# Purchase Orders

## Manual

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## Introduction

This manual is one of several instructions manuals for the dk Business Solutions system.

The user interface of dk Business Solutions is entirely graphical. This has the advantage that multiple and unrelated windows can be opened simultaneously and the data can be viewed from different angles. The same window can even be opened repeatedly, using different selections to view the same information.

The dk main menu is located in the middle of the screen and is split in two. The left hand side contains the basic modules, such as General ledger, Accounts receivable, Accounts payable, Sales, Inventory, Purchase orders, Projects and General. On the right hand side you see the sub processes of each module and that half is structured as a tree, in the same manner as "Windows Explorer", for example, where you simply click the ´+´ to expand the branches.

This manual covers the use of the Purchase Orders module. It is intended to give insight into how the Purchase Orders module is constructed and managed on a daily basis. Specialised accounting knowledge is not required in order to use the manual.

## Getting Started

The purchase order part of the system is where you manage your purchase orders and item reception. The module is fully integrated with other dk modules and is where you register your new stock and purchase prices as well as vendor invoices. Before you start using the purchase order module it is important to configure the necessary settings.

**Please note that if this has been set up by a dk representative during implementation you should be careful not to touch this without consulting them first.**

The first thing to configure is what happens when you transfer a purchase order over to item reception. There are three settings available.

1. The purchase order lines remain unchanged when transferred to item reception.

2. Purchase order lines are deleted according to quantity delivered.

3. Purchase order line is deleted when transferred over.

The most common setting is option two where the delivered quantity is removed from the purchase order and added to an item reception. This means that you can still process the vendor invoice even though you



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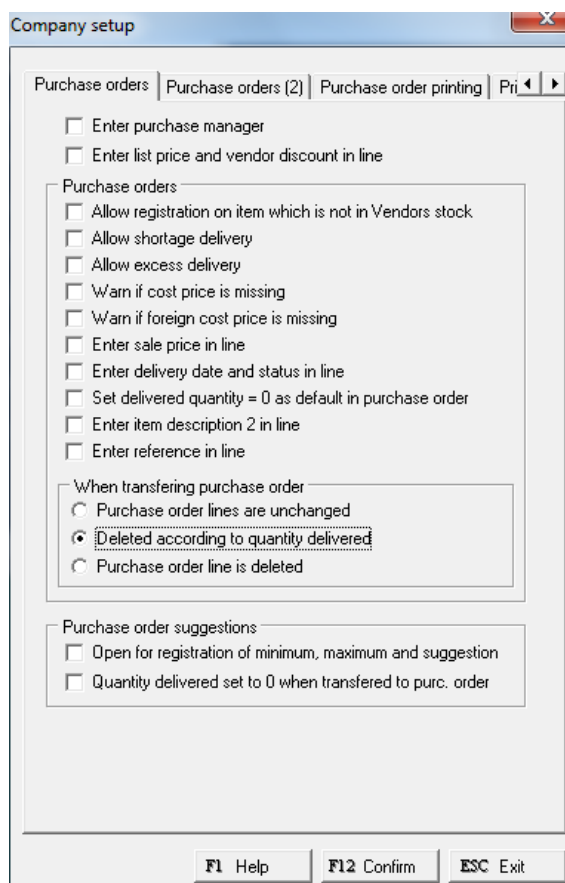
haven´t received all the goods. Later you are also able to merge purchase orders into a single item reception according to what is on the vendor invoice. This will be covered later in this manual under the chapter Join item reception.

You have got two options when it comes to posting quantities into the inventory. The first one is to post stock quantities when a purchase order is transferred to item reception. This will allow you to post the quantities into inventory when you receive the goods even though you haven't received the invoice at that stage. If you receive the invoice at the same time as the goods are delivered, you might use the second option which is to post quantities when the item reception, and at the same time, vendor invoice is posted.

