SMARTStream®

Financials
Allocations

Version 6.5

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1 Allocations Overview

Chapter Contents

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About Allocations

An allocation assigns costs or revenue (amounts) to one or more areas of an enterprise organization according to some measure. These amounts can be distributed to accounting keys based on fixed or variable percents and can affect one or multiple accounting periods. Using SmartStream Allocations you can

- Perform fixed or variable percent allocation calculations or use fixed amounts in the allocation
- Extract data from any table in the Ledger Balance table (ldr_acct_bal) format and from the Budget Balance table
- Determine when updates to a balance table occur so that you can review allocation results before making any changes
- Reverse allocation results, after the balance table has been updated, without rerunning allocations
- Use an unlimited number of accounting distributions in an allocation run
- Define extract criteria using structures
- Allocate amounts across entities.

Types of Allocations

Allocations processes three basic types of allocations:

- Fixed percent
- Variable percent
- Fixed amount

These basic types can be used to create additional allocations:

- Layered or step-down
- Multiple method

Using Allocations with Other SmartStream Products

Allocations is one of the SmartStream® products. It is fully integrated with other products such as SmartStream Ledger, SmartStream Budget, and SmartStream Reporting Tools.

Using Allocations with Ledger

After Ledger is installed, you can use Allocations to

- Allocate one amount across more than one entity and many accounts
- Consolidate information from more than one entity and account to one entity and several accounts or one account or many accounts.

Because Allocations uses the ledger entity policies you already established, you can validate entries using your ledger entities and accounting key.

Using Allocations with Budget

If you have Budget installed, you can use Allocations to

- Distribute a balance

  A budgeted expense such as computer costs, can be allocated to various departments according to a pattern of usage statistics.

- Pool balances

  Airfare, hotel, and meals are all posted as separate line items. These expenses need to be budgeted as one entry, travel expenses. To determine a basis for next year's travel expense budget, Allocations can pool actual dollars for all travel and expense accounts, computing a single budget balance by department.

Because Allocations uses the budget entity policies you already defined, you can validate entries using your budget entities and accounting key.

Note: Define Budget entity policies after Ledger is installed. This automatically sets up the proper policy communication between Budget, Ledger, and Allocations.

Using Allocations with Reporting Tools

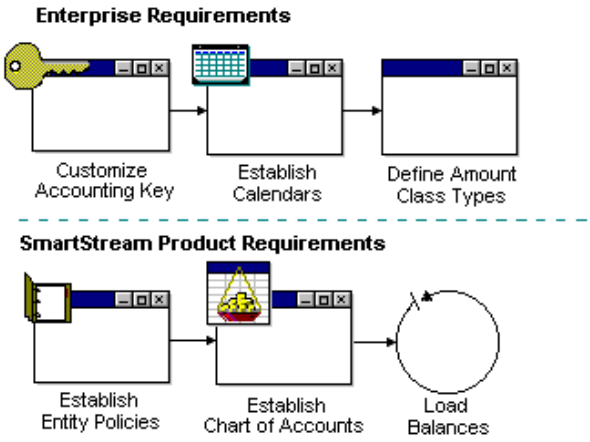
You can use SmartStream and supported third-party reporting tools with allocation output to query balance table amounts, analyze the amounts in various degrees of detail, and create product line profitability reports.

Before Using Allocations

Before you can use Allocations, you must

- Set up the requirements for your enterprise
- Set up SmartStream product requirements.

The following illustration shows these tasks:



Allocations Requirements

Before you enter allocation specifications you must

- Determine the types of allocations your enterprise needs
- Decide what amounts to allocate across the enterprise:
  - How to calculate them
  - Whether to charge the same amount each time
  - Whether the charged amount depends on a changing number
- Decide whether you want to create journal output or maintenance transactions
- Determine whether you need to add new amount classes to process allocations.

Allocations Process Overview

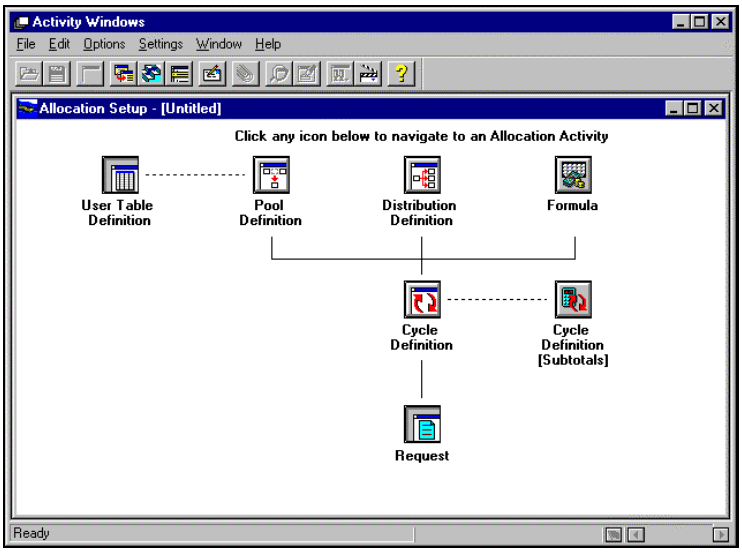
The following table describes the stages of the allocation process:

Stage	Description	Window or Report
1	Define the allocation rules by	
	▪ Specifying the year, amount class type, and period used to extract amount information.	Formula List
	▪ Defining the allocation data	Allocation Pool Definition Allocation User Table Definition
	▪ Defining the allocation type and specifying the accounting key to receive the allocated amounts.	Allocation Distribution Definition
2	Build the allocation.	Allocation Cycle Definition
3	Process the allocation.	Allocation Request Job Scheduler
	Review and verify the output results.	Allocation reports
4	Load the allocation output to the appropriate tables.	Ledger Load Request or Budget Load Request and Job Scheduler
	Review the results.	Ledger reports Budget reports

Note: SmartStream provides a reversal utility that can be used to remove allocation entries after they are loaded to the journal or balance tables. For example, if you are using allocations data to prepare *what-if* profit and loss reports, the *what-if* data can be removed, using this reversal utility.

Quick Reference for Allocations

The Allocation Setup window displays the entire allocation process. You can follow the process shown on this window to complete an allocation, or you can access each window from your Activity List.


Activity Windows
File Edit Options Settings Window Help
Allocation Setup - [Untitled]
Click any icon below to navigate to an Allocation Activity
User Table Definition
Pool Definition
Distribution Definition
Formula
Cycle Definition
Cycle Definition [Subtotals]
Request
Ready

2 Defining Allocation Rules

Chapter Contents

2-1 About Defining Allocation Rules
2-2 Defining Formulas
2-5 Extracting Amounts
2-8 Distributing Amounts

About Defining Allocation Rules

To use Allocations, begin by defining rules or specifications to use in the allocation process. You can define these rules in any order; however, you must define all rules before you can build the allocation.

When you define these rules, use the most up-to-date information on the balance table when the allocation processes. Defining the rules for an allocation requires that you

- Define formulas
- Determine the amounts to extract
- Determine which accounting keys receive the allocated amounts.

Defining Formulas

In all financial information, data is categorized by calendar or fiscal year, and within each year by quarter, month, or another time frame. All the information is reviewed in relation to a point in time. SmartStream uses Formulas to define this point in time.

Formula Example

If you have Ledger installed, you can define a formula for Quarter 1 to include January, February, and March. This same formula can also be used by SmartStream Management Reporter when reporting quarterly results.

Formula Components

Formulas have three components. The following table describes each one:

Component	Description	Example
Year	The year from which you want to extract amounts	Current Year Last Year
Amount class type	A balance category used to hold amounts	Actual Budget
Time frame	Extract information based on a fixed or variable period or extract information based on a fixed or variable range of periods.	**Fixed**: Indicates a specific period or a date range with a starting and ending period. For example, starting at period one and ending at period three can retrieve Quarter 1 amounts. **Variable**: A variable time period allows you to specify a flexible base period (for example, current period). You can also specify **n** number of periods before or after the base period using a variable offset (for example, current period minus one to retrieve prior period amounts).

Solving Formulas

The following table shows which policies Allocations uses to solve the formulas depending on whether you are using a ledger, budget, or user-defined table.

If the extract table is...	Then formulas use...	To...
Ledger Balance (ldr_acct_bal) or an Allocations user-defined table	Ledger entity policy processing information	Determine the year and base period.
Budget Balance (bud_acct_bal)	Budget entity policy reporting information	Determine the year and base period.

Example

The following table shows an example of the components of a formula. These examples use Period 6 as the current period and 1996 as the current year.

Formula Components

Year	Amount Class Type	Time Type/ Time Frame	Description	Possible Formula Name
Current Year	Actual	Variable/ Current Period +0	The amount extracted is the actual amounts from the current period (6) of 1996.	CYCP
Current Year	Actual	Variable/ Year to Date +3	The amount extracted is the actual amounts through three periods after the base period, in this case, periods 1 through 9 of 1996.	CYTD+03
Current Year	Actual	Variable/ Current Period +3	The amount extracted is the actual amounts through three periods after the base period, in this case, period 9 of 1996.	CYCP+03
Last Year	Actual	Fixed/ Periods 1-3	The amount extracted is the actual amounts in periods 1 through 3 of 1995.	LYQ1

Formula Considerations

A current-period formula

- Can cross into a future or past fiscal year, if appropriate
- Does not include period 0 or adjustment periods in the movement calculation.

A year-to-date formula

- Does not cross into other fiscal years
- Always returns period 0 of the same year if the formula uses the negative movement operator (-) and extends into a previous year
- That moves forward and extends into a future fiscal year retains a year-to-date amount through the last period of the current year
- Automatically includes period 0 amounts for balance sheet accounts.

Extracting Amounts

The extract process accesses amounts from any table in the Ledger Balance table format. Allocations allocates these amounts across the enterprise. Pool extracts initially provide the source amounts for distribution or the factor amounts for use as a variable base to allocate amounts.

When you define the extract criteria, you specify the

- Table the data comes from
- Type of pool
- Extract criteria.

Extract Tables

Allocations can extract amounts from any of these tables:

- Ledger Balance (ldr_acct_bal)
- Budget Balance (bud_acct_bal), available only if you have Budget installed.
- User-Defined

Conditions for User-Defined Tables

If you create a user-defined table, remember the following conditions:

- The data must use the same format as the Ledger Balance table (ldr_acct_bal).
- You can define as many tables as you want.
- You can place tables on any server.
- The table must be in the DBSglep database.
- You must define the table to Allocations before it is available for use.

Use the User Table Definition window to define the location of the table for Allocations.

For table layout information for the Ledger Balance table see, User-Defined Table Layout.

Pool Types

When defining extracts you create a pool to hold the amounts. Allocations uses two types of pools to hold amounts: source and variable. See Specifying the Allocations Calculations.

Defining Extract Criteria

You define the amounts to extract by using one of the following options:

- Defining SQL criteria
- Using structure criteria
- Using a combination of the two other options.

Example

In this example, the user-defined portion of the accounting key is Division, Account, and Department. The following rows are on the balance table:

Division	Account	Department
ADMIN	52110	ACCTG
ADMIN	52110	HR
ADMIN	52110	IS
ADMIN	52110	MKTG
ADMIN	52120	MKTG
ADMIN	52130	ACCTG
ADMIN	52130	HR
ADMIN	52130	IS
ADMIN	52130	LEGAL

A structure created over the **department** element is shown in the following diagram:

The following table shows the results of the extraction using SQL criteria, structure criteria, or both.

SQL Criteria	Structure Criteria	Results
Account = 52110		ADMIN 52110 ACCTG ADMIN 52110 HR ADMIN 52110 IS ADMIN 52110 MKTG
	Point of ADMINISTRATION	ADMIN 52110 ACCTG ADMIN 52110 HR ADMIN 52110 MKTG ADMIN 52120 MKTG ADMIN 52130 ACCTG ADMIN 52130 HR ADMIN 52130 LEGAL
Account Between 52110 and 52130	Point of ACCTG	ADMIN 52110 ACCTG ADMIN 52130 ACCTG

Distributing Amounts

After you determine the amounts to allocate, specify how you want to allocate them and to which accounting keys. When you define the distribution, you

- Specify where you want to book the allocated amounts by identifying target and offset accounting keys
- Specify whether you want to allocate by fixed or variable percent or fixed amounts.

Target and Offset Accounting Keys

The way you define your distributions depend on enterprise policies and procedures. Allocations allows flexibility in accounting practices. Depending on the policy in your enterprise, you can establish a combination of a one-to-one target and offset accounting keys or a many-to-one target and offset combination.

Term	Explanation
Target	The accounting key that receives the result of the allocation.
Offset	The amount sent to this accounting key is an accumulation of the preceding target sequences.

Example: One Target to One Offset Combination

The following table shows an example of creating a one-to-one target and offset combination:

Sequence No.	Target/Offset	Accounting Key	Amount
10	Target	ABC	500
20	**Offset**	**DEF**	**500**
30	Target	GHI	300
40	**Offset**	**JKL**	**300**

Example: Many Targets to One Offset

The following table shows an example of creating many targets for one offset combination:

Sequence No.	Target/Offset	Accounting Key	Amount
10	Target	ABC	615
20	Target	DEF	410
30	Target	GHI	820
40	Target	JKL	205
50	**Offset**	**XYZ**	**2050**

Specifying the Allocation Calculations

The combination of the pool and allocation type (fixed percent, variable percent, or fixed amount) creates the calculation used by Allocations. The pool types are defined in the following table:

Pool	Definition	Example
Source	Stores the amounts you want to allocate. Every allocation must have a source pool. A source pool can hold monetary or statistical amounts, but not both.	You allocate dental benefit expenses based on head count. The expenses form the source pool.
Variable	Contains the amounts you use to calculate the variable percents for an allocation. Only a variable percent allocation has a variable pool. A variable pool can hold monetary or statistical amounts, but not both.	You allocate dental benefit expenses based on head count. The head count (stored in statistical amounts) forms the variable pool.
Working	Represents the amount left after some of the source pool has been allocated.	If you are allocating 40% of the pool according to a fixed percent, the rest of the pool (60%) is the working pool and can be allocated according to a different fixed percent or a variable pool.
Remainder	Contains amounts left in the source pool after all allocations have been applied. It is used as the last sequence in a fixed percent allocation.	This pool is normally used to handle rounding differences.

Example

The pool and allocation type variables are used in combination to create the allocation results you want. For example, you can define a fixed percent allocation that spreads expenses to four departments with one offset accounting key. The following table shows how you create the allocation distribution:

Sequence Number	Target/ Offset	Calculation Pool	Calculation Type	Percent	Accounting Key
10	Target	Source	Fixed Percent	30	ABC
20	Target	Source	Fixed Percent	20	DEF
30	Target	Source	Fixed Percent	40	GHI
40	Target	Remainder			JKL
50	Offset				XYZ

Note: Sequence 40 receives the remainder of the source pool. In this case, it represents approximately 10% considering any possible rounding differences.

Masking

Masking is the use of symbolic characters to represent source and variable pool accounting key elements. Masking is used when the elements of the source or variable accounting key and the destination accounting key are related. Masking allows the target or offset accounting keys to use element values from the source or variable pool or both. Masking is most useful when you allocate amounts to many accounts.

Warning: If you plan to use the masking function, do not use the reserved characters ampersand (&) or pound sign (#) in any of your accounting key element values.

Masking Examples

You accumulate the telephone expenses in account 54110, administrative division. In the first example, you distribute the amounts to the same division and account but different departments. If you use masking, you carry over the division and account values to the receiving accounting keys. The masking character for the source pool is the pound sign (#).

The following table shows masking for the target accounting key and the result:

If the source pool is...		And the variable pool is...	And you use masking...			The distribution accounting key is...		
Div.	Acct.		Div.	Acct.	Dept.	Div.	Acct.	Dept.
ADMIN	54110	None	#####	#####	ACCTG	ADMIN	54110	ACCTG
			#####	#####	HR	ADMIN	54110	HR
			#####	#####	IS	ADMIN	54110	IS
			#####	#####	MKTG	ADMIN	54110	MKTG

Example

In the second example, by using masking, you distribute the amounts by the account element in the source pool and the division element in the variable pool. The masking character for the source pool is the pound sign (#) and the ampersand (&) for the variable pool.

If the source pool is...		And the variable pool is...		And you use masking...			The distribution accounting key is...		
Div.	Acct.	Div.	Acct.	Div.	Acct.	Dept.	Div.	Acct.	Dept.
ADMIN	54110	PLANT1	53210	&&&&&&	#####	ACCTG	PLANT1	54110	ACCTG
		PLANT2	53210				PLANT2	54110	ACCTG
		PLANT3	53210				PLANT3	54110	ACCTG
				&&&&&&	#####	HR	PLANT1	54110	HR
							PLANT2	54110	HR
							PLANT3	54110	HR
				&&&&&&	#####	IS	PLANT1	54110	IS
							PLANT2	54110	IS
							PLANT3	54110	IS
				&&&&&&	#####	MKTG	PLANT1	54110	MKTG
							PLANT2	54110	MKTG
							PLANT3	54110	MKTG

Note: Masking can be used only for the accounting key elements that are subtotalled.

