assignment, vendor and item information should also be reviewed. Reviewing this information will allow the approver to verify that the requisitioner should be charging this cost object and that the vendor and items from this vendor are allowable for the cost object being charged. The completion of the shopping cart, combined with a review of the previously mentioned key fields during approval, make up the first step of the three (or two) way match.

Key Points of the Supply Chain Process

Purchase Order Categories

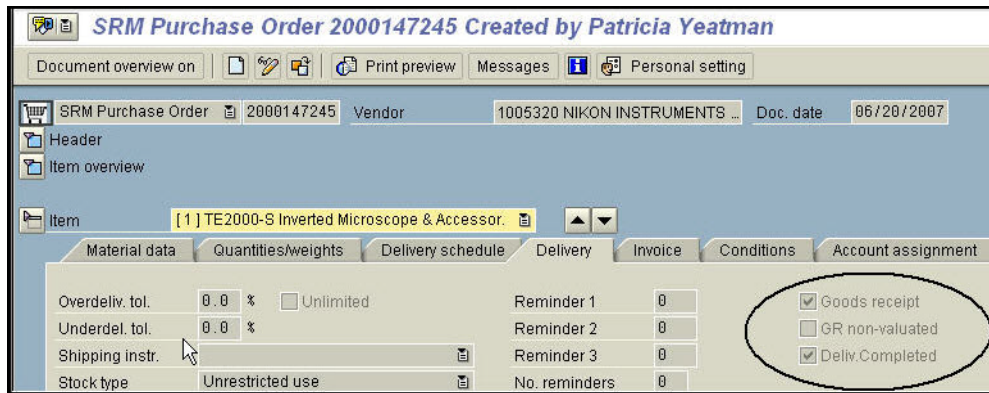
There are 2 categories of purchase orders, each considered an FI posting classification. Users should be familiar with the two categories, because the manner in which expenses post to your cost objects varies based on the category. These categories are:

- Valuated
- Non-Valuated

Valuated Purchase Orders

Valuating purchase orders *require a goods receipt, and expenses post upon goods receipt in the amount of the goods receipt.* When the expense posts, a ten digit FI document number beginning with 50 is assigned, which will display on your reports.

This type of purchase order can be identified using the ME23N transaction in ECC. As shown in Display 3-1, the *Delivery* tab contains the information needed to determine the PO category. If the Goods Receipt box is checked and the GR non-validated box is not checked, it is a valuated PO and expenses will post when the goods receipt is completed.



Display 3-1. Valuated Purchase Order

Users should be aware of the following key points related to valuated purchase orders.

- Goods receipt is required. The *goods receipt posts the expense* and relieves the commitment.
- If an invoice is received before goods receipt, the invoice is blocked and nothing posts to the cost object until goods receipt is completed.
- Because expense is recognized at the time of goods receipt, if an invoice is paid without referencing the purchase order, for example, through an online payment request, your cost object will be charged twice, once upon goods receipt and once upon invoice payment. (See Chapter 5 Non-Purchase Order Payments).
- Valuated purchase orders can only have one account assignment per line item. If there are multiple account assignments per line item, SAP automatically designates the PO line item as GR Non-Valuated.

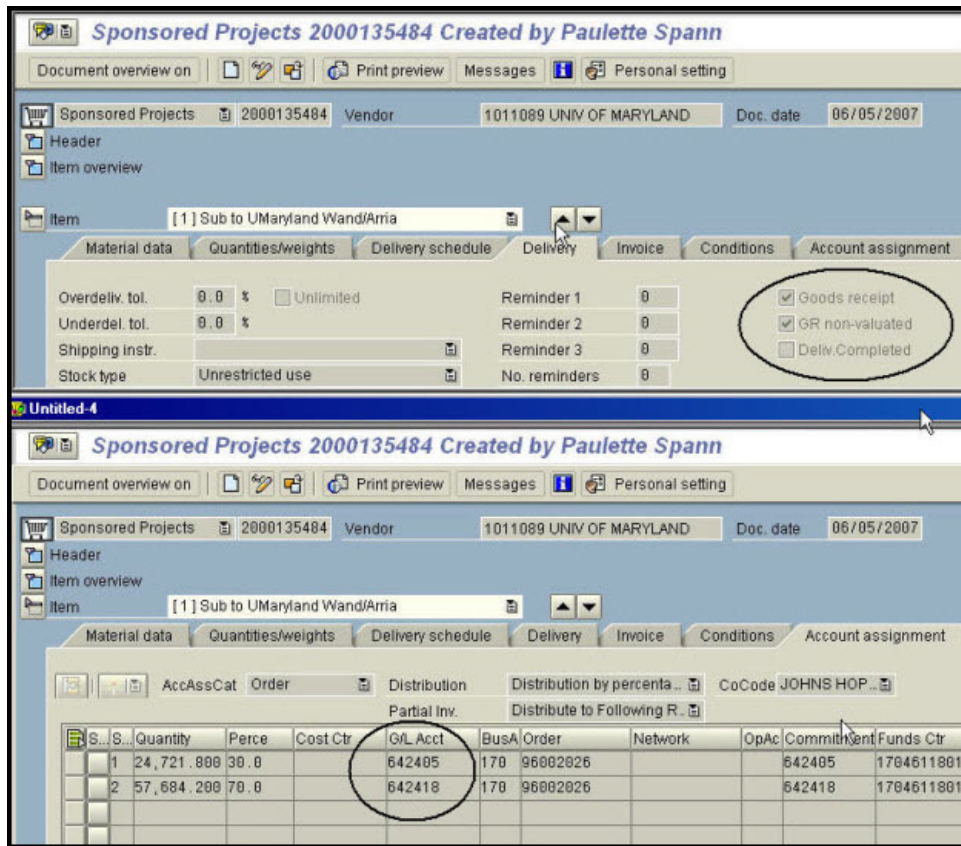
Non-Valuated Purchase Orders

Non-valuated line items in POs are used when there are multiple cost assignments (a split cost assignment) for one line item. These purchase orders can be identified using the ME23N *Delivery* and *Account Assignment* tabs. In the *Delivery* tab, purchase orders will be specifically marked as non-valuated (see Display 3-2), while in the account assignment tab, the existence of multiple accounts will signal the user that the PO is non-valuated. PO's under the \$2,500 threshold are also non-valuated.