Finally, you are able to determine how the vendor invoice is posted to the General Ledger. You can choose between the invoice being posted directly to the General Ledger or stopping in the Accounts Payable module on the way to the General Ledger. Which option you choose will generally depend on your office environment and structure.
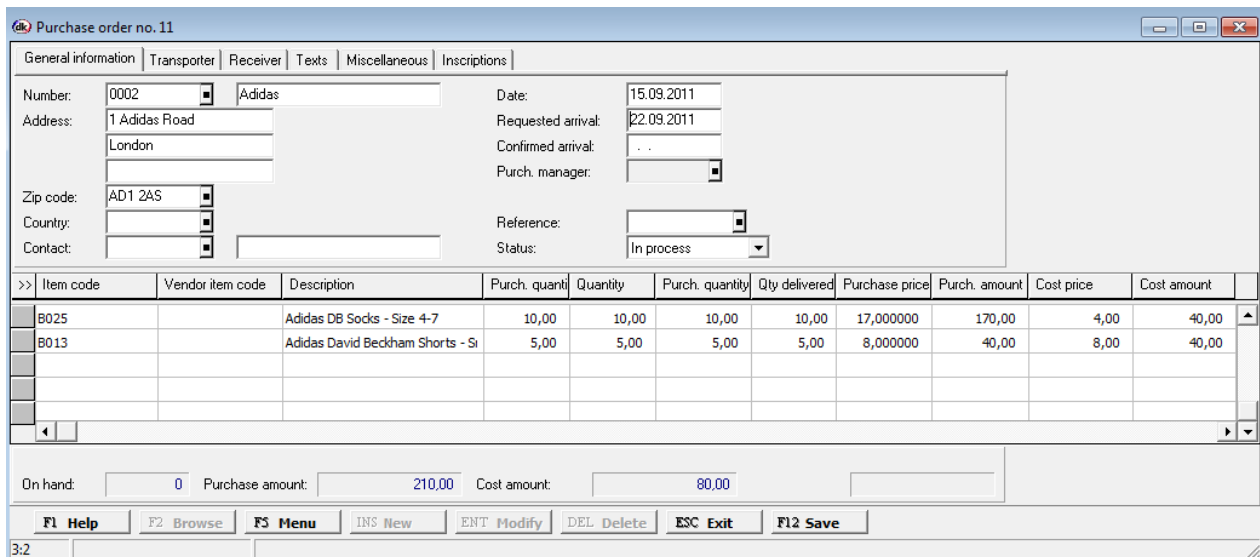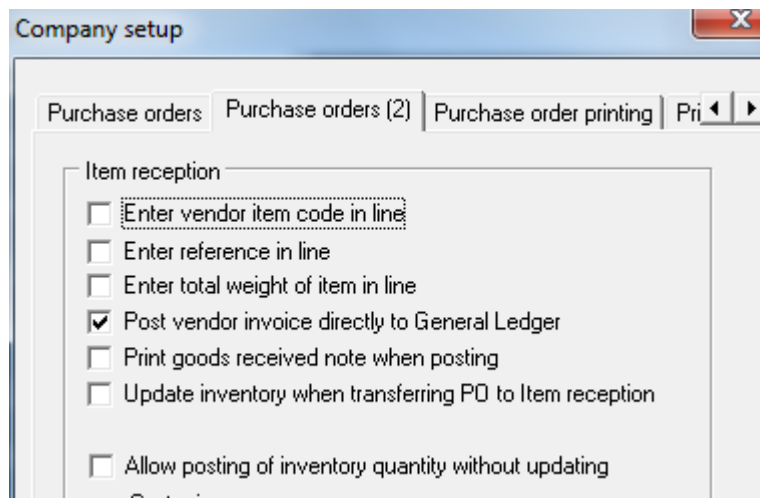
## Purchase orders

The Purchase Orders module represents the goods inward process of an organisation where a purchase order is raised and sent to a supplier and then when the goods are received they go through the item reception and finally end up as a vendor invoice and is posted either straight into the General Ledger or with a stopover in the Accounts Payable module. This process will be described step-by-step in the following sections.