Note: When you define the distribution accounting keys on the Allocation Distribution Definition window, you can quickly enter the masking characters by positioning the cursor in the element field and clicking the right mouse button. Select either source or variable masking and the masking characters appear in the accounting key element field.

3 Building the Allocation

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3-1 About Building the Allocation
3-2 Defining a Cycle and Sequence Combination
3-3 Defining Extraction Criteria
3-4 Distributing Amounts
3-7 Defining the Allocation Output
3-12 Defining Subtotalling Requirements

About Building the Allocation

After you define allocation rules, you use them to build an allocation. You can use these rules in any combination that fits the needs of your enterprise. During this stage, as you build an allocation you

- Define cycle and sequence combinations
- Specify the extraction criteria
- Specify the distribution of amounts
- Define the allocation output
- Define the subtotalling requirements.

Defining a Cycle and Sequence Combination

When you build an allocation, you define combinations of cycles and sequences to uniquely identify the processing order of an allocation.

- A cycle links the source pool, variable pool, and the accounting keys receiving the allocated amounts.
- A sequence controls the allocation processing order and allows you to group many allocations within a cycle.
- Cycle and sequence combinations can be used to create layered (step-down) allocations.

Example

Monthly electrical utility expenses for the entire division of an enterprise are posted to a central administrative department. These expenses are allocated to individual departments based on square footage and head count. Square footage is the basis used for allocating 25% of the expenses; head count, the basis used for allocating 75%. To set up this allocation, use one allocation cycle with two sequences:

- The first sequence creates the variable percent allocation to calculate the amounts based on the square footage of each department.
- The second sequence creates the variable percent allocation to calculate the amounts based on the head count of each department.

When you process the allocation, Allocations processes the cycle starting with the lowest sequence number.

Defining Extraction Criteria

When you build the allocation, you select previously defined rules to specify the source and variable pools, a formula for extracting amounts, the entity to extract from, and the currency type.

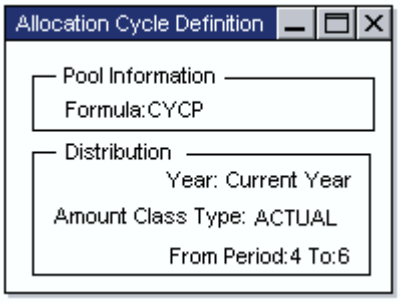
Currency and Allocations

If you are a multiple-currency enterprise, you can select one of three currency types to populate the source or variable pools. Each source or variable pool can use only one currency type. The following table discusses how Allocations handles currency during allocation processing:

If the extract currency for the allocation is...	And you...	Then Allocations...
Primary or secondary book	Store book balances	Reviews ledger entity policy, then extracts the appropriate book balance.
	Do not store book balances	Calculates the amount by selecting and totalling the equivalent amounts.
Transaction		Extracts amounts based on a matching transaction currency code, for example, JPY.

Distributing Amounts

When you distribute amounts, you specify which areas of your enterprise receive the allocated amounts. As you build the allocation you use previously defined distributions and specify the amount class type, year, and period or periods to which the amounts are booked. The following diagram represents these fields:



Formulas used for extracting data work in conjunction with information for distributing the data. Depending on the formula used for the source and/or variable pools and the defined distribution characteristics, the extraction and distribution of amounts is determined.

How Are Amounts Distributed?

Allocations distributes amounts to either a single period or to multiple periods. In single-period allocations the **from** value represents which period amounts are distributed to. In a multiple-period allocation the **from** and **to** values work together to define the period ranges to use for both extracting and distributing amounts. This information, specified on the Allocations Cycle Definition window, takes precedence over the entity policy information.

The following examples show how SmartStream formulas resolve variable time period formulas:

If the formula is...	And the ledger or budget policy for...	And the allocations values for...	Then allocations...
CYCP *	Current period is 6	From is Current period (CP)	Uses period 6 amounts.
CYCP *	Current period is 6	From period is 4	Uses period 4 amounts instead of those for period 6 because the From value overrides the period 6 value.

If the formula is...	And the ledger or budget policy for...	And the allocations values for...	Then allocations...
CYCP *	Current period is 6	From period is 1 To period is 4	Uses four different amounts, one for each period in the from and to range. For example, Allocations extracts current period amounts for each period: 1, 2, 3, and 4.

***** For this example, CYCP represents the current year and the current period.

Using Single and Multiple Periods

The following table shows how Allocations extracts and allocates amounts based on whether a formula has a fixed or variable time period and if the allocations are single or multiple period.

Formula Period Type	Single Period Allocation (From period is CP)	Single Period Allocation (From period is 6)	Multiple Period Allocation (From period is 4; To period is 6)
Fixed period Example: Period 3	Extracts amounts from period 3 and allocates amounts to the current period	Extracts amounts from period 3 and allocates to period 6	Extracts amounts from period 3 and allocates to periods 4, 5, and 6
Variable period Example: Current Period	Extracts and allocates amounts from the current period	Extracts amounts from period 6 regardless of the current period and allocates to period 6	Extracts and allocates amounts for each period: 4, 5, and 6. For example, extracts amounts from period 4 and allocates to period 4.

Formula Period Type	Single Period Allocation (From period is CP)	Single Period Allocation (From period is 6)	Multiple Period Allocation (From period is 4; To period is 6)
Variable period Example: Current Year To Date	Extracts year-to-date amounts through the current period and allocates to the current period	Extracts year-to-date amounts through period 6 and allocates to period 6	Extracts year-to-date amounts for each period (4, 5, and 6) and allocates to periods 4, 5, and 6. For example, extracts year-to-date amounts through period 4 and allocates to period 4.

Note: Allocations automatically extracts period 0 amounts for year-to-date formulas for balance sheet accounts.

Defining the Allocation Output

When you build an allocation you

- Specify the type of output
- Define additional validation controls.

Specifying Output

Allocations processing does not directly affect the balance tables in Ledger or Budget. Allocations produces output files instead. This allows you to load the results of an allocation whenever you want to. Allocations produces two types of output:

- Tab-delimited text files
- Amounts written to the communication table in balance table format

What Are Text Files?

Allocations produces tab-delimited (tabs are used to separate the data) text files in either ledger or budget maintenance format or as journal line output. After reviewing the results of the allocation, you load the information to the appropriate tables.

The following table shows how Allocations uses each output file:

File Type	Description
Balance maintenance	Serve as input to the Load program that directly updates the balance tables.
Journal lines	The journal lines are loaded to the unposted journals tables using the Load program. They are then available for posting during the next run of the Posting program.

Communication Table Output

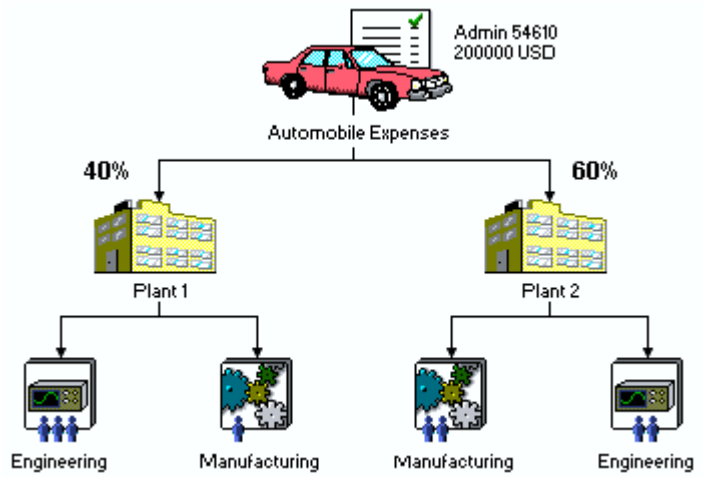
During allocation processing you can use a communication table as a temporary storage area. You use the communication option with layered allocations where the output from one allocation becomes the input for a subsequent allocation. When you use the communication option, you pass amounts between cycles and sequences within an allocation.

Example

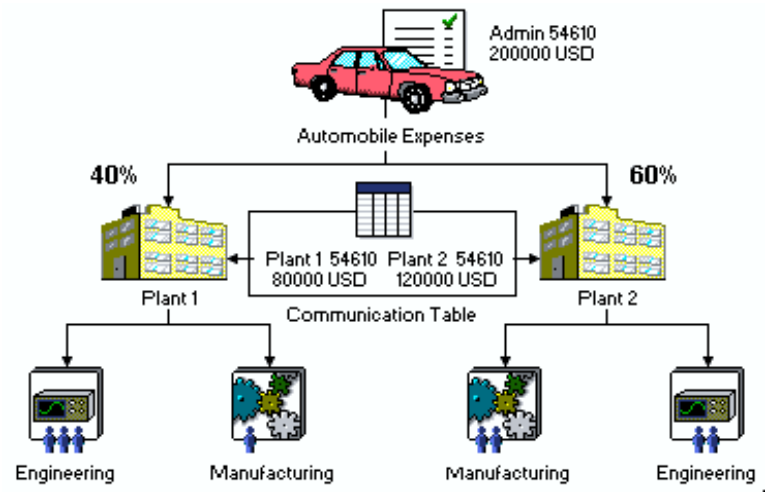
This example shows how to use the communication option for the temporary storage of data. Automobile expenses (Admin 54610) are allocated to two plants. From the total expense of 200000 USD

- Plant1 receives 40%
- Plant2 receives 60%.

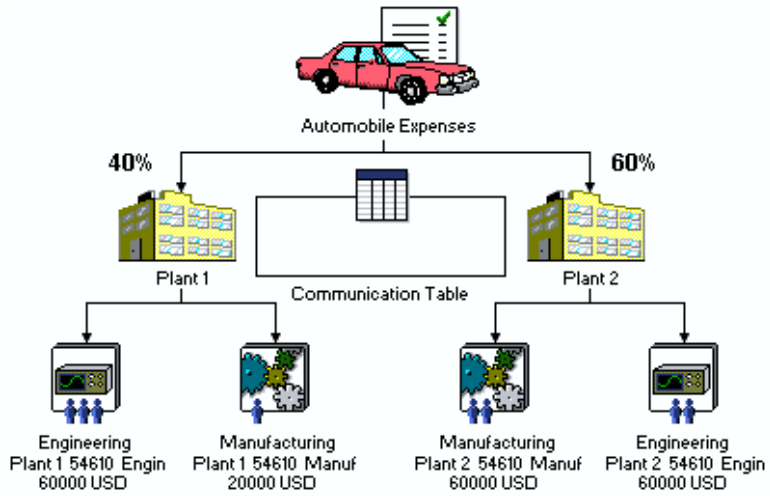
Within each plant, this expense is allocated to the Manufacturing and Engineering departments based on head count.



The first layer allocates 40% and 60% to each plant. Because this allocation is not the final allocation, the communication table stores these interim amounts.



The second layer reads the interim amounts from the communication table. These amounts are then allocated based on the head count of each department:



Additional Validation Controls

Ledger and Budget allow additional control over your entity validation policy during allocation processing. Allocations overrides that policy only if overriding it does not add capability to the validation function. Using the allocation validation option can also tighten the validation controls.

If you extract amounts from the Budget balance table, Allocations reads budget validation policy. If you extract amounts from the Ledger balance table, Allocations reads ledger validation policy.

The following table explains the interaction between entity validation policy and the Allocations validation option:

Validation Policy

Allocation Validation Option	No Validation	Validation without accounting key generation	Validation with accounting key generation
No validation	Allocations does not call the validation process. Accounting keys are validated during the load or post process.	Allocations does not call the validation process. Accounting keys are validated during the load or post process.	Allocations does not call the validation process. Accounting keys are validated during the load or post process.
Validation without accounting key generation	Ensures accounting keys values are on the chart of accounts. If not, message is written to error report.	Validates, using structures, to ensure that accounting key is valid. Message written to error report stating key is valid but policy does not allow automatic generation of accounting key.	Validates but does not add accounting keys to the chart of accounts. Accounting keys are generated during load processing or posting.
Validation with accounting key generation	Ensures accounting keys values are on the chart of accounts. If not, message is written to error report.	Validates, using structures, to ensure that accounting key is valid. Message written to error report stating key is valid but policy does not allow automatic generation of accounting key.	Validates and generates accounting keys during Allocations processing.

Note: Regardless of the allocation validation option, all accounting keys are written to the text output file.

For a complete list of the combinations between validation policy and allocation processing, see Allocations online Help.

Currency and Allocations Output

The following table provides information about how Allocations processes currency data:

If the source currency is...	And the output type is...	Then Allocations...
Transaction	Journals	Uses the same transaction currency for each output entry.
Primary or secondary book	Journals	Selects the primary or secondary currency defined on the Ledger Policy window and uses that currency as the output currency for each transaction.
Transaction	Balance maintenance	Uses the same transaction currency for each output amount.
Primary or secondary book	Balance maintenance	Generates the output transaction directly against the book currency, after determining the currency requirements from the Ledger Policy window.
Transaction	Communication	Uses the transaction currency code for each amount.
Primary or secondary book	Communication	If book balances are stored, uses primary or secondary book amounts for the balance amounts.
	Communication	If book balances are **not** stored, uses equivalent amounts.

Note: For journal entries, currency conversion occurs during the posting process in Ledger. For balance maintenance, no currency conversion occurs.

If an actual amount class is loaded using balance maintenance, you must manually add all the required currency rows to the allocation output file before you run the Load program.

Defining Subtotalling Requirements

Within a source or variable pool, you can subtotal amounts before you allocate them. When you subtotal, only the subtotalled amounts are stored in the source or variable pools. Individual amounts that make up the subtotal are not stored. You use subtotalling to

- Generate rates for variable percent allocations
- Allocate amounts to many accounts (high-volume allocations).

Note: Subtotalling is required for a variable pool and if you are using masking. It is optional for a source pool.

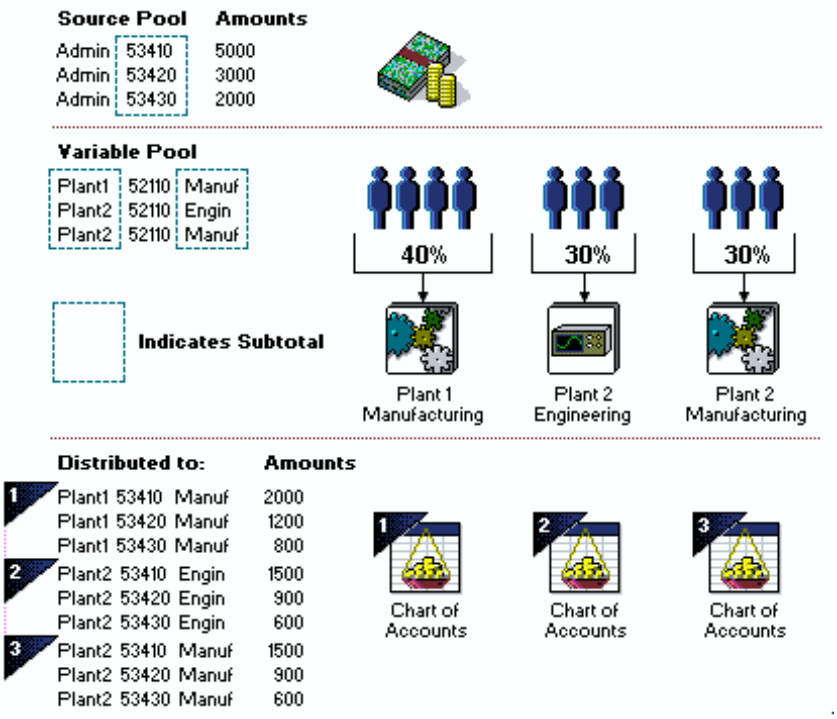
Subtotalling Example The following table shows examples of subtotalling:

If the pool is...	And you subtotal by...	The result is...
Total 180,000 Derived from the following accounting keys: Division Acct. Dept. Amount Admin 54110 Acctg 20,000 Admin 54110 Hr 10,000 Admin 54510 Mktg 70,000 Plant1 54110 Acctg 15,000 Plant1 54110 Hr 65,000	Division	Division Amount Admin 100,000 Plant1 80,000 *Total* 180,000
	Department	Department Amount Acctg 35,000 Hr 75,000 Mktg 70,000 *Total* 180,000
	Division and Account	Division Account Amount Admin 54110 30,000 Admin 54510 70,000 Plant1 54110 80,000 *Total* 180,000
	Division, Account, Department	Division Acct. Dept. Amount Admin 54110 Acctg 20,000 Admin 54110 Hr 10,000 Admin 54510 Mktg 70,000 Plant1 54110 Acctg 15,000 Plant1 54110 Hr 65,000 *Total* 180,000

Masking and Subtotalling Example Insurance expenses are held in general accounts and allocated to departments in various divisions based on head count. This example

- Creates both a source and a variable pool to calculate the amounts based on head count
- Subtotals using the account element from the source pool
- Subtotals using the division and department elements from the variable pool.