Users should be aware of the following key points related to non-valuated purchase orders.

- Expenses post when the invoice is posted (not necessarily paid).*

- ❑ The invoice payment will display on your statements with FI document numbers starting with 51 or 19 (with a reference document number of 51 and predecessor doc of 20)..



Display 3-2. Non-Valuated Purchase Order

What determines whether the FI doc number that posts expense for a non-valuated purchase order is a 51 or a 19 document number, is whether the vendor invoice is received electronically. Notice that 19 FI doc postings of purchase order expenses received electronically will look much the same as other SAP automatic uploads, in that the Created By field in BW will show SCAUTO. See Display 3-3 for posting examples.

Non-Valuated PO Expenses										110273
										Grant
										Grant Shorter Descri
										Sponsored Program
										PI for Sponsored Pgm
										Funds Center
Sponsored Class	G/L Account	FI Doc/Doc Number	Reference Doc Number	Predecessor Doc	PO Reqr	Created By	SRM Doc Type	Vendor	Item Text	APR 2012 Revenue and Expense
Supplies & Materials	JHEN633024	1903780242	5108178182	2001467619	JJENK08	SCAUTO	ECPO	VWR INTERNATIONAL (EMARKETPLACE)	EPTP RELOAD 50-1000UL PCR CLN	\$ 69.01
									EPTPS RACK STERILE 2-200UL	\$ 154.48
									PIRET TIP 10TRYS 2-200UL CS960	\$ 106.26
									RACK EPTPS ST 50-1000UL CS960	\$ 83.78
		1903784225	5108181060	2001470772	JJENK08	SCAUTO	ECPO	VWR INTERNATIONAL (EMARKETPLACE)	EPTPS RACK 2-200UL PCR CLN	\$ 154.48
									TIPS EP RACK 1000UL PCR PK960	\$ 83.37
		1903787986	5108183243	2001470739	JJENK08	SCAUTO	ECPO	LIFE TECHNOLOGIES CORP (EMARKETPLAC	QPCR - DT- POSCONTFORWARD	\$ 7.59
									QPCR-DT-TRANSFORWARD	\$ 8.27
									QPCR-DT-TRANSVERSE	\$ 8.85
									QPCR-DT-TRANSVERSE	\$ 7.59
		1903796533	5108189135	2001478043	JJENK08	SCAUTO	ECPO	OFFICE DEPOT BSD	EVEREADY(R) GOLD AA ALKALINE BATTERIES,	\$ 10.71
									KRAZY(R) GLUE, ALL-PURPOSE SINGLE-USE, ...	\$ 61.55
		1903810124	5108198387	2001478948	JJENK08	SCAUTO	ECPO	VWR INTERNATIONAL (EMARKETPLACE)	PERFECTA QPCR MIX, UNG, 100R	\$ 182.40
		5101373013	5108170513	2001463939	MPERN01	TCOLEBR1	ECPO	R AND D SYSTEMS INC	RAT CXCL1/CINC-1 QUANTIKNE ELISA KIT	\$ 505.00
		5101374258	5108173671	2001460777	JJENK08	BDNGLE1	ECPO	ELECTRON MICROSCOPY SCIENCES	TISSUE-PREP BUFFERED 10% FORMALN, 30ML	\$ 55.37
5101376464	5108179424	2001465163	JJENK08	PMCCAUS1	ECPO	MULTIPLY BIOTEC INC	M TUBES (FOR USE IN THE GENTLEMACSTM DIS	\$ 280.00		
	Result								\$ 1,779.71	
Overall Result										\$ 1,779.71

Display 3-3. BW Detail Report comparing expenses for Non-Valuated Purchase Orders (both 51 and 19 docs)

Users should note that valuated purchase orders will post expense with an FI Document number of 50 indicating three-way match (PO, IR, GR), regardless of whether the vendor invoices electronically.

Shopping Cart and Purchase Order Postings

Shopping Carts

When a shopping cart is created *and approved*, it is assigned a ten digit reference document number beginning with a 10 and will display on financial statements as a debit in the commitment column. After receiving all the appropriate approvals, the shopping cart then becomes a purchase order and is assigned a new ten digit document number beginning with a 20. The original shopping cart commitment is then credited, netting out the original commitment, and a new commitment for the purchase order is debited to the account in its place.

Purchase Orders

As the purchase order is invoiced and paid, the purchase order commitment is credited and an actual expense is debited to the revenue and expenses column. These expenses are assigned ten digit FI document numbers beginning with 50 (goods receipt posting), 51 (invoice processed) or 19 (electronic invoice processed).

Examples of the postings from shopping cart to purchase order to goods receipt are shown in Display 3-4.

- On 06/24/2011, shopping cart 1002664794 was created/approved for a Custom Gene Synthesis and a \$5,566.46 commitment was debited to G/L account 633024.

- ② On 06/27/2011, as the shopping cart became a purchase order, 2001245817 was created. The shopping cart commitment was cleared with a \$-5,566.46 credit, and a commitment was created for the purchase order.
- ③ On 09/08/2011, goods receipt 5011589088 was processed, clearing the purchase order commitment and posting an expense of \$5,566.46 to G/L account 633024. Note that because the PO total was over \$5,566.46 it required the three-way match, which is why the goods receipt (50 doc) posted the expense.