## Creating a purchase order

To create a purchase select *Purchase orders* at the top of the menu and you will see a grid with all the unposted purchase orders in the system. Click on **INS New** and the following window will appear.



Entering a purchase order is very similar to entering sales invoices, orders and quotes. On the top left hand corner of the screen you will find the contact information of your vendor. If you press F2 on your keyboard or F2 Browse on the window you will get a list of all your vendors. Select one of them and press enter. This will fill up the number field with his number and if you press enter again it will fill out all the other information on this particular vendor.

You will have to enter a date for the purchase order and if you are using purchase managers you have to enter that field or it can be skipped completely depending on the setup.
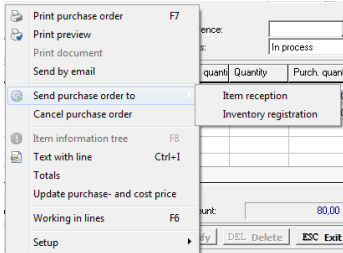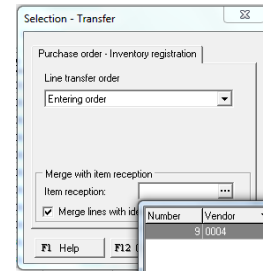
Other options in the header of the screen include receiver which can be used if the vendor operates in multiple locations.

Once you have entered all the required information in the header you are ready to start entering the products in the lines. If you are entering a product that has not previously been registered in dk you will have to start by creating a new item in the inventory module. Otherwise you simply choose the product, quantity and purchase price in the lines. Ones you are happy that all your products are on the order you  can save the purchase order until the items are received.

The next section explains how to register items on reception.

## Options in the F5 Menu

There are several options for printing and sending the purchase orders by email in the F5 Menu. There is also an option there where you can send a purchase order to item reception. Depending on your setup configurations, the received products can be registered in your inventory at this point in time or alternatively when the item reception is posted. If you choose to send purchase order to Item reception a new item reception will be created and will appear in the section Item reception. Here you are also able to merge purchase orders from the same vendor onto one item reception. When you select the option to send to item reception the following window will appear.

## Item reception

The item reception is where register your products into the inventory once they are received. The actual registration of goods into your inventory can also happen at the point in time when the purchase order is transferred over to item reception. Depending on your settings, the item reception can be either posted directly into the general ledger and become the vendor invoice, or it will be sent into the accounts payable module where it will appear as a vendor invoice and can be found in accounts payable > register invoices.
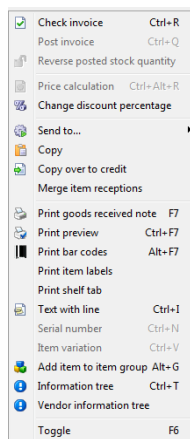
## Creating item reception