The following diagram shows how masking and subtotalling work together:



5 Allocations Reporting

Chapter Contents

5-1 About Allocations Reporting
5-2 Reporting Process
5-3 Reporting by Function

About Allocations Reporting

Reports generated from within a business process help verify that certain processes have occurred. The SmartStream-delivered reports discussed in this chapter are examples of the types of information that can be generated from allocation setup and processing.

You can redesign the reports or create your own to meet the specific needs of your enterprise. For information about how to add your own reports, refer to Allocations Reporting online Help.

Reporting Process

The following table identifies the stages in the reporting process. Use this process to produce any of the Allocation reports.

Note: After you access the Allocation Reporting window from SmartStream, you perform all the remaining stages in the Microsoft Access environment.

Stage	Description	Window
1	Choose the reporting module.	**From SmartStream:** Choose Allocation Reporting from your Activity List. **From Allocations:** Choose an action from most of the Allocations windows.
2	Choose the button and select the report that you want.	Allocation Reporting
3	Modify the run-time parameters as needed.	Allocation Parameters window
4	Choose Preview or Print .	Allocation Report Parameters window

For more information about the Allocation reports, see Allocations Reporting online Help.

For information about Allocations reporting setup, see Allocations Reporting.

Reporting by Function

The following table describes reasons why you use specific Allocations reports:

If you want to...	Then choose these reports...
See the rules defined for an allocation	Allocation Pool Definition Allocation Distribution Definition
See the components of an allocation cycle and sequence by ledger entity	Allocation Cycle Definition
Maintain an audit trail of source and variable pool records and amounts	Allocation Source Pool Results Allocation Variable Pool Results
See the results of an allocation run before data is transferred to the server	Allocation Pre-load Balance Results
Determine whether requested cycles were processed or not during an allocation run	Allocation Cycles Processed
See the destination amount and accounting key for information stored on the Communication table	Allocation Communication Table
Keep a record of the results of an allocation run	Allocation Balance Maintenance Distribution Allocation Ledger Journal Entry Distribution
See errors resulting from an allocation run	Allocation Error

Note: For more information, see a list of reports.

6 User-Defined Table Layout

Chapter Contents

6-1 Table Layout

Table Layout

The following table shows the column information for the Ledger Balance table. Use this information to generate your user-defined tables for allocations. SmartStream requires that you use this column order for your user-defined tables.

Column Name	Field Type	Field Length	Values
ldr_entity_id	char	5	Valid Ledger Entity ID
udak1-12	char	varies	User-defined
processing_yr	smallint	2	Current processing year Format must be yyyy
amt_class_type	char	10	Valid user-defined amount class type Activity status for the amount class type must be all activities or balance maintenance.
curr_type	char	3	TEB if single currency If multiple currency, see Entering Currency Information on the Balance Table following this table.
curr_code	char	3	Booking currency code if single currency. If multiple currency, see Entering Currency Information on the Balance Table following this table.

Column Name	Field Type	Field Length	Values
equiv_curr_code	char	3	Booking currency code if single currency. If multiple currency, see Entering Currency Information on the Balance Table following this table.
dr_cr_code	char	1	Used only if you store debits and credits separately. D if debit C if credit
date_created	datetime	8	This field is maintained by Ledger and should not be used. Uses the current date when record is inserted.
date _last_posted	datetime	8	This field is maintained by Ledger and should not be used. Uses the first day of January 1900 when record is inserted.
ldr_amt_0 *	money	8	Beginning balances for Asset and Liability account types Leading minus sign (-) or parentheses ( ) on credit amounts
ldr_amt_1...n * where n represents your maximum number of accounting periods	money	8	Net activity for each of your periods Leading minus sign (-) or parentheses ( ) on credit amounts
chgstamp	smallint	2	This field is maintained by Ledger and should not be used.

***** Columns ldr_amt_0...n must contain values if they are used. They cannot be blank.

Note: The field type and field length columns represent how the database stores the data. The field length for a field type of money is equal to 15 characters plus 4 decimal places. This entry can also contain a sign.

Entering Currency Information in the Balance Table

Entering the correct currency values for the balance table requires understanding how values are stored. The following table explains the currency information stored in the balance table.

Column	Description	Example
currency type (curr_type)	Designates whether the row contains book, equivalent, or transaction currencies.	Transaction values are indicated by T.
currency code (curr_code)	Designates the transaction and book currencies.	If the primary book is Pounds sterling this column contains GBP.
equivalent currency code (equiv_curr_code)	Designates the codes for the equivalent currencies.	If the transaction currency is French francs this column contains FRF.

The following table shows how these three columns work together.

Currency Type Value	Currency Code	Equivalent Currency Code
B1	Primary book	Blank
B2	Secondary book	Blank
T	Transaction currency	Blank
E1	Primary Equivalent	Transaction currency code
E2	Secondary Equivalent	Transaction currency code

Note: The B1 and B2 currency types are stored only if you elect to store book balances on the Ledger Policy window.

Example

The following example shows information for one accounting distribution in the balance table when the ledger entity

- Stores book balances
  - Primary - United States dollars (USD)
  - Secondary - Pounds sterling (GBP)
- Uses two transaction currencies
  - United States dollars (USD)
  - Japanese yen (JPY).

Year	Amount Class Type	Currency Type	Currency Code	Equivalent Currency Code	Explanation
1994	ACTUAL	B1	USD		Summarized balance for primary book in USD
1994	ACTUAL	B2	GBP		Summarized balance for secondary book in GBP
1994	ACTUAL	E1	USD	JPY	Equivalent amount for primary book (JPY converted to USD)
1994	ACTUAL	E1	USD	USD	Equivalent amount for primary book (primary and equivalent codes are the same when the transaction currency is also the primary book)
1994	ACTUAL	E2	GBP	JPY	Equivalent amount for secondary book (JPY converted to GBP)
1994	ACTUAL	E2	GBP	USD	Equivalent amount for secondary book (USD converted to GBP)
1994	ACTUAL	T	JPY		Transaction entered in JPY before conversion
1994	ACTUAL	T	USD		Transaction entered in USD before conversion

Note: The more transaction currencies used, the greater the number of rows on the balance table for storing the transaction and equivalent values.

SMARTStream®

Shared Components Bank

Version 6.5

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1 Overview of Bank

Chapter Contents

1-1 About Bank
1-3 Tasks for Setting Up Bank Policy
1-6 Tasks for Adding and Reconciling Bank Notification Statements
1-8 Tasks for Clearing Bank Items

About Bank

Use Bank to add the policies and accounts you require to manage financial transactions for your enterprise. Also use Bank for clearing your Payables and Receivables transactions and generating entries for posting to your ledger.

What Do You Need to Do Before Using Bank?

Before you can set up your banks and bank accounts and process clearance transactions, you must make the following decisions for your enterprise:

- Define your accounting key
- Set up currency codes and define currency policies
- Select the countries you need to refer to in your business transactions
- Define enterprise policy defaults for
  - Currency
  - Ledger
  - Formats of addresses, phone numbers, and fax numbers
  - Printing options for reports.
- Define ledger entities and validation policies and structures for SmartStream Ledger

What Tasks Can You Perform Using Bank?

The following table lists the tasks you can perform using Bank:

To...	You...
Set up banks and bank accounts	Define the banks and bank accounts you need to conduct financial transactions.
Enter prenotification requirements	Specify the bank's requirements for prenotification of an employee direct deposit.
Set up payment methods	Identify the types of payments you want to produce using your bank accounts.
Define default accounting distributions	Define default accounting distributions for bank accounts or payment methods, or both.
Process bank notification statements	Enter bank notification statements, match them to Payables drafts, and reconcile bank notification statements.
Clear bank items	Enter and reconcile clearance information the bank sends you for payments, deposits, and remittances. Bank generates journal entries for this activity.
Report on payment and clearance activity	Design and produce reports using Microsoft Access.

Tasks for Setting Up Bank Policy

When you set up your Bank policy, you perform the following tasks:

- Setting up banks
- Adding bank accounts
- Selecting identifiers and processing options for payment methods
- Choosing formatting options for payment methods
- Assigning payment reference numbers
- Determining sort sequences for payments
- Adding accounting distributions for bank accounts and payment methods

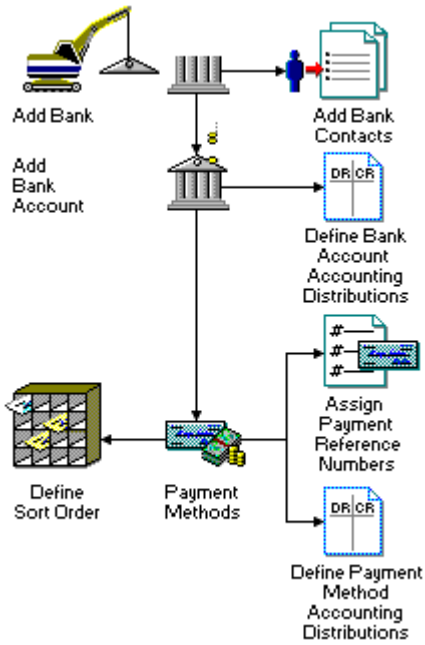
Policy Decisions

For information to help you make business decisions for performing these tasks, see

- About Banks and Bank Accounts
- About Payment Methods
- Requirements for Accounting Distributions.

Setting Up Bank Policy for Payables and Receivables Processing

The following diagram illustrates the components of bank policy you need to set up for processing payables and receivables documents:

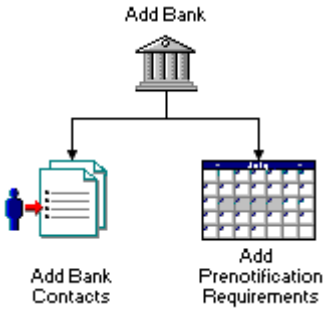


The following table lists the tasks for setting up bank policy for payables and receivables processing and shows a suggested order for performing the tasks. It also specifies the SmartStream window to use for each task.

Task	Description	Window
1	Set up a bank.	Bank
2	Enter the names of persons to contact at the bank.	Bank Contact
3	Set up bank accounts for the bank, and select policy options and defaults for each account.	Bank Account
4	Define payment methods to use with the bank accounts.	Payment Method
5	Assign payment reference numbers for use with a payment method.	Available Payment Reference Numbers
6	If your business practice requires, tailor a sort sequence for payments.	Sort Order
7	Define accounting distributions to use when clearing bank items.	Bank Account Accounting Distributions Payment Method Accounting Distributions

Setting Up Bank Policy for Payroll Direct Deposit

The following diagram illustrates the components of bank policy you need to set up for a bank to which you plan to deposit employee payroll checks directly:



The following table lists the tasks for setting up bank policy for payroll direct deposit and shows a suggested order for performing the tasks. It also specifies the SmartStream window to use for each task.

Task	Description	Window
1	Set up a bank.	Bank
2	Enter the names of persons to contact at the bank.	Bank Contact
3	Enter the bank's requirements for prenotification of employee direct deposits.	Bank Account

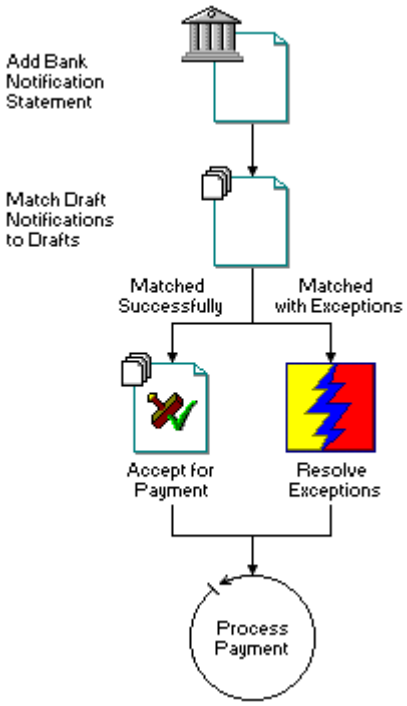
Tasks for Adding and Reconciling Bank Notification Statements

A bank notification statement lists all drafts the bank received that are due for payment on a specific date. You can add this information using the bank notification windows or a scheduled process. The method you choose depends on the format in which you receive the bank notification information.

The Window Process

Use the window process when you receive bank notification information on paper.

The following diagram shows the window process for adding bank notification information.



The following table lists the tasks for using windows to add bank notification information and shows the SmartStream windows to use for each task:

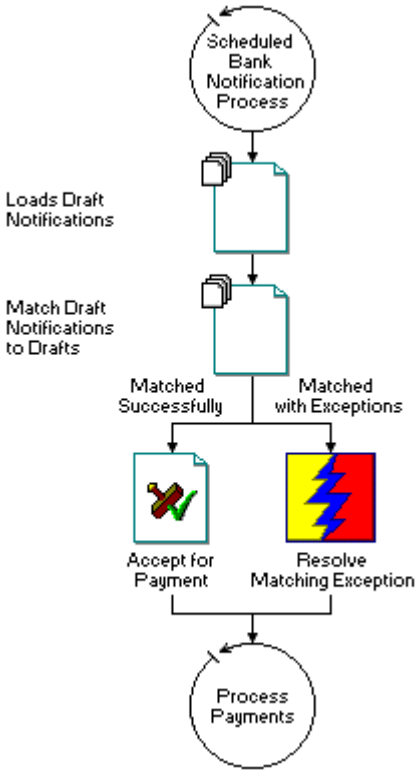
Task	Description	Window
1	Enter and save the bank notification statement information, including the bank information, the notification date and number, the payment date, and the total amount due.	Bank Notification Statement
2	Enter the information for a draft notification and match a Payables draft to it.	Draft Notification

Task	Description	Window
3	Resolve exceptions as needed.	Draft Notification
4	Save the draft notification.	Draft Notification
5	If necessary, change information for the bank notification statement.	Bank Notification Statement

The Scheduled Process

When you receive bank notification information on magnetic media or by electronic transfer, use the bank notification scheduled process to enter the information.

The diagram on the following page shows the scheduled process for adding bank notification information.



For more information about setting up and running this scheduled process, see Understanding the Job Scheduler in the *SmartStream Administration* guide.

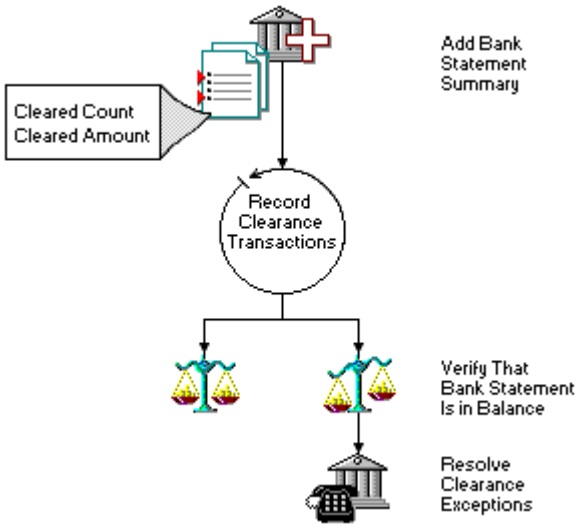
Policy Decisions

For information to help you determine how to deal with bank notification statements during draft processing, see About Bank Notification.

Tasks for Clearing Bank Items

When you clear bank items (Payables payments, deposits, or remittances), you enter the clearance information, ensure that the information is correct, and resolve any clearance exceptions.

The following diagram illustrates the tasks for clearing bank items:



The following table lists the tasks for clearing bank items and specifies the SmartStream window to use for each task:

Task	Description	Window
1	Add the bank statement summary and use it to compare your clearance information with that on the bank statement (optional).	Bank Statement Summary ▪ Payments view ▪ Deposits view ▪ Remittances view
2	Enter bank clearance information.	Bank Clearance ▪ Payments view ▪ Deposits view ▪ Remittances view
3	Verify that the bank statement is balanced.	
4	If you used the scheduled clearance process, correct any transaction errors encountered during the clearance run.	Scheduled Bank Transaction Maintenance

Task	Description	Window
5	Resolve any clearance exceptions.	▪ Payment Clearance Detail ▪ Deposit Clearance Detail ▪ Remittance Clearance Detail
6	Archive bank statements.	Bank Statement Summary Archive

Policy Decisions

About Bank Clearance in this guide contains information to help your plan for clearing bank items.