Sponsored Rev-Exp Detail - Multiple Periods									
Toggle Nav Block Variable Screen Printing Bookmark No. of Rows No. of Columns EMail New Window Exceptions/Conditions									
G/L Account	Reference Doc Number	FI Doc:Doc Number	Predecessor Doc	Business Transaction	Vendor	Posting Date	Item Text	JUN 2011 To SEP 2011 Revenue and Expense	JUL 1899 To JUN 9999 Commitments
LAB MATERIAL & SUPPL	JHEN/633024	1002664794	#	#	Material purchase requisition	Not assigned	CUSTOM GENE SYNTHESIS	\$ 5,566.46	
		1				06/27/2011	CUSTOM GENE SYNTHESIS	\$ -5,566.46	
		2001245817	2	#	Material purchase order	EPOCH LIFE SCIENCES INC	CUSTOM GENE SYNTHESIS	\$ 5,566.46	
		3			RMHW	EPOCH LIFE SCIENCES INC	CUSTOM GENE SYNTHESIS	\$ -5,566.46	
		5011589088	5002013830	2001245817	Goods receipt for purch. order	EPOCH LIFE SCIENCES INC	CUSTOM GENE SYNTHESIS	\$ 5,566.46	\$ 0.00
Overall Result								\$ 5,566.46	\$ 0.00

Display 3-4. Supply Chain Postings - Shopping Cart to Purchase Order to Goods Receipt

Goods Receipt/Invoice Receipt- Valuated Purchase Orders

When a good or service is confirmed before Accounts Payable receives the invoice, it is recorded as an expense and is assigned an FI document number beginning with a 50. In the case of valuated purchase orders, if Accounts Payable receives and processes an invoice before the good is confirmed, the invoice blocks for quantity difference, and the shopping cart requisitioner is notified by email that the purchase order requires confirmation in SRM.

Commitment Item	Comm. Actual	Doc Nbr	Predecessor Doc	Long Desc	Vendor	Posting Date	\$
631002 NONCAPITAL EQUIPMENT	Invoice	1903285753	2001261336	12" TOUCH SCREEN MOBILE PED MONITOR	GAUMARD SCIENTIFIC CO INC	08/19/2011	16.37
		5001977122	2001261336	A/C POWERED 17" TOUCH SCREEN MONITOR AND 12" TOUCH SCREEN MOBILE PED MONITOR	GAUMARD SCIENTIFIC CO INC	08/19/2011	10.91
		5001977122	2001261336	A/C POWERED 17" TOUCH SCREEN MONITOR AND 12" TOUCH SCREEN MOBILE PED MONITOR	GAUMARD SCIENTIFIC CO INC	08/12/2011	3,145.00
632001 OTHER INSTRUCT SUP	Invoice	1903285753	2001261336	WIRELESS STREAMING AUDIO FOR S3005	GAUMARD SCIENTIFIC CO INC	08/19/2011	15.62
		5001977122	2001261336	WIRELESS STREAMING AUDIO FOR S3005	GAUMARD SCIENTIFIC CO INC	08/12/2011	3,000.00
637001 EQ MAINT AGRMT	Invoice	1903285753	2001261336	EXTENDED WARRANTY-YEARS 2 & 3	GAUMARD SCIENTIFIC CO INC	08/19/2011	19.52
		5001977122	2001261336	EXTENDED WARRANTY-YEARS 2 & 3	GAUMARD SCIENTIFIC CO INC	08/12/2011	3,750.00
640301 CONT SVCS-GENL	Invoice	1903285753	2001261336	ONE DAY OF IN-SERVICE TRAINING & INSTALL	GAUMARD SCIENTIFIC CO INC	08/19/2011	7.81
		5001977122	2001261336	ONE DAY OF IN-SERVICE TRAINING & INSTALL	GAUMARD SCIENTIFIC CO INC	08/12/2011	1,500.00
653406 MAJOR MOVABLE EQUIP	Invoice	1903285753	2001261336	5 YR. OLD PEDIATRIC HAL-DARK SKIN	GAUMARD SCIENTIFIC CO INC	08/19/2011	114.50
		5001977122	2001261336	5 YR. OLD PEDIATRIC HAL-DARK SKIN	GAUMARD SCIENTIFIC CO INC	08/12/2011	21,995.00
Overall Result							35,669.73

50 docs indicate Goods Receipts, while the 19 docs indicate Invoice Receipts for delivery charges (XIGN vendor)

Display 3-5. Valuated Purchase Order - Goods Receipt posts expense and invoice posts delivery charge

If there are any discrepancies between the invoice and the goods that are actually received, the original requisitioner must record this when confirming the goods. If the goods have not been received, or the invoice is a duplicate billing, the requisitioner may reject the confirmation.

In some instances, an invoice may include a small additional charge added to the invoice that was not originally provided in the shopping cart. An example of this is a delivery charge shown in Display 3-5. This CAPP purchase order shows an ordered amount totalling \$35,485.00. We can see the amount expended was \$35,669.73, a difference of \$184.73, shown in Display 3-6.

The screenshot shows the SAP interface for a Capital Expenditure document. The document is titled 'Capital Expenditure 2001261336 Created by Bruce Schabdach'. The vendor is '1004411 GAUMARD SCIENTIFIC ...' and the document date is '07/15/2011'. The table below shows the status of the document and the amounts involved.