To create an item reception you can either transfer a purchase order over to item reception or you can simply enter directly into the item reception part of the system found under the heading Item reception. When you open the item reception you will get a grid showing all your unposted item receptions. To create a new item reception press **INS New** and the following window will appear.
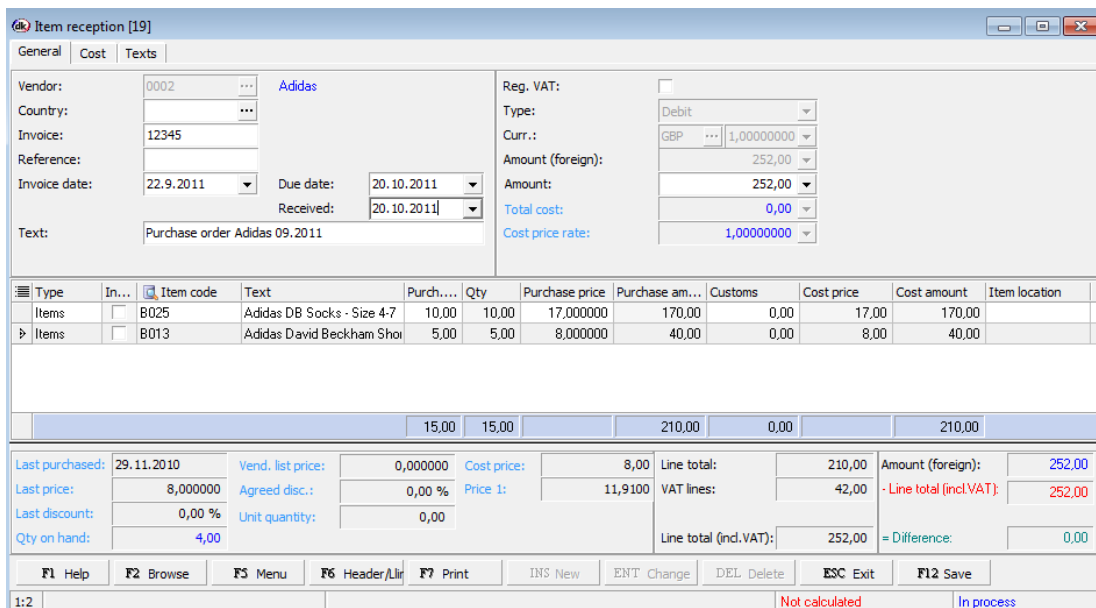
When creating a new item reception, the first thing you must do is to select the vendor. Then in the field labelled *invoice* you enter the vendor invoice number. Then you must also enter a descriptive text for the item reception that will be the description of your vendor invoice. Then you fill in the date fields and enter the total amount of the invoice. This concludes what needs to be done in the configuration of the header. Now you are ready to start entering the items in the lines.

The first column of the item reception asks you to specify a type, this can be either an item or cost. Please not that only stock items are entered through the item reception while service items will have to be entered through the accounts payable module or the general ledger journal.

Enter your products in the lines and specify their prices. You will see in the footer of the window the total amounts and VAT on the lines so you can run it against the hard copy of the vendor invoice to ensure it matches. When you have entered all your items on an item reception you are ready to post it to the general ledger or the accounts payable module.



## Posting item reception to GL or accounts payable

The next step is to post an item reception into the GL or accounts payable module. To do this you have to go into the **F5 Menu** where several options are available. Before you post an invoice it must be checked. If the error check shows that the invoice is correct, the option to post the invoice becomes active and you can post it to the general ledger or accounts payable module. There are a number of other useful options in the F5 Menu:

**Copy.** This option copies an item reception. You can also utilize this option once the item reception has been posted and if you wish to place a similar order again.

**Copy over to credit.** If you wish to reverse a posted item reception you can select this option and it will create a new one that can be found in the item reception grid as unposted.

**Merge item receptions.** Only use this option if you are working with item receptions where the stock quantities have not been posted to the inventory. If you have already posted the stock quantities, i.e. the lines have a yellow lock in front, you need to use the Join item reception which is explained in the next chapter.

Other options are where you can print the invoice or get a print preview, run an information tree and add a text with line.
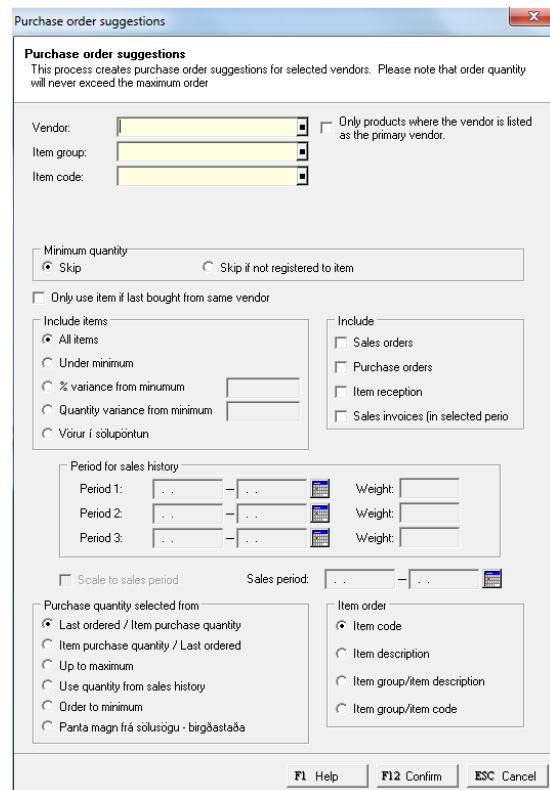
## Join item reception