2 Setting Up Banks and Bank Accounts

Chapter Contents

2-1 About Banks and Bank Accounts
2-1 Setting Up Banks for Payables and Receivables Processing
2-4 Setting Up Banks for Payroll Direct Deposits
2-5 Adding Bank Accounts

About Banks and Bank Accounts

Before you can process financial transactions, you must add the banks and bank accounts you use and select processing options and defaults for the banks.

Enter complete policy information for banks you plan to use for payables and receivables processing. For banks to which you plan to transmit employee payroll deposits directly, only identify the bank and specify prenotification requirements.

You can find detailed procedures for adding banks and bank accounts in the online Help for Bank. See the topics about using windows and fields and the procedures for setting up and maintaining banks and bank accounts.

Setting Up Banks for Payables and Receivables Processing

To process payables or receivables transactions, you must first add the banks you use during payment and clearance processing.

Policy Decisions

When you set up a bank, consider the following questions:

- What is the official name for the bank, and is the bank a branch of a larger bank?
- Where is the headquarters of the bank?
- What language do you want to use for printing text on documents?

- What format do you want to use for printing dates and amounts?
- Do you want to record the names of contact persons at the bank?

Identifying the Bank

In Bank, the term *bank* refers collectively to a bank and a branch location.

To set up each bank, supply the following identifying information:

- A unique identifier that you define
- The official name of the bank
- A branch name, if applicable
- The identification number for the bank
- Location of the bank's headquarters. Bank uses the location of the bank's headquarters to control the editing of the bank number and the bank account number.

Bank Number

Although Bank uses the term *bank number* to refer to the identification number for a bank, some countries use different terms to refer to it. The following table shows some examples of terms used to identify the bank number:

The bank number is called...	In...
Bank State Branch (BSB)	Australia.
Bank Sort Code	United Kingdom.
Transit Routing Number	Canada and the United States.

International Bank Account Number (IBAN) Considerations

For international bank account numbers, some countries require that you enter the bank number using the first four uppercase letters of the BIC/SWIFT code followed by the numeric bank code. The following table lists these countries and the formats required when entering the bank number:

Country	Bank Number
United Kingdom	*AAAAnnnnnn* or *AAAAnn-nn-nn*
Ireland	*AAAAnnnnnn* or *AAAAnn-nn-nn*
Netherlands	*AAAAnnnn* or *AAAAnn nn*

Address

The *bank address* you enter appears on communications sent directly to the bank. If you entered a default address in enterprise policy, that address appears when you first access the Bank window. You can override the enterprise default on the Bank window.

Print Settings

The *print settings* you choose determine the way text appears on documents and correspondence. These settings include a language identifier, thousand and decimal separators to format amounts, and a date format.

If you entered default print settings in enterprise policy, those default settings appear when you first access the Bank window. You can override these enterprise defaults when you set up a bank.

Bank Contacts

Bank contact information is a list of people at the bank whom you can contact about your accounts. The list includes phone and fax information. Bank contacts are not required. You can add, change, or delete bank contact information, as needed.

Inactivating and Reactivating a Bank

As your relationship with a bank changes, you can inactivate and reactivate the bank. When you inactivate a bank, Bank also inactivates any associated accounts and payment methods.

You can display an inactive bank, but you cannot make changes. If you reactivate a bank, Bank does not automatically reactivate associated bank accounts and payment methods. You must reactivate them individually as needed.

Setting Up Banks for Payroll Direct Deposits

To use a bank for payroll direct deposits, specify the information required to route payroll direct deposits to the bank.

Policy Decisions

When you set up a bank for receiving payroll direct deposits, consider the following questions:

- What is the official name for the bank, and is the bank a branch of a larger bank?
- Do you want to record the names of contact persons at the bank?
- Does the bank require prenotification for direct deposits?

Identifying the Bank

To set up a bank for receiving payroll direct deposits, you must include

- A unique identifier that you define
- The identification number for the bank.

You can enter the names of the bank and the branch, if necessary, but this information is not required.

Bank Contacts

You can identify a person or persons at the bank to contact about your direct deposits, if necessary.

Payroll Prenotification Information

Determine whether the bank requires you to notify them before you send a direct deposit for a new employee. You can also indicate how much advance notice the bank needs for new direct deposits.

Adding Bank Accounts

To add a bank account, enter information to identify the bank account and to specify the processing options for that account.

Policy Decisions

When you set up a bank account, consider the following questions:

- What is the identification number of the bank account?
- Who is the owner of the bank account?
- Do you want to generate journal entries for an unreconciled cash accounting distribution when you use the account to make payments or process remittances?
- What date do you want SmartStream Ledger to use when posting clearance amounts for the bank account?
- What is the business currency for the bank account?
- How do you want Bank to retrieve monetary conversion rates for the bank account?
- Will the bank account be used for international payments and use an international bank account number (IBAN)?

Identifying a Bank Account

Identify the bank account using the identification number that the bank assigns to it and the name of its owner.

Depending on the payment type, the owner's name appears on payment forms and on windows for deposits, remittances, allocations, and totals.

IBAN

When you enter international bank account number information

- You enter all components of the IBAN (country code, check digit, domestic bank account number)
- SmartStream validates the IBAN components using the standards defined by the European Committee for Banking Standards (ECBS). If any component is invalid, SmartStream displays an error message
- SmartStream displays the IBAN on international payment documents (paper and electronic).

Using Unreconciled Cash

The payment and clearance processes generate certain journal entries for each bank account you define. If you want to use an *unreconciled cash account* when generating journal entries for payables or receivables transactions with the bank account, you must associate accounting distributions for unreconciled cash with the bank account.

SmartStream Ledger then records the amounts of the journal entries in your ledger during the posting process.

You can change this option to use an unreconciled cash accounting distribution only after you have cleared all bank items. If you change the option before clearing all bank items, the results are unpredictable.

Note: You can set up separate unreconciled cash accounting distributions for receivable document remittances and receivable draft remittances.

For more information about associating accounting distributions for unreconciled cash with bank accounts, see Requirements for Accounting Distributions.

Effective Date

For each bank account you add for payment processing, choose the type of effective date that you want Ledger to use when posting the clearance of a payment.

You need this effective date only for posting journal entries for payment clearance transactions. Ledger uses the payment effective date when posting journal entries for payments.

Bank Account Currency

The *bank account currency* is the business currency of the bank for a particular bank account. When you set up a bank account, Bank uses the booking currency defined in enterprise policy as the default bank account currency. You can override this default for the bank account, if necessary.

After you assign a payment method to the bank account, you cannot change the bank account currency.

Note: When you set up currency information for a bank account, ensure that the bank account and any payable entity for which you use the bank account have the same booking currency.

Exchange Rate Options

When the bank account and payment currencies are different from the booking currency for a transaction, the payment process uses the appropriate exchange rates from Currency. These exchange rates depend on the exchange rate options you selected when you added the bank account.

Exchange rate options include the rate entity, a date to use when retrieving a rate, and a rate type to use with the bank account. You define these currency exchange rate options as defaults in enterprise policy. You can override the enterprise defaults when you set up a bank account.

Deposit Options

You can make decisions about the way you want Receivables to process deposits for a bank account.

Required Deposits

You can process remittances as part of a deposit or independently. If you choose to require deposits, you can add a remittance to the account only as part of a deposit.

Processing Options

You can change the status of a deposit to Complete after you enter all remittance information for that deposit and the count and amount differences are zero.

If you do not want to wait until you add all remittances for a deposit before you begin allocating remittances to documents, you can select the option that allows you to allocate remittances in an incomplete deposit.

You can select an option to allow changes to a deposit after it is complete. If these changes, such as changes to dates, amounts, or currencies, affect journal entries, Receivables generates journal entries that show the changes. Ledger then posts the changed journal entries.

Deposit Slip Numbers

You can require deposit slip numbers. These numbers can distinguish between deposits made on the same day.

You can have Bank automatically generate a deposit slip number using the Next Available Number feature when you add the deposit. You can also choose an option to override these numbers after Receivables generates them.

Inactivating and Reactivating Bank Accounts

You can inactivate and reactivate a bank account depending on your relationship with the bank. When you inactivate a bank account, Bank also inactivates any associated payment methods.

You can display the information for an inactive bank account, but you cannot make changes to it. If you reactivate a bank account, Bank does not automatically reactivate associated payment methods. You must reactivate them individually, as needed.

3 Setting Up Payment Methods for Bank Accounts

Chapter Contents

3-1 About Payment Methods
3-3 Selecting Identifiers and Processing Options
3-8 Selecting Formatting Options (Payables)
3-11 Example Payments (Payables)
3-15 Selecting Formatting Options (Payroll)
3-17 Assigning Payment Reference Numbers
3-18 Determining Sort Sequences for Payments

About Payment Methods

You can define one or more payment methods to use with each bank account. A payment method includes the following information:

- Identifying information
- Processing options and defaults
- Formatting options
- Payment reference numbers
- User-defined sort sequences

You define payment methods for

- Payment and remittance advice documents you produce using SmartStream Payables
- Negative payments you produce to track the cash settlement of credit memos
- Employee payments you produce using SmartStream Payroll.

The following sections contain information to help you make the business decisions for setting up your payment methods.

Finding Information Online

You can find detailed procedures for adding payment methods in the Bank online help. Use the

- Topics for the different views of the Payment Method window to guide you in selecting options and controls for formatting different types of payments.
- Detailed online procedures for the Available Payment Reference Numbers window to set up numbering schemes for payments.
- Fields and procedure topics for the Sort Order window to design a user-defined sort sequence.

Selecting Identifiers and Processing Options

A *payment method* is a combination of information that associates a

- Bank
- Bank account
- Type of payment.

To set up a payment method, you first specify identifying information and assign processing options and values.

Policy Decisions

When you set up a payment method, consider the following questions:

- What type of payment do you want the payment method to produce?
- From what bank account do you want to deduct payments?
- When do you want to be notified that more payment reference numbers are needed?
- Do you want to prevent payments under a particular amount?
- Do you want to sort payments in a particular order?
- Do you want to require a second signature on payments above a certain amount?
- Do you want to use an unreconciled cash account with the payment method?
- Whom do you want to notify when payments are ready for production?
- Do you want to clear payments automatically?

Basic Identifying Information

The basic payment method information includes

- A unique payment method identifier
- The bank and bank account from which payments are deducted
- A description of the payment method.

Types of Payment

The *type of payment* you select for a payment method specifies how to process payments. The payment process can produce paper or electronic payments for both single- and multiple-currency transactions.

The following table describes the types of payments and identifies the SmartStream product you use to produce them:

Type of Payment	Description	SmartStream Product
Check/Cheque	A paper document that instructs your bank to pay funds out of your bank account. The payment currency must be the same as the bank account currency.	Payables
International Check/Cheque	A paper document that instructs your bank to pay funds out of your account. The payment currency can be different from the bank account currency.	Payables
Letter of Transfer	A paper document that instructs your bank to transfer funds to another bank account, for example, a vendor's bank account. The payment currency must be the same as the bank account currency.	Payables
International Letter of Transfer	A paper document that instructs your bank to transfer funds to another bank account, for example, a vendor's bank account. The payment currency can be different from the bank account currency.	Payables
Draft	A paper document that is a secured payment that legally authorizes a bank to transfer funds from your bank account to a vendor's bank account. A draft can be issued by a vendor (bill of exchange) or your enterprise (promissory note). The payment currency can be different from the bank account currency.	Payables
Bank Transfer	An electronic transfer of funds from your bank account to another bank account, for example, a vendor's bank account. The payment currency must be the same as the bank account currency.	Payables
International Bank Transfer	An electronic transfer of funds from your bank account to another bank account, for example, a vendor's bank account. The payment currency can be different from the bank account currency.	Payables
Bankers Automated Clearing Service (BACS)	An electronic type of payment used in the United Kingdom. The payment currency must be the same as the bank account currency: the pound sterling (GBP).	Payables
Automated Clearing House (ACH)	An electronic type of payment used in the United States. The payment currency must be the same as the bank account currency: the United States dollar (USD).	Payables

Type of Payment	Description	SmartStream Product
CEMTEX	An electronic type of payment used in Australia. The payment currency must be the same as the bank account currency: the Australian dollar (AUD).	Payables
Payroll Check/Cheque	A paper document that instructs your bank to pay funds to the employee named on the document. This payment includes a check and an earnings statement.	Payroll
Payroll Direct Deposit	An electronic transfer of funds through the Automated Clearing House (ACH) directly to an employee's bank account. This payment includes a deposit advice and an earnings statement.	Payroll

Sort Sequence

You can define sort sequences for

- Payment and remittance advice documents
- Disbursal documents (checks, deposit advices, and earnings statements)
- Payroll regulatory reports
- Payroll Register reports.

These sequences determine the order for producing the documents and reports.

Default Sort Sequence

SmartStream delivers a default sort sequence for the payments and remittance advice documents. For a description of the delivered default sort sequence and for information about adding a user-defined sort sequence, see Determining Sort Sequences for Payments.

Minimum Reference Numbers

Specify the minimum number of payment reference numbers the payment process must have available to it when producing payments. When the available number of payment reference numbers falls below this minimum, SmartStream sends the task of adding more payment reference numbers for that payment method to the designated user's To Do List.

Minimum Payment Amount

If you specify a minimum payment amount, payments for any amount less than this value are not generated. This minimum amount prevents payments when the cost to process the payment exceeds the payment amount.

Second Signature

For paper payment methods, you can use the second signature option to specify a monetary amount above which a payment requires a second signature.

This product…	Uses the second signature amount as a sort criterion…
Payables	By default so that your payments requiring a second signature are printed out together.
Payroll	Only if you include it in your sort sequence.

Automatic Clearance

To use automatic clearance, specify the number of days after the payment date to have Bank clear the payment. Bank generates scheduled transactions that are processed during the next scheduled clearance process.

If you are using another software package to process clearance transactions, or if you pay a vendor electronically, you can choose automatic clearance.

When Not to Use

You cannot use the automatic clearance feature

- For draft payments
- For employee payments you produce using Payroll
- With any payment method that uses a payment currency different from the bank account currency.

Notification

For all payments you produce using Payables, you can specify a person to notify when payments are ready for production. After payments are generated, the payment process notifies this person that it is time to print the payment documents and, if applicable, the remittance advice documents.

Unreconciled Cash

If your business practice requires you to use an unreconciled cash account for your financial transactions with the payment method, you must associate accounting distributions for unreconciled cash with the payment method.

You can change the option to use an unreconciled cash accounting distribution only after you clear all bank items. If you change the option before clearing all items, the results are unpredictable.

For information about associating accounting distributions for unreconciled cash with payment methods, see the Setting Up Accounting Distributions for Bank Processing chapter.

Negative Payments

If you receive a credit memo from a vendor and have no outstanding invoices to apply it to, you may choose to request cash instead of deferred credit. To record this cash settlement, you can add a negative payment on the On Demand Payment window.

Prerequisite

You must select the Allow Negative Payments option for payment methods you use to produce negative payments.

Recommendation

Consider using a payment method with this option selected for it only for producing negative payments to make it easier to keep this type of payment separate.

Selecting Formatting Options (Payables)

When you produce a payment document for Payables, it usually consists of a payment and a remittance advice. You select formatting options for both when you set up each payment method.

Policy Decisions

When you select formatting options for payments and remittance advices, consider the following questions:

- Do you need to print remittance advice documents separately from payments?
- For electronic payment types, how many days do you need to allow for processing a payment?
- For electronic payment types, what information do you need to identify a transmittal?
- For paper payment types, which report templates do you want to use to format the payment and remittance documents?
- What type of script do you need to use to print the information on a check?

Electronic Payments

The payment process builds an electronic file in the format required by the payment type. You can deliver the file on tape or use other media.

Report Templates

Use one of the following report templates to format checks and letters of transfer:

Report Template	Description
CheckDocument-Box	Format for a check using the box script option to print the payment amount
CheckDocument-Script	Format for a check using the script and script with fractions script option to print the payment amount
LetterTransferDocument	Format for a standard letter of transfer
Int'l Check Document-Box	Format for an international check using the box script option to print the payment amount
Int'l Check Document-Script	Format for an international check using the script and script with fractions option to print the payment amount
Int'l Letter Of Transfer Document	Format for an international letter of transfer
SeparateRemitDocument	Format for a remittance advice document printed separately from the payment document

Note: You **must** enter the report template name **exactly** as shown, using uppercase and lowercase letters, spacing, and hyphens.

You can select a report template through Microsoft Access, the supporting tool for formatting, and tailor it to suit your processing needs.

Remittance Advice

Checks include a remittance advice that can contain up to 30 lines of remittance information, one line per invoice and one line per remittance message. If you tailor your checks, be sure to adjust this number accordingly.

For checks and international checks, you can print only a certain number of lines of remittance advice on the first page of the check payment form.