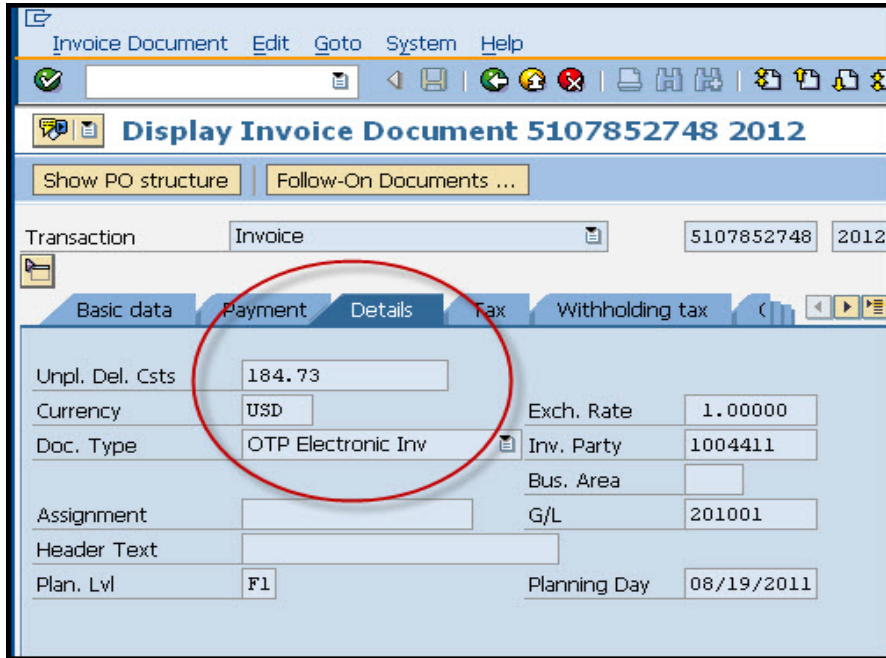
Status	Quantity	Unit	Amount	Currency
Ordered	6.000	EA	35,485.00	USD
Delivered	6.000	EA	35,485.00	USD
Still to deliv.	0.000	EA	0.00	USD
Invoiced	6.000	EA	35,669.73	USD
Down paymtns			0.00	USD

A red box highlights the 'Ordered' and 'Invoiced' rows, and a red text box on the right indicates: 'Difference between ordered amount and invoiced amount is \$184.73'.

Display 3-6. Valuated Purchase Order showing Delivery Charges

The 50 docs in Display 3-5 indicate the goods receipt (the 3-way match of PO, GR and IR are all needed for a valuated PO) and the 19 docs indicate payment for the delivery, split proportionately among all line items. The 19 postings indicate the vendor, Gaumard Scientific, invoiced electronically.

To see delivery costs, the user can use transaction code ME23N, click on the Goods Receipt, and then click the Details tab shown in Display 3-7.



Display 3-7. How to find unplanned delivery costs

Goods Receipt and Approval Thresholds

Effective September 1, 2009, a Two-Way Match policy was implemented for JHU Purchase Orders totalling less than \$2,500 (with some exceptions noted below). This Two-Way Match policy for PO's less than \$2,500 has been extremely successful in reducing the amount of outstanding Goods Receipts, and eliminating some of the administrative burden for users, while increasing the turnaround time for vendor payments. Cost objects are expensed on these purchase orders at the time of the invoice receipt by Accounts Payable Shared Services. Some exclusions apply, shown below:

2-Way Match Exclusions	
Subaward and Subcontract Purchase Orders	SPPO
Project Purchase Orders	PROJ
Capital Expenditures - Equipment	CAPP
Inventory Purchases - JHU Supply Stores	PO begins with '21'
Independent Contractor Purchase Orders	Vendors begin with '19'

Display 3-8. Two-Way Match Exclusions

For those PO document types still requiring a Three-Way Match (SPPO, PROJ, CAPP, Inventory Purchases by JHU Supply Store, and Independent Contractors), or PO's greater than the \$2,500 threshold, the confirmation of the goods and the processing of the invoice in Accounts Payable are the final two steps of the *three-*

Goods receipts should be confirmed as quickly as possible

way match. Payment is not made to the vendor until receipt of the good is confirmed, and the invoice is processed by Accounts Payable. Because both steps must be completed before the vendor is paid, it is very important to confirm goods in a timely and accurate manner.

The Importance of the Goods Receipt

Prior to SAP, invoices were paid as they arrived regardless of whether the good/service was received or not. Accounts Payable could verify that the invoice matched the purchase order, but they could not verify that the goods received matched the purchase order or the invoice. It was always up to the requisitioner to follow up with the vendor in the event of a discrepancy.

Now the goods receipt process (when required) allows the original requisitioner to provide a documented confirmation that the good/service was received before the vendor is paid. It is extremely important that the goods confirmation is completed timely and accurately. Similar to other SAP processes, goods confirmation must be viewed and completed correctly on the front-end to prevent erroneous charges on the backend. *If a shopping cart is reviewed for allocability and allowability during the approval process, and the goods receipt is completed correctly and timely, the likelihood of incurring incorrect charges decreases dramatically. Understanding this will significantly simplify reconciliation procedures.*