This process allows you to merge together a number of items from different item receptions, for example when you have received a number of part deliveries and entered them on to different item receptions but the invoice contains all of the items, you are able to specify it in this process and create a single item reception for that invoice.
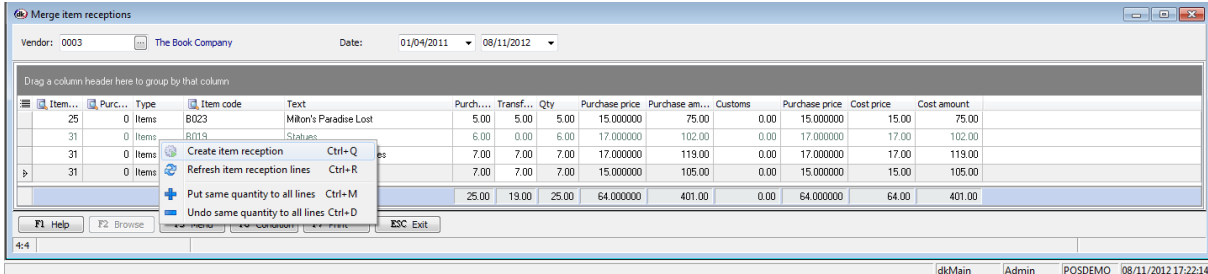


When you open up the Join item reception process you will get a table asking you to specify a vendor and a date range. When you have entered the desired information you will see all the lines from the item receptions that exist for the chosen criteria. To merge different lines together you must enter the number of items you wish to merge in the 'transfer quantity' column. Once you have entered all the desired quantities you can go to the F5 Menu and select Create item reception. This will create a single item reception based on how many lines you wish to join together and can be found in the item reception grid where you can continue with posting it to the General Ledger or the Accounts Payable module as normal.

## Purchase order suggestions

The purchase order suggestions process can make the re-ordering process significantly faster. When you open up the process you will see a screen containing all the previous purchase order suggestion if the process has been run before. If you are running the process for the first time the grid will be empty until you have run the process. To create the purchase order suggestions select INS New at the bottom of the screen and the following window will appear.
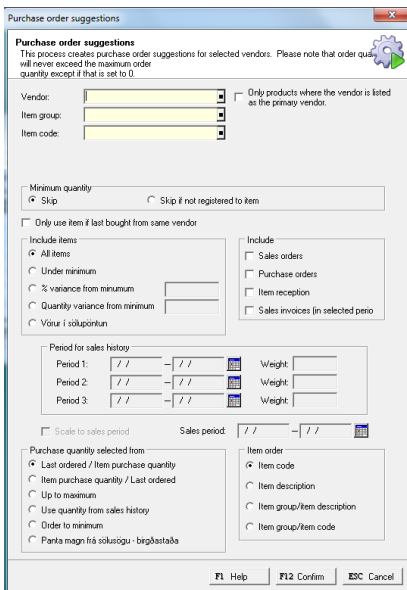


This window allows you to select your criteria for running the process. You can run the process based on vendor/s, item groups or item codes as well as determine whether to base the suggested ordered quantities on last order quantities, up to maximum, order to minimum etc.

Once you have configured all the required criteria for running the process you press F12 Confirm and the screen will be generated by purchase order suggestions based on that criteria. You can then decide whether or not to use the suggested orders or alternatively you can amend them at either the suggestion stage or once you have created your purchase orders based on the suggestions.