You can use the remittance advice options to indicate the way you want to format any overflow remittance advice.

For the letter of transfer and all the electronic payment types, a payment does not include remittance advice. If you want to produce a remittance advice for a letter of transfer, you can use the format for a separate remittance advice.

The following table shows the formatting options you can choose for remittance advice documents for most payment types:

Payment Type	Formatting Options
Check/Cheque International Check/Cheque Draft (The formatting options are for the portion of the remittance advice that does not fit on the first page of the payment.)	▪ Void next ▪ Separate ▪ None
BACS CEMTEX ACH Bank Transfer International Bank Transfer Letter of Transfer International Letter of Transfer	▪ Separate ▪ None

Loading Separate Documents

If you select the separate remittance advice format, you must load the printer first with payment and then with overflow forms. You then match them manually.

No Remittance Advice Formatting

If you choose None for remittance advice formatting, Payables does not print remittance advice for the letter of transfer and all the electronic payment types, and it does not print overflow remittance advice for either of the check payment types.

Script Options

You can decide how to print the scripted payment amount by selecting one of the following script options:

Option	Description
Script	Payment amount is written in words. For example, Fifty dollars and 20 cents.
Script with fractions	Payment amount is written in words and fractions. For example, Fifty dollars and 20/100.
Amount in boxes	Often used in the United Kingdom. The script representation of the payment amount is printed in boxes. Each box contains a monetary identifier. For example, 110 contains One in the hundred box, One in the Ten box, and Zero in the Units box.

Alignments

You can indicate the number of alignment forms that you want to use in printing the payments. This feature prints the designated number of forms voided with *X*s so that you can align the forms on the printer. This feature is useful for form-fed payment documents. If you are producing laser checks, you probably do not need any alignments and can enter zero.

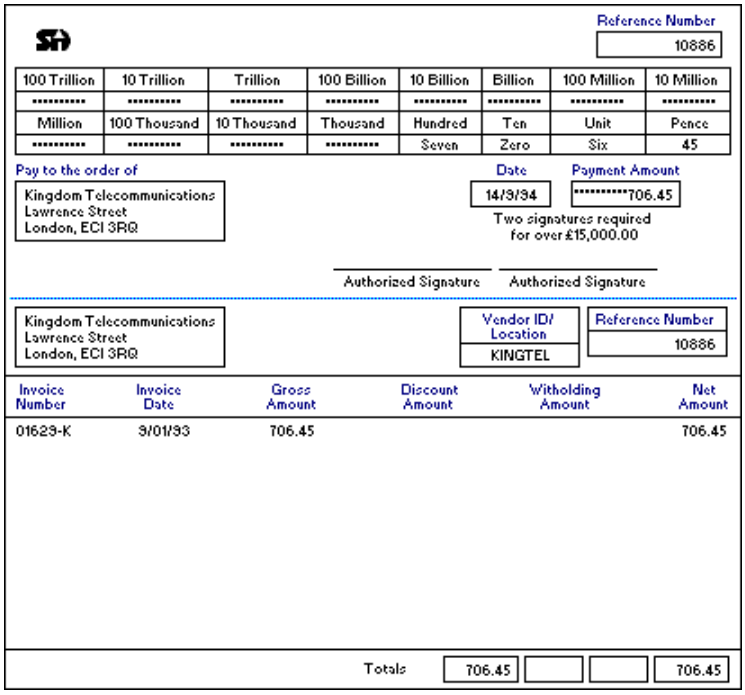
Example Payments (Payables)

This topic contains examples of the following payments you can produce in Payables:

- Check
- Letter of transfer
- Remittance advice

Check

This example shows a check formatted with the payment amount in boxes:



Reference Number: 10886

100 Trillion	10 Trillion	Trillion	100 Billion	10 Billion	Billion	100 Million	10 Million
**********	**********	**********	**********	**********	**********	**********	**********
Million	100 Thousand	10 Thousand	Thousand	Hundred	Ten	Unit	Pence
**********	**********	**********	**********	Seven	Zero	Six	45

Pay to the order of
Kingdom Telecommunications
Lawrence Street
London, EC1 3RQ

Date: 14/3/94
Payment Amount: **********706.45

Two signatures required
for over £15,000.00

Authorized Signature Authorized Signature

Kingdom Telecommunications
Lawrence Street
London, EC1 3RQ

Vendor ID/ Location: KINGTEL
Reference Number: 10886

Invoice Number	Invoice Date	Gross Amount	Discount Amount	Witholding Amount	Net Amount
01623-K	3/01/93	706.45			706.45
Totals		706.45			706.45

Script with Fractions

This example shows a check with the payment amount in script with fractions:

Reference Number
1052

Three Hundred Forty-Three Dollars and 00/100**********

Pay to the order of	Date	Payment Amount
Office Warehouse 110 Newton Road Atlanta, GA 30326	9/10/94	*********343.00

Two signatures required for over $15,000.00

Authorized Signature Authorized Signature

Office Warehouse 110 Newton Road Atlanta, GA 30326	Vendor ID/ Location	Reference Number
	OFFWHS -001	1052

Invoice Number	Invoice Date	Gross Amount	Discount Amount	Witholding Amount	Net Amount
14973	9/04/93	100.00	2.00		98.00
14983	9/05/93	250.00	5.00		245.00
Totals		350.00	7.00		343.00

Letter of Transfer

This example shows a letter of transfer:

Letter of Transfer

Date: 9/10/93
Reference Number: 400043

Transfer From:	Transfer To:
Bank Name: Freedom Bank	Bank Name: Providential Bank of Ontario
Branch Name: Rochester	Branch Name:
Bank Number: 45198700	Bank Number: 1542678
Address: 1000 Brentwood Parkway Rochester, NY 10987	Address: 3200 W. Bay Street Toronto, ON M5J 2R8 Canada
Name on Bank Account: Smart Direction Industries	Name on Bank Account: Prestige Plastics International
Bank Account Number: 44239777	Bank Account Number: 70024887

Payment

Payment Amount: **********295.20 Canadian Dollars

Two Hundred Ninety-Five Dollars and 20/100**********

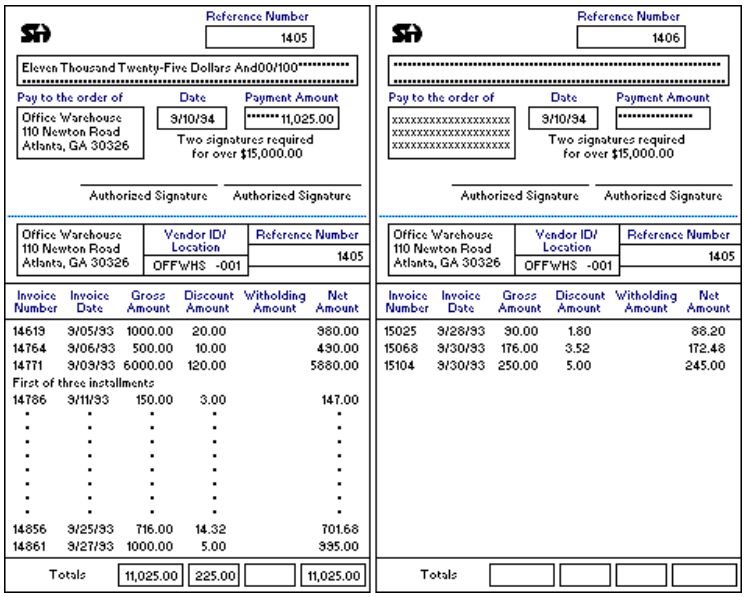
Authorized Signature Authorized Signature

Remittance Advice Forms

The examples that follow show the remittance advices that result from selecting each formatting option.

Void Next Format

The void next formatting option voids the next check after the payment check by filling in the check portion of the form with *X*s.



Reference Number: 1405

Eleven Thousand Twenty-Five Dollars And00/100**********

Pay to the order of	Date	Payment Amount
Office Warehouse 110 Newton Road Atlanta, GA 30326	3/10/94	******11,025.00

Two signatures required for over $15,000.00

Authorized Signature Authorized Signature

Office Warehouse 110 Newton Road Atlanta, GA 30326	Vendor ID/ Location	Reference Number
	OFFWHS -001	1405

Invoice Number	Invoice Date	Gross Amount	Discount Amount	Witholding Amount	Net Amount
14619	3/05/93	1000.00	20.00		980.00
14764	3/06/93	500.00	10.00		490.00
14771	3/09/93	6000.00	120.00		5880.00
First of three installments					
14786	3/11/93	150.00	3.00		147.00
.	.	.	.		.
.	.	.	.		.
.	.	.	.		.
.	.	.	.		.
.	.	.	.		.
.	.	.	.		.
.	.	.	.		.
.	.	.	.		.
14856	3/25/93	716.00	14.32		701.68
14861	3/27/93	1000.00	5.00		995.00
Totals		11,025.00	225.00		11,025.00

Reference Number: 1406

****

Pay to the order of	Date	Payment Amount
xxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxx	3/10/94	**********

Two signatures required for over $15,000.00

Authorized Signature Authorized Signature

Office Warehouse 110 Newton Road Atlanta, GA 30326	Vendor ID/ Location	Reference Number
	OFFWHS -001	1405

Invoice Number	Invoice Date	Gross Amount	Discount Amount	Witholding Amount	Net Amount
15025	3/28/93	90.00	1.80		88.20
15068	3/30/93	176.00	3.52		172.48
15104	3/30/93	250.00	5.00		245.00
Totals					

Separate Remittance Format

The separate remittance formatting option prints remittance advice on separate forms after all the payment forms have printed.

Selecting Formatting Options (Payroll)

When you produce an employee payment for Payroll, it consists of a check or deposit advice and an earnings statement. These are called *disbursal documents*. You select formatting options for the disbursal documents when you set up your payment methods.

Policy Decisions

When you select formatting options for disbursal documents, consider these questions:

- Do you want to use a predefined template for producing the disbursal documents?
- What information do you want to print on the disbursal documents?
- Do you want to use prenumbered forms?
- For deposit advices, what information do you need to identify a transmittal?
- For checks, do you want to specify an alternate bank for cashing the checks?

Print Templates

SmartStream delivers a set of templates you can use to format the content and appearance of checks and deposit advices (two for Canadian checks and deposit advices, and two for U.S. checks and deposit advices). Payroll includes page formatting options you can use to change the layout and format of disbursal documents by moving detail lines in the print templates.

For technical information about the templates, see the following sections in the *Payroll Technical Reference*:

- Setting Up the Disbursal Print Templates
- Sections of the Disbursal Print Templates

Earnings Statements

For each payment method you set up for a check or deposit advice, you must select print options and enter line information to specify where information prints on the earnings statement.

If the information does not fit on one form, you can choose one of the following format options:

- Void the next payment form and print the remaining earnings information on the voided form
- Summarize the earnings information

If you choose to summarize the earnings information, Payroll prints the details for as much of the earnings statement as possible on the first page of the document, then prints the remaining information in summarized form on the same page.

More Information

For more information, see the following sections in the *Payroll* guide:

- Setting Up Payment Methods
- Disbursal Documents
- Examples of Disbursal Documents

Assigning Payment Reference Numbers

Before you can generate payments, you must assign each payment method a range of payment reference numbers to use during payment processing.

If you use a payment method to produce payments without a sufficient number of payment reference numbers, the payment process for the payment method stops when the last assigned number is used.

When to Assign Numbers

Assigning payment reference numbers is an ongoing task. Initially, when you add new payment methods, you are prompted to add available reference numbers. A task in your To Do List reminds you when you no longer have enough numbers available for a payment method.

Using Prenumbered Forms

When using prenumbered payment forms, be sure to enter available reference numbers that agree with those on the prenumbered forms.

Using Duplicate Numbers

Payment reference numbers must be unique within each payment method associated with a bank account. However, you can have duplicate payment reference numbers within a single bank account if they are associated with different payment methods.

For example, you can produce a BACS payment and an international check, both with the payment reference number 1, from the same bank account. You cannot produce two international checks, each having the payment reference number 1, from the same bank account.

Payment Reference Number Range Breaks

You can enter multiple ranges of reference numbers for a single payment method. This capability allows for breaks in sequence on prenumbered forms.

Determining Sort Sequences for Payments

A *sort sequence* determines the order in which Payables or Payroll produces documents and reports.

With Payables, you can use the predefined sort sequence, or you can enter a user-defined sort sequence to use in addition to the predefined sequence.

Payroll does not use a predefined sort sequence. You must define your sort sequence for

- Disbursal documents
- Regulatory reports
- Payroll Register reports.

Predefined Sort Sequence

The predefined sort sequence has three criteria for sorting:

- Payment method
- Payment currency
- Special handling requirements (second signature)

You cannot change these sort criteria. Payables performs this predefined sort sequence before performing any user-defined sort sequence.

If you enter a second signature amount for a payment method, the second signature requirement automatically becomes the third criterion in the predefined sort sequence.

User-Defined Sort Sequences

Use the Sort Order window to add user-defined sort sequences. The criteria you can select varies depending on the sort type.

When you add sort sequences for payments and disbursals, you assign them to appropriate payment methods on the Payment Method window.

4 Setting Up Accounting Distributions for Bank Processing

Chapter Contents

4-1 Requirements for Accounting Distributions
4-3 Setting Up Default Accounting Distributions

Requirements for Accounting Distributions

After you add bank accounts and payment methods, you can associate accounting distributions with them.

The Help for the Payment Method Accounting Distributions window includes procedures and details about the specific values you can enter for accounting distributions for cash, unreconciled cash, and accounts receivable clearance.

Payables Requirements

If you use a bank account to process payables payments, at a minimum, you must define a cash accounting distribution for the bank account or for each payment method defined for the bank account. During payment processing, the payment process generates journal entries to credit the cash accounting distribution.

If you use an unreconciled cash accounting distribution during payment processing, you must also define an unreconciled cash accounting distribution for the affected bank account or for any payment methods associated with the bank account.

Receivables Requirements

If you use a bank account to process receivables, at a minimum, you must define the following accounting distributions for the bank account:

- Cash
- Accounts receivable clearance

When you add remittances, Receivables generates journal entries to debit the cash accounting distribution and credit the accounts receivable clearance accounting distribution.

If you want to make entries to an unreconciled cash account during receivables processing, you must also define an unreconciled cash accounting distribution for the affected bank account.

Payroll Requirements

If you use a bank account to process payroll payments, you must define a cash accounting distribution for each payment method defined for the bank account. During ledger processing, the ledger distribution process generates journal entries to credit the cash accounting distribution.

Setting Up Default Accounting Distributions

For Payables and Receivables, you can define default cash and unreconciled cash accounting distributions as part of the definition of a bank account. For processing payables, you can also define these distributions as part of the information for a payment method.

For Payroll, you can define default cash accounting distributions for payment methods.

Policy Decisions

When you define accounting distributions for a bank account, consider the following questions:

- Do you post to an unreconciled cash account when processing payments and different types of remittances for the bank account? Remember that if you use the Payables and Receivables products, you must have separate unreconciled cash accounts for payments, receivable document remittances, and receivable draft remittances.
- What is the ledger entity of the cash accounting distribution for the bank account?
- To what accounting distribution do you want to post entries for accounts receivable clearance?
- Do you want to use the same bank account to produce payments for two or more ledger entities?
- If you define default accounting distributions for a payables payment method, do you want to use an unreconciled cash account with the payment method?

Bank Account Accounting Distributions

For a bank account, you can define default accounting distributions for the following types of distributions:

- Cash
- Unreconciled cash - drafts
- Unreconciled cash - payments
- Unreconciled cash - remittances
- Accounts receivable clearance

Payment Method Accounting Distributions

For a payment method, you can define default accounting distributions for the following types of distributions:

- Cash
- Unreconciled cash

Combining Accounting Distributions

You can also split the cash and unreconciled cash accounting distribution defaults between a bank account and one of its associated payment methods.

For example, you can define a cash accounting distribution for a bank account then define unreconciled cash accounting distributions for one or more payment methods associated with that bank account.

Validation

When you set up a default accounting distribution and enter values for the elements of your accounting key, Ledger validates each element as you enter it using your structures policy for the element. When you save the bank account or payment method accounting distribution, Ledger verifies the complete accounting distribution using the chart of accounts.

Unreconciled Cash Accounting Distribution

If you use an unreconciled cash accounting distribution for payment or receivables processing, the booking currency of its ledger entity must be the same as the booking currency of the ledger entity for the cash accounting distribution.

Default Sequence

Accounting distributions defined for payment methods have priority over distributions defined for the associated bank accounts. When you use a bank account to produce or clear payments, the payment or clearance process first determines if accounting distributions for cash and unreconciled cash were defined for the payment method associated with the bank account.

If the payment method does not include distributions for cash and unreconciled cash, the payment or clearance process generates journal entries for the cash and unreconciled cash accounts defined for the bank account instead.