Sponsored Purchase Orders- SPPO Shopping Carts

Shopping Carts for Subaward Expenses

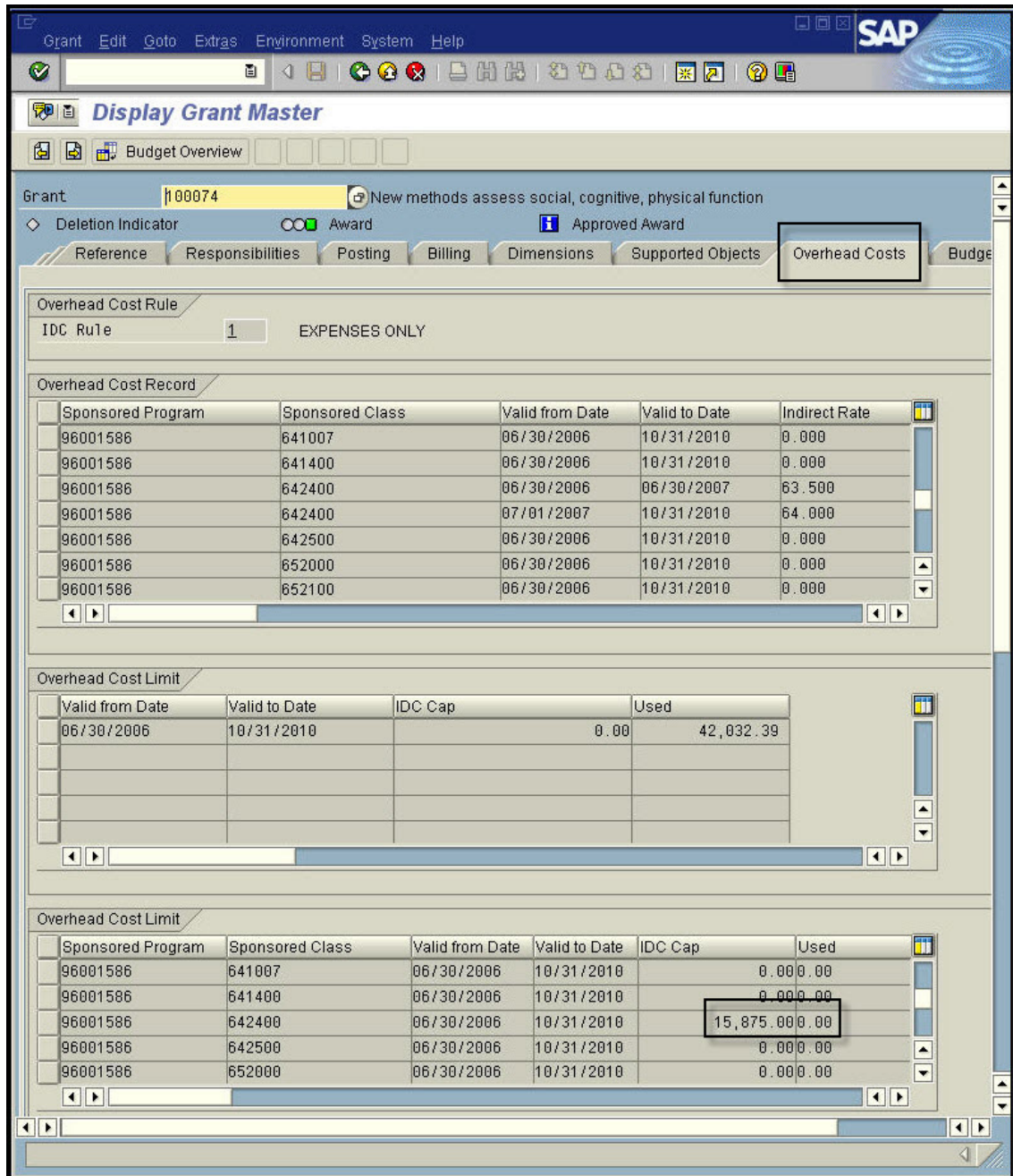
SPPO shopping carts are procurement for sub-awards or subcontracts. Any sponsored award received by Hopkins is either a grant or a contract, as defined by the terms and the conditions of the award. When the prime award is a contract, any sub-recipient in the prime award would be a subcontract. All others would be subawards. The subaward or subcontract product category must be chosen when initially setting up this document type. The vendor will not receive a Purchase Order from the SRM system.

Internal orders that begin with 96xxxxxx are established exclusively in SAP to track subaward expenses. As subawards are executed, a separate internal order is set up. The anticipated facilities and administrative (F&A) expenses are calculated at the time the subaward internal order is established and the F&A is tracked on Grant Master Data. As part of the reconciliation process, the subaward should be reviewed to determine if it was set up correctly. To view the subaward internal order master data, type GMGRANTD in the command box in ECC, enter the grant number and go to the Overhead Costs Tab.

Review the Overhead Cost Record on the Overhead Costs tab. Recall that all subaward internal orders begin with a 96 and review the associated F&A rates on the internal order. If the subaward internal order will be taking F&A, a rate will be placed in the indirect rate column on the sponsored class line 642400. Subaward expenses roll up to sponsored class 642400.

If the subaward is collecting F&A, proceed to the box titled “Overhead Cost Limit.” A calculation is made as to how much F&A should be collected for the subaward. For example, some subawards take F&A on total direct costs (TDC), which is the entire amount of the subaward. Many subawards have F&A calculated on a modified total direct cost (MTDC) method.

For our example, F&A is capped at \$15,875, which is the F&A rate (63.5% x \$25,000). Once \$15,875 of indirect costs are taken, the IDC cap will prevent further F&A postings..



Display 3-9. Master Data example for a Subaward Internal Order

Reviewing Subaward & Subcontract Expenses for Payment

Subaward invoices should be thoroughly reviewed at the department level before they are submitted for payment. The suggested review should consist of:

- Reviewing the original Terms and Conditions of the agreement
- Confer with the principal investigator. Are the deliverables being received in compliance with agreement? Are the deliverables in compliance with the original scope of work?
- Does the invoice include charges that are allowable, allocable and reasonable?

Recommended BW Reports for Reconciliation

The following BW reports will be helpful in the reconciliation process.

- Sponsored Accounts: *Sponsored Rev-Exp Detail - Single and Multiple Period*
- Non-Sponsored Accounts: *Non-Sponsored Financial Detail* or *Non-Sponsored YTD Transactional Detail*

Recommended Procedures for Reconciliation

The Reconciliation Process

Generate one of the recommended reports for your cost object for a specific period (see recommended BW Reports for Reconciliation, above). Purchase order expenses are FI document numbers starting with 50, 51, or 19 (with a reference document number of 51). This is an easy way to distinguish purchase order expenses from other expenses.