To create an order from suggestion you open up the suggested order and select 'Transfer to purchase order' from the F5 Menu.

This will generate the order in the purchase orders grid at the top of the module.
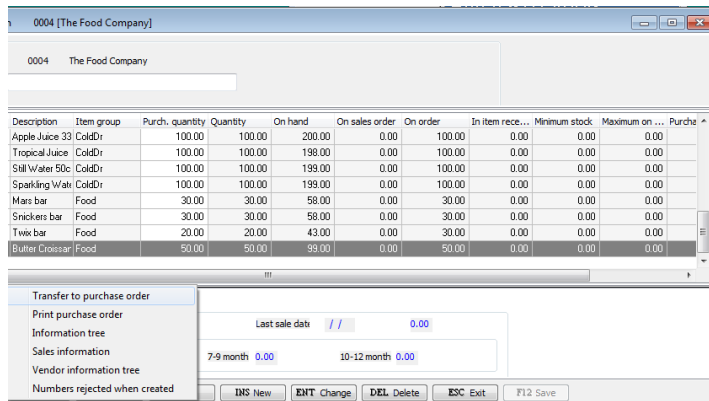


The previous sections about the Purchase Orders and Item reception process deals with how they are created and posted. The next part of this manual deals with inquiries, reports and analysis which can help you get a clearer view of your activities within the Purchase Orders module.

## Inquiries

As with other dk Business Solutions modules, the powerful inquiry grids are one of the strongest parts of the system. There are five inquiries you can select from in this module and this section features a brief introduction onto each one of them.

**Purchase order lines:** This inquiry will show you all the purchase order lines that exist in the purchase order grid. You can select it by vendor or alternatively mark the vendor field with an asterisk '*' to get information on all your vendors.

**Sales order lines:** Shows you all the items that are on sales orders. For the ones that are listed but of which you don't have any in stock, you can create a purchase order directly from there. A more useful alternative to this inquiry can be found in the Sales module under Sales orders > F5 Menu > Report: Purchase Needs which will give you all the quantities you need to buy in order to fulfil the sales orders.

**Posted item reception:** Shows you all the posted item receptions for a particular vendor or vendors. You can open each item reception to view the specifics or you can see it at the bottom of the screen which lists all the lines.

**Posted item reception lines:** Here you are able to view all the item reception lines for a vendor or vendors.

**Received purchase orders:** This is where you can view all the received purchase orders, i.e. the purchase orders that have been transferred to item reception/vendor invoice.

## Reports

As well as having a number of powerful inquiries, the purchase orders module is equipped with a



number of standard reports. The four reports available in the module are Orders list, Order catalogue, Order catalogue with sales history and Status report. The four reports will be described briefly below.
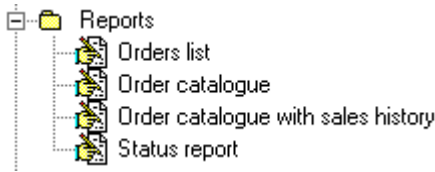
**Orders list:** This report shows you all the orders you have got on in the purchase order grid.

**Order catalogue:** This report shows you the order catalogue as it stands. It lists the quantities on hand and the movements in the previous periods.

**Order catalogue with sales history:** This report does exactly the same as the order catalogue while also showing the sales history for the items in question.

**Status report:** The status report is a powerful report that shows you the stock quantities at a selected point in time. It shows you the quantities on hand, in sales/purchase order, item reception, WOP and the sales to date by specified periods. This report can also be used as a reorder report.