Changing and Deleting Accounting Distributions

If you define accounting distributions for a payment method or bank account and later inactivate the payment method or bank account, you can still add or make changes to accounting distributions for the inactive payment method or bank account.

You cannot delete a cash accounting distribution. You can delete an unreconciled cash distribution only if the related payment method or bank account does not require an unreconciled cash account.

5 Reconciling Bank Notification Statements for Payables Drafts

Chapter Contents

5-1 About Bank Notification
5-3 Adding Bank Notification Statements
5-4 Adding Draft Notifications
5-5 Reconciling Drafts with Notification Information
5-6 Changing Bank Notifications

About Bank Notification

A payables *draft* consists of one or more payment requests. Before your enterprise pays a draft, you receive notification from your bank that the vendor presented the draft for payment.

You must enter the notification information and resolve any discrepancies between the notification information and the Payables draft information before the bank can transfer the funds from your bank account to the vendor's bank account.

This section contains information to help you make the decisions for performing the following tasks:

- Adding bank notification statements
- Adding draft notifications
- Reconciling drafts with notification information
- Changing bank notifications

Finding Information Online

You can find detailed procedures for processing bank notification information in the online Help.

Use the overviews and window topics as guides for adding bank notification information and for matching payables drafts to draft notifications.

See the field topics for specific values and entry instructions.

Adding Bank Notification Statements

The bank notification statement your bank sends lists all drafts it received that are due for payment on a specific date.

Content of a Bank Notification Statement

A bank notification statement lists the information that is common to all draft notifications referenced on the statement. This includes the bank information, the total amount of the funds to be transferred, and key processing dates. These dates indicate when the bank will transfer funds from your bank account to the vendor's bank account.

Statement Totals

Payables calculates the total of the draft notifications and the refusal total each time it processes a draft notification for the bank notification statement. The *calculated total* is the sum of Payables drafts you matched to the bank notification statement, and the *refusal total* is the sum of the amounts for all draft notifications with an exception condition.

If you return to the Bank Notification Statement window after processing draft notifications, you can refresh the window to see the updated totals.

Status

The status of a bank notification statement indicates its current stage in the bank notification processing cycle. By monitoring the status of a statement, you can track its progress through the processing cycle.

The following table lists and describes each status a bank notification statement can have:

Status	Description
Complete	All draft notifications listed on a bank notification statement are matched with Payables drafts, and the notification total equals the sum of the amounts for the drafts matched to the statement. None of the draft notifications has an exception condition.
Complete with Exception	All draft notifications listed on the bank notification statement are recorded and at least one draft notification has an exception. The sum of the amounts for the drafts matched to the statement is greater than or equal to the notification total for the statement.
Incomplete	The sum of the amounts for the drafts matched to the bank notification statement is less than the notification total for the statement.

Adding Draft Notifications

Each draft notification listed on the notification statement contains the information about a draft the vendor presented to your bank for payment.

To ensure the bank information is valid, Payables compares it with the draft.

Matching to a Payables Draft

A draft notification must match a draft before Payables authorizes it for payment. Payables performs several comparisons to help you determine if you need to pay or refuse to pay the draft.

Paper Notification

When you receive a bank notification statement on paper, you must enter the draft notification information on the Draft Notification window. Then you match the draft notification information to the related draft information.

Electronic Notification

When you receive bank notification information electronically, the scheduled bank notification process performs the matching function.

Draft Notification Exceptions

If any of the following information is not the same on the draft and the draft notification, Payables adds the draft notification noting an exception condition:

- Due date
- Amount due
- Draft class

Also, a draft notification can have an exception if the corresponding draft is on hold or if it has a status of Incomplete or Pending.

If Payables finds an exception, you must review the exception and determine if you want to make changes or refuse to pay the draft.

Accounting Distributions

After Payables matches a draft notification to a draft that has a status of Unapplied, Ledger can post the journal entries for the notes payable liability. Payables generates journal entries for the accounting distributions for notes payable entered for the draft.

Reconciling Drafts with Notification Information

You reconcile bank notification statements so that you can instruct your bank to authorize the transfer of funds.

Bank Notification Statement

To reconcile a bank notification statement, you must match a draft to each draft notification listed on the statement. If you have exception conditions, you must resolve them or refuse to pay the draft.

Depending on the method you used to add the bank notification statement and draft notifications, you can resolve any exception conditions by changing either the bank notification statement or the draft notification.

Changing a Statement

You can change the statement to resolve exception conditions only if you added it using the Payables windows.

Deleting a Statement

You can delete bank notification statements added using the bank notification windows if no draft notifications are matched to it. You cannot delete bank notification statements added using the scheduled process.

Draft Notification

To resolve an exception condition for a draft notification, you must change either the draft or the draft notification. If you added the draft notification through the scheduled process, you can change only the draft.

Changing a Draft

Use the Draft window to correct any errors in the draft information.

Refusing to Pay a Draft Notification

If you determine that the draft notification information is incorrect and you cannot resolve the exception condition, you can refuse to pay the draft. In that case, you complete the review process with the exception condition unresolved.

Deleting a Draft Notification

You can delete a draft notification only if it was entered using the bank notification windows. If it was entered using the scheduled process, you must refuse to pay the draft instead.

Responding to Your Bank

If your bank expects a response to the bank notification statement before it authorizes the transfer of funds, you must send a list of all the drafts presented to the bank that you are refusing to pay, along with a reason for each refusal. Use Microsoft Access to format the information your bank requires.

Changing Bank Notifications

After you add a bank notification statement, you can change certain information.

Changing a Bank Notification Statement

After you match drafts to the draft notifications on the statement, you can change the following information on the bank notification statement if you added the statement using the window process:

- Notification total
- Reply-by date
- Payment date

Changing a Draft Notification

Until the reply-by date, you can change the amount, due date, or class for any draft notification you added using the Draft Notification window.

6 Clearing Bank Items

Chapter Contents

6-1 About Bank Clearance
6-3 Using the Bank Statement Summary
6-4 Entering Bank Clearance Information
6-6 Verifying and Balancing Bank Statements
6-7 Resolving Clearance Exceptions
6-8 Archiving Bank Statements

About Bank Clearance

After items (payables payments, deposits, and remittances) clear the bank, you receive information confirming clearance on paper or magnetic media or through electronic transfer. You must enter the clearance information you receive from the bank and resolve any discrepancies.

During the clearance process, Bank changes the status of the items and generates journal entries for clearance.

You can clear items when you receive the bank statement: daily, weekly, or monthly.

This section contains information to help you make the decisions for performing the following tasks:

- Using the bank statement summary
- Entering bank clearance information
- Verifying and balancing bank statements
- Resolving clearance exceptions
- Archiving bank statements

Finding Information Online

See Overview of Clearing Items to access topics about the windows and procedures you use to clear bank items.

Using the Bank Statement Summary

If you do not want to balance your clearance activity with the bank statement, this task is not required.

Purpose of the Summary

The *bank statement summary* contains a list of items that have been cleared. It helps you determine if the clearance information you enter is in balance with the statement you receive from the bank.

You enter the bank account identifier, activity period, and bank control totals.

Bank Control Totals

For each bank item, the *bank control totals* include

- Number of bank items cleared (count)
- Total amount cleared (in bank account currency).

The bank control totals can appear on your bank statement, or you can calculate them using the bank statement information.

As you clear items within the activity period of the statement, Bank calculates a separate count and total amount for each item. After entering bank clearance information, use this information to determine whether the totals that Bank generated agree with the bank statement totals.

Entering Bank Clearance Information

To enter clearance information, review items and then clear them using the Bank Clearance window. Use the different views to clear payments, deposits, and remittances.

Reviewing Bank Items for Clearance

To begin the online clearance process, first display a list of uncleared payments, deposits, or remittances for the bank account.

The selection criteria you can enter to determine the items displayed depend on the type of item you are clearing.

Selecting and Clearing Bank Items

After you identify the list of bank items that you want to review, you can begin evaluating and selecting items for clearance.

You can select bank items for clearance as follows:

- One or more items
- All items

Exceeding the Clearing Limit

If more than 50 items meet your selection criteria, Bank cannot clear them all at one time. You must then choose the More action and choose the Select All command again to retrieve the next set of items.

Clearing Draft Remittances and Deposits

You can clear only draft remittances that have a status of Matured. You can clear a draft deposit only if the status of each draft associated with the remittances in the deposit is Matured.

After Bank clears draft deposits and remittances, Receivables changes the status of each draft associated with every remittance in the deposit to Closed.

Using Scheduled Clearance

When you receive bank information for clearance on magnetic media or through electronic transfer, you first convert this information to the format that Bank accepts. Using the Job Scheduler, run the scheduled clearance process to apply the clearance transactions. For more information about the Job Scheduler, see Understanding the Job Scheduler in the *SmartStream Administration* guide.

Clearance Process Summary

When Bank completes the clearance process, it uses a scheduled clearance process summary to notify the user of

- Rejected scheduled transactions
- Clearance differences

- Transactions accepted and rejected.

Rejected Scheduled Clearance Transactions

Scheduled transactions are rejected if they do not pass Bank edits. The designated person resolves rejected scheduled transactions on the Scheduled Bank Transaction Maintenance window after accessing them through tasks in the To Do List.

Clearing Payments Automatically

Bank can automatically clear payments for you. Usually, you choose this option if you process electronic payments guaranteed to clear the bank within days. You can specify how many days after the payment date to clear payments automatically when you set up a payment method.

The Process

If you choose automatic clearance for a payment method, when Payables generates payments using that payment method, it also generates clearance transactions. It then processes these transactions in the next scheduled clearance run.

Example

You add an electronic payment method for BACS payments. The transactions clear the bank within 24 hours of the transmission, so you specify 1 as the number of clearance days. You transmit a number of payments. One day later, Bank clears the payments during the scheduled clearance run.

Default Information

When you enter clearance information, Bank automatically displays the following amounts in the appropriate currency:

- Bank account clearance
- Item clearance

The currencies of these amounts depend on whether you are processing in a single- or multiple-currency environment and on the currencies of the

- Bank item
- Bank account
- Ledger entity.

Euro Currency Conversion Considerations

After you convert both your booking currency and bank account currency to the euro, the amount in the Bank Account Clearance Amount field is expressed in the currency of the bank account on the original clearing date, but the currency code beside it is the new currency code of the bank account.

Journal Entries

When you clear a bank item, Bank generates journal entries only if the item has a status of Cleared. For more information about journal entries generated during clearance, see About Receivables Journal Entries in the *Receivables* guide.

Verifying and Balancing Bank Statements

If you added the bank statement summary, you can use it to balance the totals that the bank provided.

Balancing Totals

After you record clearance transactions, use the bank statement summary to verify the totals that the bank provided. If the totals agree, the statement status is Balanced. If totals are different, the statement status is Out of Balance.

Resolving Out-of-Balance Conditions

The examples in the following table show some possible causes and resolutions for out-of-balance conditions:

If you...	Then...
Used the scheduled clearance process and some of the transactions were rejected	Correct errors using the Scheduled Bank Transaction Maintenance window and run the scheduled clearance process again.
Entered an activity period that does not match the bank statement	Change activity dates on the Bank Statement Summary window.
Entered the wrong clearance amount for an item	You can change a specific clearance amount from the Bank Statement Summary window by choosing Zoom to go to the appropriate Clearance Detail window where you can change the clearance amount.
Entered incorrect bank control totals	Change the count or amount totals on the Bank Statement Summary window.

Resolving Clearance Exceptions

A *clearance exception* occurs when the bank clears a bank item for an amount that is different from the original bank item.

Clearance Status

When you clear a bank item, Bank assigns the item clearance status as follows:

If the bank item amount...	Then the status is...
Matches the bank item clearance amount	Cleared.
Does not match the bank item clearance amount	Cleared with Exception.

Bank expresses the amounts in the bank item's currency.

Resolving Exceptions

To resolve a clearance exception, you can have the bank adjust its records, you can adjust the item, or you can choose to clear the item and make an adjusting entry in your ledger.

In any case, you change the item clearance amount to the item amount using the appropriate Clearance Detail window. You can add comments to explain your actions.

Deleting Clearance Transactions for Draft Remittances and Deposits

You cannot delete a clearance transaction for a receivable draft

- Remittance if the status of the associated draft is Failed.
- Deposit if any of the drafts associated with the remittances have a status of Failed.

Archiving Bank Statements

When you no longer want to keep certain bank statements available for inquiry or maintenance, you can archive them.

Criteria for Archiving Statements

You can archive all statements that have a date on or before a date that you specify. Using the Bank Statement Summary Archive window, specify the appropriate bank accounts and the archive-through date.

Reporting on Archived Information

You can generate reports or queries about archived information using Microsoft Access.

7 Bank Reporting

Chapter Contents

7-1 About Bank Reports
7-2 Producing Bank Reports
7-4 Bank Clearance Balance Reports
7-6 Payment Activity Reports

About Bank Reports

Bank provides reports to help you perform the following tasks:

- Balance clearance activity for payments, deposits, and remittances
- Verify payment activity and clearance

This section provides information to help you make decisions for producing the Bank reports and describes the content of each report.

Finding Information Online

See the online Help for Bank for details about entering the information you need to format and produce a report.

Producing Bank Reports

To produce a Bank report, you indicate

- The report you want
- An identifier for the report parameters (optional)
- The information you want to include in the report
- The format of the date and currency for the report
- The way you want to present the report, either online or in print
- The way to advance date parameters for scheduled reports.

Report Option Identifier

You can define the parameters for a report that you produce frequently and assign this set of parameters an identifier. You enter the parameters only once, save them, and later use the report option identifier to retrieve them. When you select this report option identifier, the Job Scheduler runs the report according to the parameters and schedule you define.

Selection Criteria

You can specify certain criteria, or parameters, to determine the scope of the information to include on a report. The criteria you can enter depend on the report you select.

Display Options

You can select the option to use Windows defaults if you want to use the standard Windows default settings for the date format, decimal separator, thousand separator, and display of negative numbers. You can override the Windows defaults if you want to use different settings to display dates and currency.

Currency on Bank Reports

All amounts for the Bank reports appear in the transaction currency except for amounts on the Balance Unreconciled Cash to Ledger report. This report shows amounts in the booking currency.

Totals on a report containing amounts with different currencies are *hash totals*.

Using the Job Scheduler

You can use the Job Scheduler to schedule the bank reports. The scheduler uses the information you enter for run frequency to advance date parameters automatically. Run frequencies include daily, weekly, monthly, and none.

Example

You entered January 1, 2002, in the From Date field and January 7, 2002, in the To Date field. The run frequency is daily. After the scheduled report is run, Bank

automatically changes the date in the From Date field to January 2, 2002, and the date in the To Date field to January 8, 2002.

Bank Clearance Balance Reports

Bank clearance balancing is the process of verifying balancing activities for deposits, payments, and remittances for a particular date or range of dates.