There are a few fields to focus on as you investigate each individual line item (see Display 3-10). One of the most important fields to review is the *PO REQNR* field. If workflow was handled correctly, there should be no incorrect requisitioners because your departmental approver would have originally rejected that shopping cart. Another important field to review is the *SRM doc type* field. Any purchase order that is not a LVPO, will also have been approved by your departmental approver.

Sponsored Rev-Exp Detail - Multiple Periods										
Toggle Nav Block Variable Screen Printing Bookmark No. of Rows No. of Columns Email New Window Exceptions/Conditions										
GL Account	FI doc number	Reference doc number	Predecessor doc.	PO Reqr	SRM Doc Type	Item text	Vendor	Posting date	Revenue and Expense	
								905260	CELLULAR SUBSTRATES	
								90023706		
								Sponsored Program	F377MH51106	
								JUL 2007 To JUL 2007		
									Revenue and Expense	
NONCAPITAL PC PURCHA	JHEN631003	5100151078	5105813597	2000160696	RBOOK4	ECPO	#	GOVCONNECTION INC	07/19/2007	\$ 3.30
		5100159772	5105825381	2000166571	RBOOK4	ECPO	#	GOVCONNECTION INC	07/30/2007	\$ 159.85
OTHER RESRCH SUP	JHEN632101	5000195935	5001077687	2000158832	RBOOK4	ECPO	#	BOX F/SLDS3X1IN MICROSLEDE 10/PK	07/10/2007	\$ 62.54
		5100142082	5105802305	2000139189	RBOOK4	ECPO	#	FINE SCIENCE TOOLS INC	07/12/2007	\$ 30.93
		5100142086	5105802308	2000138373	RBOOK4	ECPO	#	FINE SCIENCE TOOLS INC	07/12/2007	\$ 9.50
OFFICE SUPPLIES	JHEN633032	5000197255	5001064816	2000161301	RBOOK4	ECPO	#	OFFICE DEPOT BSD	07/11/2007	\$ 4.05
ANIMAL PROCUREMENT	JHEN633034	5000191950	5001055418	2000139615	RBOOK4	ANPO	#	CS7BL5 LACTATING M. VW LITTER P9 8 PLPS	07/06/2007	\$ 154.10
		5000191970	5001055653	2000137225	RBOOK4	ANPO	#	CS7BL5 FEMALE 22-24G	07/06/2007	\$ 86.00
								CS7BL5 MALE 10-12G	07/06/2007	\$ 58.80
		5000200258	5001099057	2000137225	RBOOK4	ANPO	#	CHARLES RIVER LABORATORIES	07/13/2007	\$ 58.80
		5000200298	5001099285	2000139615	RBOOK4	ANPO	#	CHARLES RIVER LABORATORIES	07/13/2007	\$ 154.10
		5000211510	5001158714	2000139615	RBOOK4	ANPO	#	CHARLES RIVER LABORATORIES	07/23/2007	\$ 154.10
		5000211760	5001158951	2000137225	RBOOK4	ANPO	#	CHARLES RIVER LABORATORIES	07/23/2007	\$ 58.80
		5000219086	5001189579	2000137225	RBOOK4	ANPO	#	CHARLES RIVER LABORATORIES	07/27/2007	\$ 58.80
		5000219091	5001189860	2000139615	RBOOK4	ANPO	#	CHARLES RIVER LABORATORIES	07/27/2007	\$ 154.10
		5100133043	5105789744	2000137225	RBOOK4	ANPO	#	CHARLES RIVER LABORATORIES	07/02/2007	\$ 23.18
		5100133051	5105789747	2000137225	RBOOK4	ANPO	#	CHARLES RIVER LABORATORIES	07/02/2007	\$ 20.88
		5100133115	5105789797	2000000223	MSWFT5	CONV	#	CHARLES RIVER LABORATORIES	07/02/2007	\$ -102.88
		5100141530	5105801324	2000139615	RBOOK4	ANPO	#	CHARLES RIVER LABORATORIES	07/11/2007	\$ 23.18
		5100141621	5105801400	2000137225	RBOOK4	ANPO	#	CHARLES RIVER LABORATORIES	07/11/2007	\$ 23.18
		5100141623	5105801421	2000137225	RBOOK4	ANPO	#	CHARLES RIVER LABORATORIES	07/11/2007	\$ 19.73
		5100148965	5105810636	2000000223	MSWFT5	CONV	#	CHARLES RIVER LABORATORIES	07/17/2007	\$ 102.88

Display 3-10. Reconciling Supply Chain

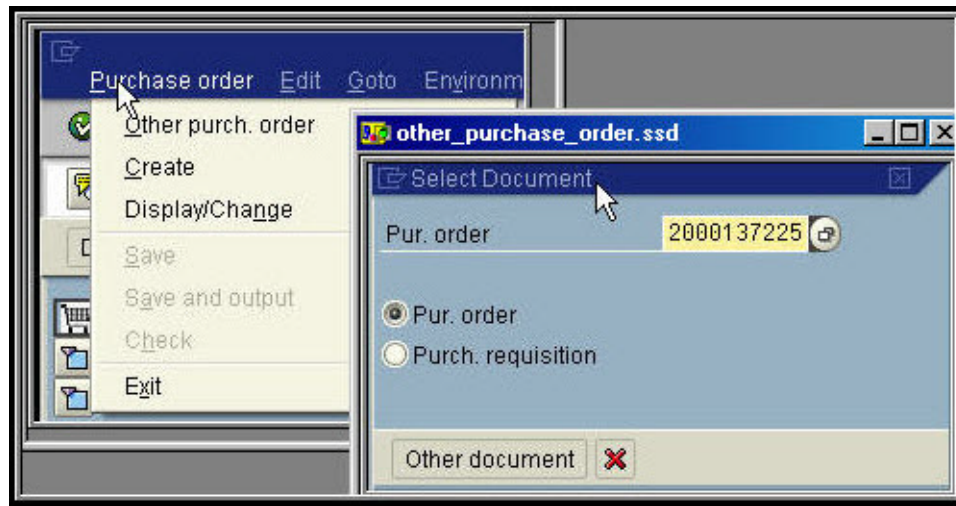
Since Accounts Payable *should not* be paying invoices in excess of 5% over the original purchase order, it is an acceptable practice to consider all non LVPO purchase orders valid expenses as long as workflow is being managed correctly on the front-end. It is still suggested that you review each purchase order expense and quickly verify that the PO requisitioner is a valid requisitioner for that cost object. The user can also review the G/L account (commitment item), vendor and item text (long desc.) to further validate the expense. If the purchase order is an LVPO or there is missing information for the vendor or description, further information can be accessed using the ECC transactions FB03 – Display Document and ME23N – Display Purchase Order. If the purchase order was an LVPO and has no vendor or description, or if the PO REQNR is unknown, further research must be done using FB03 and ME23N.