## Purchase manager

If your organisation is using purchase managers, this is where you would manage them. This would be specified during the dk setup so if you are not sure whether this is configured or not, please contact a dk representative to clarify. The purchase manager indicates the person responsible for the organisations' purchasing, either for the whole organisation or specific warehouses.
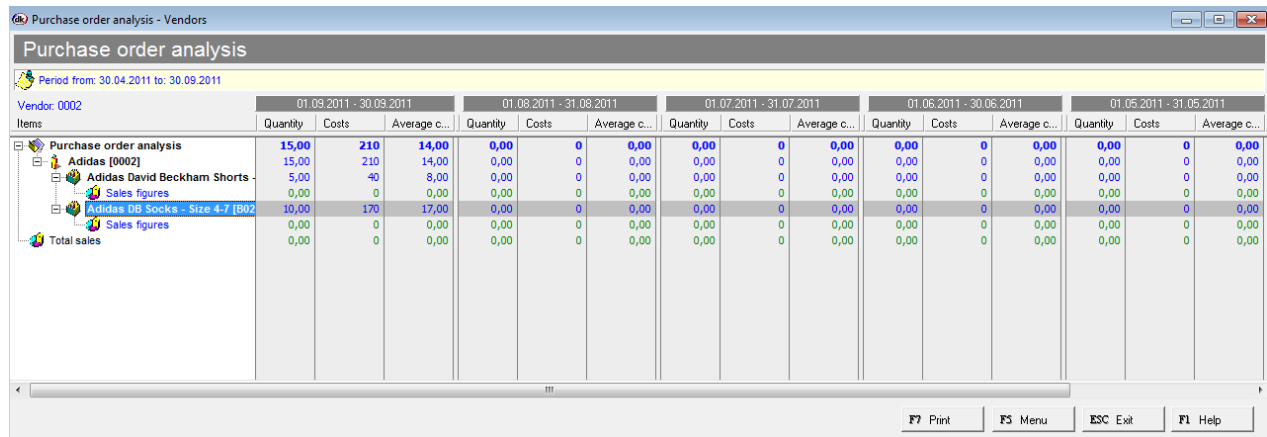
When you open up the purchase manager table you have to INS New at the bottom of the screen and create a purchase manager linked to an employee. You can set up more than one purchase manager for a specific function or warehouse.

## Purchase order analysis

The purchase orders analysis is a powerful analytical function. It shows you the purchase and sales



figures for your selected items broken down by either vendors or purchasing manager. You are able to further specify your criteria based on dates broken down on months, weeks, years etc. Finally you are able to run it for all vendors, vendor groups or purchase managers or the ones you specify.
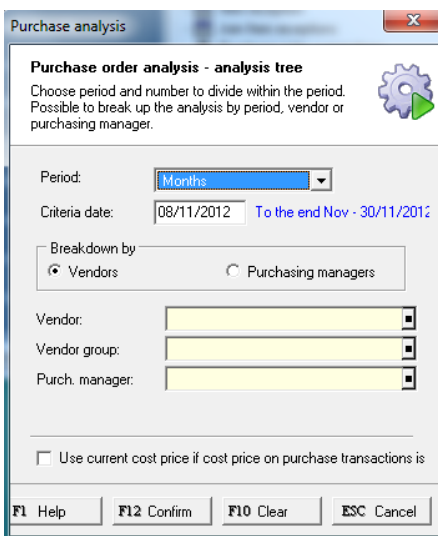
Once you have pressed F12 Confirm the purchase order analysis is run. This will generate a screen listing sales and purchase quantities broken down as per your chosen criteria. This screen can then be graphed to screen or exported to Excel.



## Setup

The final chapter in this manual is on the options in the Setup menu. There are four main general tables that come set up with the system. These are tables of countries, deliverers, delivery terms and delivery modes. They can be added to if you wish to do so but generally we have not found this to be needed.

**Misc. charges codes:** This is where you can set up miscellaneous charges codes to be used in item reception. This includes cost codes that are linked to general ledger codes such as delivery charges, early settlement discount etc.

**Reason codes:** This is where you can set up reason codes to be used in sales orders and quotes.

**General settings:** This is where you can configure settings relating to the purchase orders module. This includes the process flow throughout the module such as in respect to which period in time quantities get posted to inventory, which purchase order description to be used for printing etc. It is important to note that this would usually be configured by the dk staff during implementation and should not be changed without consulting dk first.

Manual – Purchase Orders

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