Use the following reports to verify clearance activity:

- Balancing Unreconciled Cash to Ledger
- Deposit Clearance Exceptions
- Payment Clearance Exceptions
- Remittance Clearance Exceptions
- Uncleared Deposits
- Uncleared Payments
- Uncleared Remittances

The following table lists the bank clearance balance reports and summarizes the use, content, and selection criteria for the report:

Use this report...	To...	It contains...	Selection Criteria
Balancing Unreconciled Cash to Ledger	Balance uncleared bank items in the subledgers with the balance of unreconciled cash in ledger.	A list of all unreconciled cash for a bank account before a specified period end date. It includes the date, type, vendor, and amount of each bank item. For remittances and deposits, it also includes identifying information. It shows the total number of unreconciled items and the amounts of the items for each transaction currency and grand totals for the bank account.	Period end date Ledger entity
Deposit Clearance Exceptions	Display a current listing of deposits cleared with exception.	The slip number, date, and account for each deposit. It shows the total number of clearance exceptions, the deposit and clearance amounts, and the clearance difference for each transaction currency and grand totals for the bank account.	Bank Bank account As of date
Payment Clearance Exceptions	Display a current listing of payments cleared with exception.	The date, payment type, vendor, payment amount, clearance amount, and clearance difference for each payment reference number. It shows the total number of clearance exceptions, the deposit and clearance amounts, and the clearance difference for each transaction currency and grand totals for the bank account.	Bank Bank account As of date

Use this report...	To...	It contains...	Selection Criteria
Remittance Clearance Exceptions	Display a current listing of remittances cleared with exception	The number, qualifier, date, and amount of each remittance. It shows the total number of clearance exceptions, the remittance and clearance amounts, and the clearance difference for each transaction currency and grand totals for the bank account.	Bank Bank account As of date
Uncleared Deposits	Display a current listing of deposits not yet cleared.	The slip number, date, and amount of each uncleared deposit. It shows the total number and amount of uncleared deposits for each transaction currency and grand totals for the bank account.	Bank Bank account As of date
Uncleared Payments	Display a current listing of payments not yet cleared.	The number, date, and amount of each uncleared payment. It shows the total number and amount of uncleared payments for each transaction currency and grand totals for the bank account.	Bank Bank account As of date
Uncleared Remittances	Display a current listing of remittances not yet cleared.	The number, date, and amount of each uncleared remittance. It shows the total number and amount of uncleared remittances for each transaction currency and grand totals for the bank account.	Bank Bank account As of date

Payment Activity Reports

Use the following reports to verify payment activity:

- Activity Summary
- Payment Clearances Added
- Payment Clearances Changed
- Payment Clearances Deleted
- Payments Added
- Payments Cancelled
- Payments Replaced

The following table lists the payment activity reports and summarizes the use, content, and selection criteria for each report:

Use this report...	To...	It contains...	Selection Criteria
Activity Summary	Verify payment and payment clearance activity.	Totals for payments added, cancelled, and replaced and for payment clearances added, changed, and deleted. It also shows the net total of payment activity.	Bank Bank account From date To date
Payment Clearances Added	Verify payment clearances added on a particular date or range of dates for a bank account.	The payment date, clearance date, type, vendor, payment amount, clearance amount, and clearance difference for each payment cleared on the specified date or range of dates. It shows the total number and amount of clearances added for each transaction currency and grand totals for the bank account.	Bank Bank account From date To date
Payment Clearances Changed	Verify payment clearances changed on a particular date or range of dates for a bank account.	The payment date, clearance date, date changed, type, vendor, payment amount, current and previous clearance amounts, current and previous clearance differences, and the adjustment amount for each payment clearance changed on the specified date or range of dates. It shows the total number and amount of clearance changes for each transaction currency and grand totals for the bank account.	Bank Bank account From date To date

Use this report...	To...	It contains...	Selection Criteria
Payment Clearances Deleted	Verify payment clearances deleted on a particular date or range of dates for a bank account.	The payment date, clearance date, date deleted, type, vendor, payment amount, clearance amount, and clearance difference, for each payment clearance deleted on the specified date or range of dates. It shows the total number and amount of clearances deleted for each transaction currency and grand totals for the bank account.	Bank Bank account From date To date
Payments Added	Verify payments added on a particular date or range of dates for a bank account.	The payment date, type, vendor, and amount for each payment added on the specified date or range of dates. It shows the total number and amount of payment additions for each transaction currency and grand totals for the bank account.	Bank Bank account From payment run date To payment run date
Payments Cancelled	Verify payments cancelled on a particular date or range of dates for a bank account.	The date, type, vendor, and amount for each payment cancelled on the specified date or range of dates. It shows the total number and amount of payment cancellations for each transaction currency and grand totals for the bank account.	Bank Bank account From date To date
Payments Replaced	Verify payments replaced on a particular date or range of dates for a bank account.	The payment date, replacement date, type, vendor, and amount for each payment replaced on the specified date or range of dates. It shows the total number and amount of payment replacements for each transaction currency and grand totals for the bank account.	Bank Bank account From date To date

SMARTStream®

Financials Consolidations

Version 6.5

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Note: This is a Year 2000 Readiness Disclosure

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1 Overview of Consolidations

Chapter Contents

1-1 Consolidations and Your Business Needs
1-3 Features of Consolidations
1-4 Quick Reference for Consolidations
1-5 Before Using Consolidations

Consolidations and Your Business Needs

SmartStream Consolidations is a flexible product designed for enterprises that need to provide consolidated financial statements. It enables you to automate the financial consolidation process and capture the results. Consolidations enables you to

- Define and customize a consolidation hierarchy according to your business requirements
- Collect data from a variety of sources and manipulate it through currency conversion, consolidations, automatic eliminations, and adjustments
- Generate reports at various stages of the consolidation process.

Example

A large multinational corporation owns the majority of stock in a number of smaller companies. The parent company and its subsidiaries are separate legal entities and must prepare individual financial statements. In addition, the parent company needs to combine the financial data of its subsidiaries to create consolidated financial statements as if they were a single business enterprise. Consolidations lets you meet this need.

Using Consolidations With Other Products

Consolidations integrates with other SmartEnterprise Solutions products such as SmartStream Ledger, and non-Geac products. The following table describes how Consolidations uses these products:

Product	Provides...
SmartStream Ledger	Ledger balances converted to specified ASCII file format that can be loaded into a consolidation hierarchy
General Ledger: Millennium	Ledger balances converted to specified ASCII file format that can be loaded into a consolidation hierarchy
General Ledger: Expert	Ledger balances converted to specified ASCII file format that can be loaded into a consolidation hierarchy
Non-SmartStream ledger applications	Ledger balances converted to specified ASCII file format that can be loaded into a consolidation hierarchy

Features of Consolidations

SmartStream Consolidations includes the following features:

- Balance loading
- Eliminations
- Consolidations
- Adjustments
- Reports

Balance Loading

The balance loading component reads subsidiary balance files and loads them into Consolidations. This component validates the balances, converts currencies, and creates a list of loaded files.

Eliminations

The eliminations component performs standard elimination of intercompany transactions. While performing the initial setup procedures, you define the elimination rules. If out-of-balance conditions occur, the component sends the amounts to a balancing account based on user-defined tolerances.

Consolidations

The consolidations component combines subsidiary and parent data. This component writes all consolidated data (accounts and amounts) to the Consolidation Account Balance table, including the summarized parent data. Consolidations supports

- Multiple levels within a consolidation hierarchy
- Multiple consolidation hierarchies
- Selective consolidations.

Adjustments

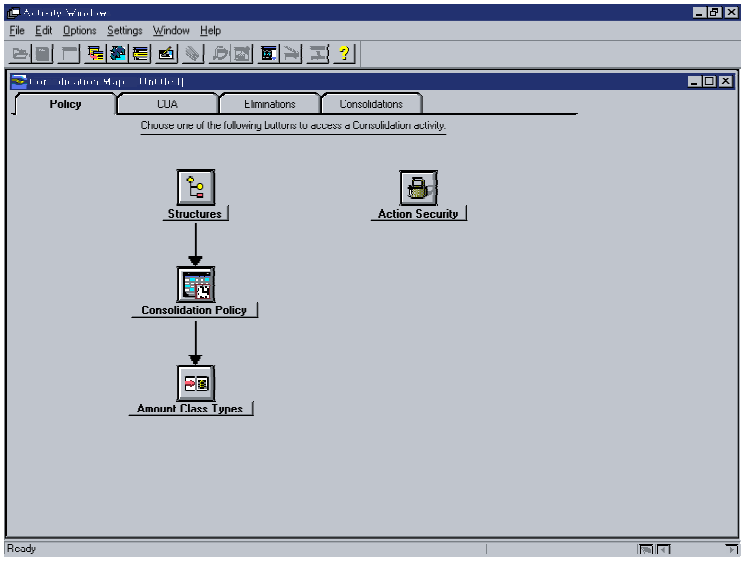
The adjustment component lets you modify the Consolidation Account Balance table either by making journal entries or by changing balances directly. Consolidations provides an audit trail for both adjustment methods.

Reports

The report component provides system recap reports, such as trial balance, journal entry, and audit trail reports.

Quick Reference for Consolidations

The Consolidations Map window is a graphical display of the Consolidations activities arranged in the order in which you use them. You can use this window to access the activities, or you can access each activity from your Activity List.



Before Using Consolidations

Before you begin using the Consolidations product, you must establish your enterprise-level policies. These policies include

- The lowest level of detail you need for consolidating financial balances
- The way you store balances

The following table describes the enterprise-level policies that affect Consolidations:

Component	Task
User-defined accounting key	Specify the accounting key elements and maximum number of periods needed for Consolidations. Consolidations comes with a predefined accounting key that you change to suit your business needs. For more information, refer to Planning Your User-Defined Accounting Key. **Note:** Even if you have already set up an accounting key for SmartStream Ledger, you **must** set one up specifically for Consolidations. The new accounting key reflects the level of detail you need for reporting your consolidated financial position.
Currency	Specify a currency code for each of the currencies used in Consolidations. You must specify at least one currency code. If you are a multiple-currency user, load currency exchange rates to use when converting international subsidiary balances to Consolidations reporting currencies. For more information, see Defining Enterprise Currency Decisions.
Calendars	Define the fiscal calendars used in Consolidations. For more information, see Enterprise Calendars.
Amount class types	Set up the amount class types needed in Consolidations using the Enterprise Amount Class Types window.

2 Planning Consolidation Policies

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2-1 About Planning Consolidation Policies
2-2 Defining the Consolidation Structure
2-4 Defining Consolidation Controls
2-6 Windows to Use
2-7 Verifying Policy Setup

About Planning Consolidation Policies

Consolidation of financial information is based on the operation and organization of your enterprise, as well as its reporting needs. When you plan your consolidation policies, you define the rules for processing information in Consolidations.

Planning consolidation policies for your enterprise includes

- Defining the consolidation structure
- Defining consolidation controls.

Defining the Consolidation Structure

Consolidations summarizes financial data on the basis of your consolidation structure. When creating a consolidation structure, you need to consider the basic functions of your business practices and define the relationship among the enterprise entities. Depending on your business practices and reporting needs, you determine a structure of entities that represents your enterprise.

Structure Types

By creating a consolidation structure, you illustrate how your enterprise operates, and by creating multiple consolidation structures, you can accommodate different reporting needs. The two most common types of structures are intercompany and intracompany:

- **Intercompany structure** - Summarizes the financial data of subsidiaries that are affiliated with a parent company. The data entities are the subsidiaries; the summary entity is the parent company.
- **Intracompany structure** - Summarizes the financial data of different divisions, departments, or regions within a single company. The data entities are the divisions, departments, or regions; the summary entity is the company.

Defining an Elimination Entity

At each level or branch of your consolidation structure, you define an elimination entity. An elimination entity stores elimination transactions or journal adjustments without changing the source data. Intercompany payables and receivables, fees, or chargebacks are examples of some accounts that require elimination.

Considering Minority Interest

If a parent company owns between 50 and 100 percent of a subsidiary, the portion owned by the subsidiary is the minority interest. The subsidiary is a minority interest entity. For example, if Company A purchases 75 percent of the available stock of Company B, Company A owns 75 percent of Company B. The stockholders of Company B retain a minority interest of 25 percent in both the net income and assets of Company B.

When creating a consolidation structure, consider the percentage that a parent company owns, and in a multiple level structure, the percentage that a mid-level summary entity owns.

US Generally Accepted Accounting Principles (GAAP) require that the consolidated financial statement of the parent company indicates that minority stockholders have an interest in both the net income and the assets of the subsidiary. During the consolidation process, the Consolidations product summarizes accounting keys that are alike and performs minority interest calculations for net income. To make adjustments for equity, you can either post a journal entry or make a direct balance adjustment.

Considering Multiple Currencies

In a multinational business environment, the currencies of the subsidiaries can differ from one another and from the currencies of the consolidated balances. When you create the consolidation structure you specify the transaction currencies of the subsidiaries. A transaction currency is the currency of the balances that data entities send for consolidation. In addition, consider the currency in which you want to report the consolidated balances. You can specify as many as four reporting currencies.

Example

A Canadian subsidiary sends amounts for consolidation to a parent company that produces consolidation reports in US dollars. The transaction currency in this case is Canadian dollars, and the reporting currency is US dollars. Consolidations automatically converts the amounts from Canadian dollars to US dollars.

Consolidated Reporting Using Management Reporter

To create cross-tab reports where your entities display as columns on the report, you must add an entity named **ALL** (uppercase) to the consolidation structure. The **ALL** entity can be either a summary point or a data point, and it must roll up to the top point on the structure.

Once you add the **ALL** entity to the structure, you can select this point in Management Reporter to produce cross-tab reports.

Note: When creating cross-tab reports, you must specify the **same** currency for all entity balances.

Defining Consolidation Controls

Consolidation controls are the system-wide rules that control the processing of information. You establish consolidation controls in the following categories:

- General policy considerations
- Amount class types
- Security

General Policy Considerations

As you set up Consolidations, you can use controls that ensure the consistent application of consolidation policy for your enterprise. You make decisions for the following areas:

- Primary structure
- Account maintenance
- Currency
- Calendar

Specifying a Primary Structure

The primary structure is the structure that you want to use most often when performing consolidations.

Note: Before specifying your primary structure in Consolidations, define your consolidation structure in Structures.

Determining Account Maintenance

Determine whether or not you want to track any adjustments made directly to account balances and under what conditions you want to delete accounts.

Currency Decisions

Decide whether you want to produce consolidation reports in one currency or multiple currencies. If you select multiple currencies, Consolidations creates a row in the Consolidated Account Balance table by account for each currency that you specify. Decide carefully because this option is difficult to change once you run the consolidation program and enter amounts in the Consolidation Account Balance table.

Reporting Currencies

Determine the primary reporting currency. Multiple-currency entities can specify as many as four reporting currencies.

Determining the Rate-Setting Authority

If you choose to report in multiple currencies, specify the rate-setting authorities or rate entities that provide the appropriate exchange rates for consolidations.

For information on loading currency exchange rates, see Rate Entry Methods.

Calendar Decisions

Determine the date policies for consolidations, including

- The periods that are open for consolidations
- The rate date for currency conversion.

Note: Before defining your consolidation date policies, setup the calendars. For more information, see Enterprise Calendars.

Consolidation Amount Class Types

In Consolidations, amount information is stored by amount class type. When you define amount class types for consolidations, you

- Specify how you want to update the Consolidation Account Balance table. You can manually adjust balances, post journal entries, or both. You can also prohibit updating of the table.
- Specify whether the debits and credits must balance during the balance loading and journal entry processes
- Identify the currency conversion rate you want to use to convert balance sheet and profit/loss accounts in multiple-currency installations.

Before any amount class types are available to Consolidations, they must first be defined for the enterprise. For more information, see the Amount Class Types window.

Assigning Security Privileges

Because Consolidations allows you to specify which users can perform online processes, you can more effectively control how balances stored on the Consolidation Account Balance table are updated. You decide which users can perform the following online processes:

- Post and unpost journal entries from the Journal Entry window.
- Run the Elimination process from the Elimination Request window.
- Run the Consolidation process from the Consolidation Request window.

For information on creating your own security group for consolidations, see Users and Security Groups.

Windows to Use

For a list of windows to use to define your consolidation policies, see Setting Up Consolidations.

Verifying Policy Setup

Use the following reports to verify that you have set up the consolidation policies correctly:

- Consolidation Hierarchy
- Currency Listing

For information on running reports, see Producing Reports.

3 Managing the Chart of Accounts

Chapter Contents

3-1 About Managing the Consolidation Chart of Accounts
3-2 Establishing Your Chart of Accounts
3-3 Verifying the Chart of Accounts

About Managing the Consolidation Chart of Accounts

The consolidation chart of accounts represents how the consolidation hierarchy captures, stores, and reports financial data. When you establish accounting keys for your consolidation hierarchy, you are establishing the chart of accounts. In Consolidations, all subsidiaries within a consolidation hierarchy must provide balances using the **same** chart of accounts.

When you consolidate, chart of accounts values that are the same are summarized to create consolidated amounts. Consolidation chart of account values include the balance sheet and income statement account types of assets, liabilities, equity, income, and expenses, as well as the statistical account types of balance or volume.

Establishing Your Chart of Accounts

There are two ways to establish the consolidation chart of accounts:

If you want to...	Then...
Add a few accounting keys to your consolidation chart of accounts	Use the Consolidation Chart of Accounts window.
Add many accounting keys	Use the Chart of Accounts Load Program. For detailed information, see Chart of Accounts Load Program.

Verifying the Chart of Accounts

Use the following reports to verify that the consolidation chart of accounts has been set up correctly:

- Chart of Accounts Listing
- Chart of Accounts Audit

For information on running reports, refer to Producing Reports.

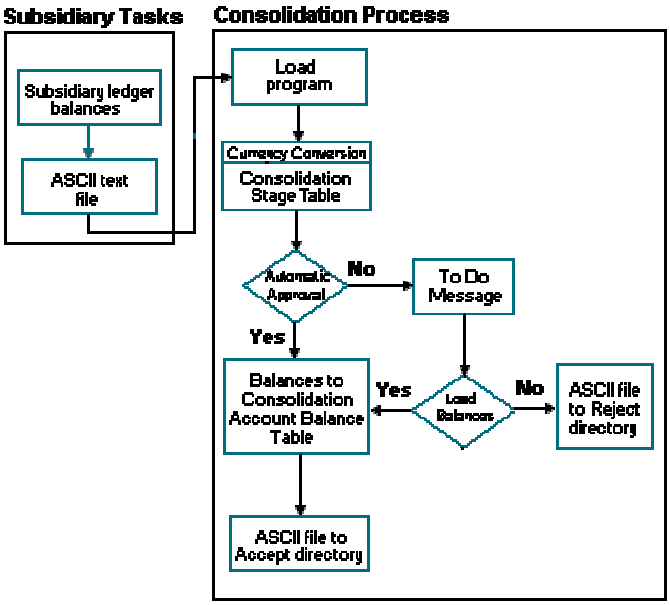
4 Loading Balances

Chapter Contents

4-1 About Loading Balances
4-3 Verifying the Results

About Loading Balances

Consolidations uses the ledger balances of data entities or subsidiaries to produce consolidation balances. Each subsidiary transfers the balances as specifically formatted ASCII text files and copies them to a consolidation directory on the server. Consolidations monitors the directory and automatically loads the files into a table for consolidation.