ME23N - Display Purchase Order in ECC

Before discussing transaction code ME23N in ECC, it is important to note that from some of the typical BW reports used for reconciliation (sponsored detail, non-sponsored detail or YTD transactional detail), the reconciler may right click on the 50/51/19 FI doc number associated with a purchase order to drill through to ECC to gather more information using the BW “go to” feature, which is discussed in further detail in Appendix 5 of this guide.

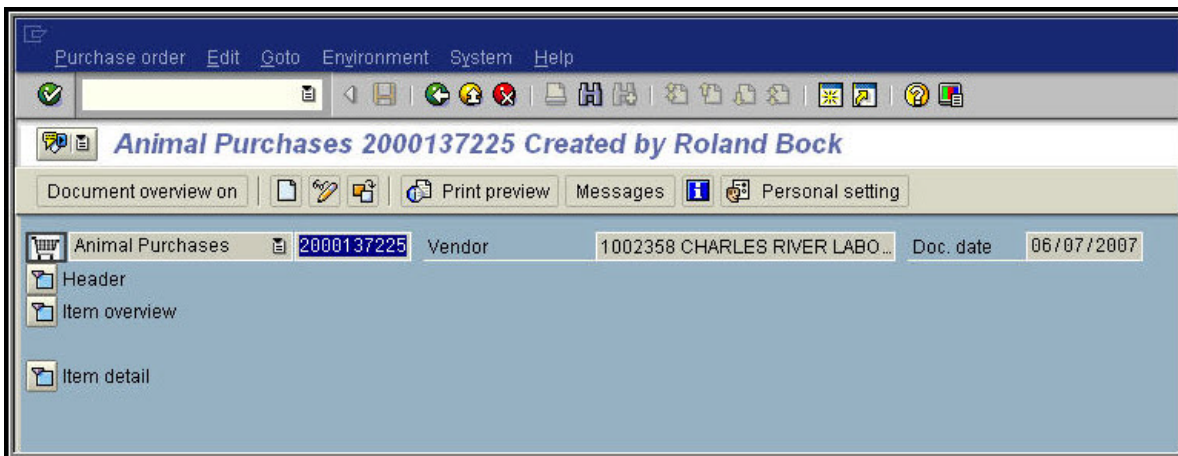
ME23N is the transaction in ECC that will provide all of the purchase order information. This transaction can be found in ECC in your user menu under the SRM Requisitioner folder or the “AP Display” folder. The SRM requisition role provides the necessary information for purchase orders. Adding the AP display

role (ZRSC_AP_DISPLAY_ALL) will provide a few extra features that make this transaction more powerful. If you have the AP display role, you can enter the transaction through either link and it behaves the same. Double click on ME23N.



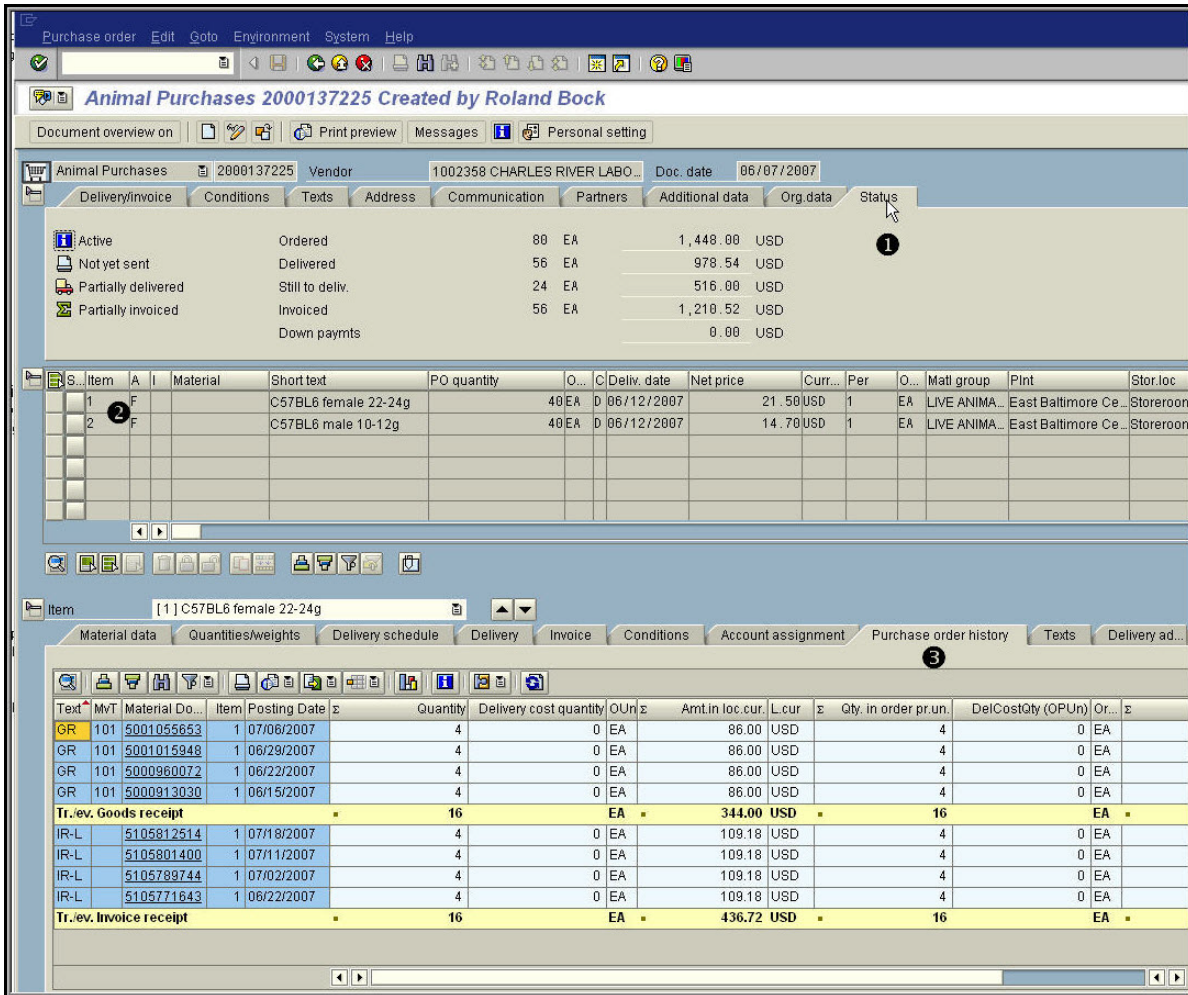
Display 3-11. ME23N main page

This opens up the main page for ME23N (see Display 3-11). There are three sections to the body of ME23N that can all be expanded or collapsed. These fields are the header field (1), item overview (2) and item detail (3). To view a particular purchase order, select *Purchase Order > Other Purchase Order* from the menu bar (see Display 3-12) or click on the icon.



Display 3-12. ME23N - Selecting a Purchase Order to Review

Enter the predecessor doc number, that begins with a 20, from the BW detail statement and enter it into the text box for the purchase order number. All predecessor document numbers for FI purchase order expenses will be the purchase order number. After typing the number, hit enter.



Display 3-13. ME23N - Purchase Order Detail

As shown in Display 3-13, the ME23N transaction provides complete information for the selected purchase order. The header section and the item detail section will have a few tabs providing different sections while the item overview section will provide information about the line items of the purchase order. The banner across the top of the screen will display the purchase order number and the name of the individual that created the purchase order. Typically this is the requisitioner, but there are some instances that a name of a member from the Supply Chain team could be present. If this is the situation, the JHED ID of the requisitioner can be found in a column in the item overview section. Directly below the banner is the vendor name and number.

- ① An important section to view is the “Status” tab found in the header section. If you do not have the AP Display role, this section is difficult to interpret

because everything is displayed in units. If you do have the AP Display role, amounts are displayed in currency. The status tab provides a quick overview of the purchase order's available funds. The "Ordered" line displays the amount the purchase order was created for, the "Delivered" line displays the amount that has been paid against the purchase order, and the "Invoiced" line displays the amount that has been invoiced by the vendor. The amount on the "Still to deliv." line is the amount of available funds. From the display, we can see that this is an active purchase order totaling \$1448, that has been partially invoiced, and has remaining funds totaling \$516.

- ② The item overview section will provide information about the line items of the purchase order.
- ③ In the item detail section, you can also view the purchase order history. This section will show all the payments that have been applied to this purchase order and the posting date for that payment.

FB03 - Display Document in ECC

FB03 is an ECC transaction that is designed for use with many of the supply chain expenses found in BW Reports. This transaction does not provide as much information as ME23N does for purchase orders, but can still be very helpful when researching expenses. If you run into an expense that begins with a 50 or 51, but has no predecessor document number, check FB03.

Using FB03 is explained in greater detail in Chapter 5 in section, *Further Research of Online Payments-FB03* on page 5-4.

Records Retention

Prior to SAP, departments typically retained the original copies of purchase orders sent from Purchasing, and the associated packing slips. Quotes and other documentation pertaining to the order were also retained. Depending on the department's business practices, purchase orders and accompanying documents were either filed by vendor or filed by date. Original copies of shopping carts are no longer required to be printed and filed. All of the information for a shopping cart is stored in ECC and most of the essential information is displayed in the BW detail reports. The biggest difference between CUFS and SAP for purchase orders is that CUFS displayed a name that was typed by the requisitioner while SAP provides the name of the actual requisitioner.

Proper use of workflow and the controls in ECC allow for a more "paperless" method. If an order is reviewed and approved appropriately by the departmental approver and the good is confirmed correctly and timely by the requisitioner (when needed), then much of the necessary information is already retained in ECC. Maintaining packing slips and quotes (when needed) for all purchase orders,

however, is highly recommended. Packing slips, in addition to the goods receipt in SAP verify that we have received what we paid for and quotes help determine reasonableness of the purchase.

Additional Resources

Links to other resources you may find helpful:

Supply Chain Frequently Asked Questions (FAQ)

http://ssc.jhmi.edu/supplychain/archive/faqs_index.html

Supply Chain Training and Support

<http://ssc.jhmi.edu/supplychain/training/index.html>

HopkinsSelect eMarketplace

<http://ssc.jhmi.edu/supplychain/emarketplace/index.html>