For detailed information on how to load balances, see Balance Load Program.

Verifying the Results

To verify that the Load program loaded the balances successfully and that they are the balances you expected, display the following windows:

- Consolidation Error Listing
- Consolidation Trial Balance.

5 Eliminating Transactions

Chapter Contents

5-1 About Eliminating Transactions
5-2 Preparing to Eliminate
5-3 Using the Eliminations Process
5-4 Verifying Elimination Results

About Eliminating Transactions

Accounting practices require you to eliminate any intercompany and intracompany transactions before the balances are rolled up into a single consolidated parent. *Intercompany transactions* are transfers between affiliated companies; *intracompany transactions* are transfers between divisions, departments, or regions within a single company. Such transactions may include sales, purchases, intercompany payables and receivables, fees, chargebacks, asset transfers, or investment and equity amounts.

Intercompany and intracompany transactions have no effect on the net assets or liabilities of a company's financial statements. By eliminating them, you get a clearer financial picture of your business enterprise.

Preparing to Eliminate

Before you run eliminations, you must set up elimination rules to specify which intercompany accounts you want to compare and eliminate. You can compare accounts one-to-one, one-to-many, or many-to-many. For comparisons that are out of balance, you can establish a tolerance that is acceptable for continued processing.

The elimination process uses these rules to match specified intercompany accounts between two entities and generate offsetting elimination entries. These elimination entries are posted to an elimination entity.

Creating Multiple Sets of Rules

When creating the consolidation structure for your enterprise, you may have created more than one structure. For each structure, you may have specified a different set of low-level entities or different elimination entities. You may want to use the elimination process to compare and eliminate different accounts. To accommodate all of these differences, you can create multiple sets of elimination rules to use with different structures or different elimination entities.

Note: You can manually eliminate specific transactions by entering journals. Use the Consolidation Journal Entry window.

Using the Eliminations Process

For detailed information on setting up elimination rules and running eliminations, see

- Adding Elimination Rules
- Adding or Changing an Elimination Request.

Verifying Elimination Results

To verify that your elimination request produced the results you expected, you can

- Check for errors on the Consolidation Error Listing window
- Display the Consolidation Trial Balance window
- Run the Elimination Matching report.

If you receive unexpected or undesirable results, you can make adjustments and rerun the elimination process during the same period. For more information, see Rerunning Eliminations.

For information on running reports, see Producing Reports.

6 Performing Consolidations

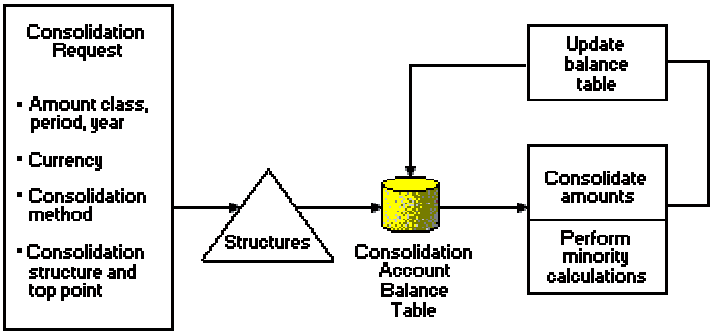
Chapter Contents

6-1 About Performing Consolidations
6-2 Preparing to Consolidate
6-5 Running Consolidations
6-6 Verifying Consolidation Results

About Performing Consolidations

After you define your consolidation structure, load balances from source ledgers, and eliminate intercompany debt, you are ready to perform consolidations. When you perform consolidations, you combine the financial data of the entities in your structure to create consolidated financial statements.

The following diagram shows what happens when you perform consolidations.



Preparing to Consolidate

In preparing to consolidate, determine:

- The amounts you want to consolidate
- The consolidation method
- If you need to keep track of minority interest
- The reporting currency.

Choosing a Consolidation Method

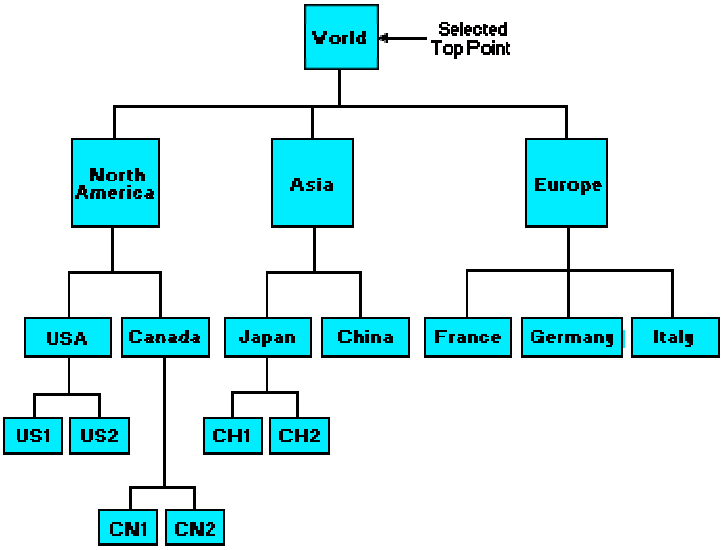
You can perform different types of consolidations, depending on how you want to combine the financial data. You can use one of these methods, or you can combine them:

- Total consolidation
- Direct consolidation
- One-level consolidation

Total Consolidation

Total consolidation is a comprehensive method in which all data is combined at each summary point in your consolidation structure up to a selected point. (You identify this point when you complete a consolidation request.) If you select the top summary point in your hierarchy, the entire structure is consolidated bottom to top. If you select a lower-level summary point, data is consolidated only up to that point.

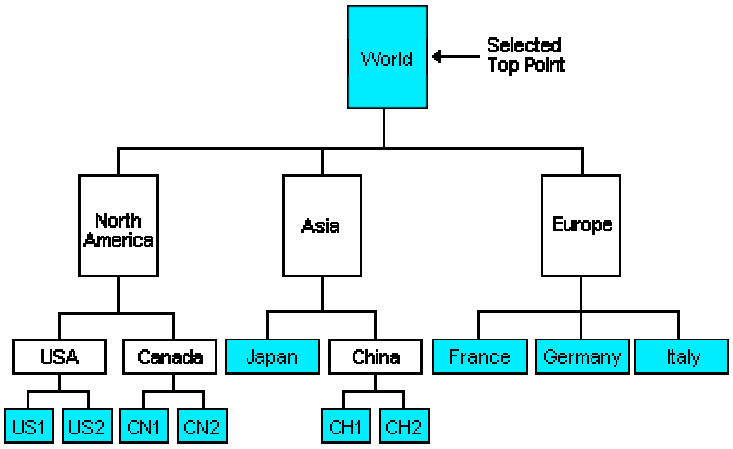
The following diagram illustrates the data and summary points of your enterprise structure that are affected when you select a total consolidation.



Direct Consolidation

Direct consolidation is a method in which financial data is consolidated for a selected point and not for any summary points below it. This method lets you create a quick snapshot of your consolidated data.

The following diagram illustrates the data and summary points affected when you select direct consolidation. The selected top point is the summary point and all other shaded entities are data points.

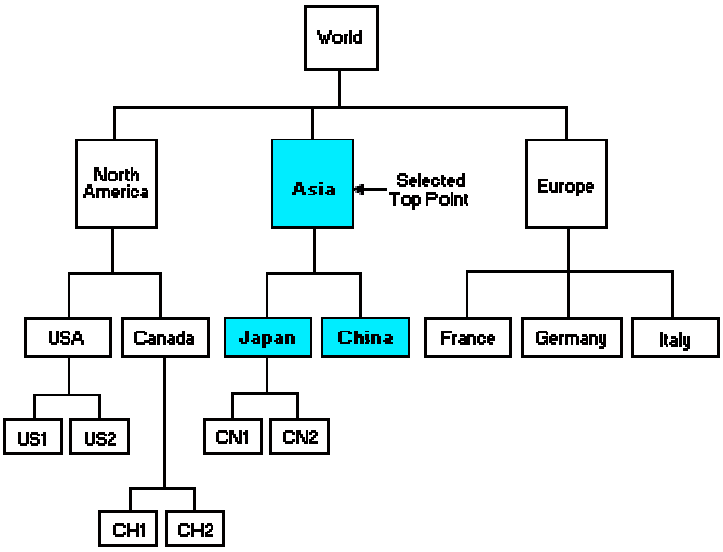


One-Level Consolidation

One-level consolidation is a method in which only the financial data from the level immediately below a selected summary point is combined. This method lets you make an adjustment and consolidate without reconsolidating your whole structure.

You can combine this method with the total consolidation method to make minor adjustments and do a partial reconsolidation. For example, you can make an adjustment that affects only a single branch of a multilevel consolidation hierarchy. To reconsolidate, you perform a total consolidation up to the point in the hierarchy where you made the adjustment. Next, you perform a one-level consolidation from this level up to the top point of the hierarchy. The benefit is that you need to reconsolidate only those branches in the hierarchy that your adjustment affected.

The following diagram illustrates the data and summary points affected when you select one-level consolidation. The summary points Asia and China, and the data point Japan represent a single branch of a consolidation hierarchy.



Specifying a Reporting Currency

You can consolidate amounts and report the results in any of the currencies that you specified on the Consolidation Policy window, but only one currency per consolidation request. The consolidation program uses the selected currency as an extract criterion for extracting financial data from the Consolidation Account Balance table. If you must consolidate and report using any of the other currencies, you must run the Consolidation program for each currency.

The consolidation program does not do any currency conversion or balancing. Currency conversions occur only when you initially load balances and when you make journal adjustments.

Running Consolidations

For detailed information on running consolidations, see Adding or Changing a Consolidation Request.

Verifying Consolidation Results

To verify that your consolidation request produced the results you expected, you can

- Check for errors on the Consolidation Error Listing window
- Display the data on the Consolidation Trial Balance window or the Consolidation Account Balance window.

If you receive unexpected or undesirable results, you can modify the consolidation structure or adjust amounts, and then rerun the consolidation process.

7 Making Adjustments

Chapter Contents

7-1 About Making Adjustments
7-2 Adjusting Balances Manually
7-3 Entering Adjusting Journals
7-5 Verifying the Results

About Making Adjustments

After running the loading, elimination, or consolidation process, you may need to make adjustments and corrections to the balances until the amounts are acceptable. You can use the following methods:

- Adjust the balances manually
- Enter adjusting journals.

Adjusting Balances Manually

As you analyze the balances produced by the loading, elimination, and consolidation processes, you can decide to make direct adjustments to any of the balances so they more accurately reflect your enterprise. For example, you may want to defer a portion of revenue to the next period.

Before You Begin

When you adjust the balances, you change the amounts on the Consolidation Account Balance table. To update the Consolidation Account Balance table, you must have set the Activity Status on the Consolidation Amount Class Types window to All Activities or Balance Maintenance Only.

Creating an Audit Trail

You can also create an audit trail of the adjustments you make. To create an audit trail, check the Maintain Account Audit option on the Consolidation Policy window. You can view audit information by producing the Account Balance Audit report.

Converting Currencies

Any currency conversions must be made manually; balances in one currency that you change will not be automatically converted to another currency. If you require automatic currency conversion, make adjustments by posting journal entries instead. The posting process performs currency conversion and balancing in a multiple-currency environment.

Windows to Use

Use the following windows to adjust balances manually:

Window	Allows you to...
Consolidation Trial Balance	Display and update all balances for a specific entity, amount class, year, period, and currency code. You can use this window to verify balances that appear on the Consolidation Account Balance Stage table during the load process or that appear on the Consolidation Account Balance table during the elimination and consolidation process.
Consolidation Account Balance	Display, add, update, and delete period balances for a specific entity, accounting key, amount class, year, and currency code. You can use this window to make adjustments to period balances following the elimination and consolidation process.

Entering Adjusting Journals

Posting journal entries is another method of making adjustments to the amounts on the Consolidation Account Balance table. When you use this method of adjustment, each journal becomes the audit trail. In addition, the posting process performs balancing and, in a multiple-currency environment, currency conversion. For many businesses, this method is preferred.

Before You Begin

Before using this method to update the Consolidation Account Balance table

- The Activity Status on the Consolidation Amount Class Types window must be set to **All Activities** or **Journal Entry Only**
- You must have been given security access to enter journals. Use the Consolidation Action Security window.

Window to Use

To create, modify, delete, and post adjusting journal entries to the Consolidation Account Balance table, use the Consolidation Journal Entry window.

Currency Balancing

In a multiple-currency environment, Consolidations converts and balances each currency and posts the debit and credit amounts to the specific accounts. If the currency accounts do not balance, Consolidations posts the difference to the currency balancing account that you established when you created the chart of accounts. Refer to Managing the Chart of Accounts for more information.

Posting to the Source Ledger

To post adjustments to the source ledger, you must notify the appropriate subsidiary.

Undoing Journal Entries

Use the Undo Posted Journal option to remove the journal balances from the Consolidation Account Balance table.

Using Templates

A template is the basic framework of a journal entry with predefined values. You can create a number of templates, each one containing a different set of predefined values. Templates let you quickly create journal entries without having to enter all the values each time.

Example

You may want to create a template for equity or minority interest accounts or for manual elimination entries. You may need to make journal entries for these accounts each time you perform consolidations. These may be accounts that you were unable to accommodate when designing the Consolidation structure or the elimination rules.

For more information on creating and using templates, refer to Creating a Journal Template and Creating a Journal From a Template.

Verifying the Results

Use the Consolidation Trial Balance, the Consolidation Account Balance, and the Consolidation Journal Entry windows to display the changes you make to the account balances and journals. In addition, use the following reports to verify adjustments you made:

- Trial Balance
- Journal Detail
- Account Balance Audit.

For information on running reports, refer to Producing Reports.

8 Producing Reports

Chapter Contents

8-1 About Producing Reports
8-2 Reporting Process
8-3 Reporting by Function

About Producing Reports

Consolidations provides you with a number of delivered reports that you can run to verify balances and processing results. You can modify these delivered reports in a number of ways.

You can either run the reports on demand using the Consolidation Reporting activity, or schedule the reports using the Job Scheduler. For more information, see Scheduling Consolidations Reports.

Before You Begin

Before running the delivered reports, you must perform some setup tasks. For more information, refer to Setting Up for Reporting.

Reporting Process

The following table describes the process you use to produce the delivered reports:

Stage	Task	Window
1	Select the reporting module.	Choose Consolidation Reporting from an Activity List
2	Select the desired report.	Consolidation Reporting
3	Modify the run-time parameters as needed.	Consolidation Report Parameters
4	Choose Preview or Print.	Consolidation Report Parameters. You can also schedule the reports. For more information, see Scheduling Consolidations Reports.

Reporting by Function

The following table lists the delivered reports grouped according to when you might want to run them:

If you want to...	Run these reports...
Display the elimination rules	Elimination Rules
Display the policy decisions	Consolidation Hierarchy Currency Listing
Display the results of the Consolidation process	Trial Balance Consolidation Error
Display the results of the Elimination process	Elimination Matching Trial Balance
Display the results of the Load process	Load Verification Consolidation Error Trial Balance
Verify adjustments to the Consolidation Account Balance table	Trial Balance Journal Detail Account Balance Audit
Verify the chart of accounts	Chart of Accounts Chart of Accounts Audit

SMARTStream®

Shared Components Currency

Version 6.5

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1 Overview of Currency

Chapter Contents

1-1 What Is Currency?

What Is Currency?

Currency is a business process that allows you to manage the retrieval of and use of exchange rates. It allows you to set up your rules, regulations, controls, and conversion processing parameters in a central location that can be accessed and used throughout your enterprise. Storing and retrieving this commonly used data from the same location eliminates the need to enter repetitive data, making the management and generation of rate information an efficient and standardized process.

Your business areas supply to Currency the data to be converted. Currency applies the conversion parameters and routines you elected to use and immediately returns conversion results directly to the requesting business area.

General Setup Considerations

To implement and use the currency controls and policies, you need to review some fundamental questions about your currency needs. The Currency processing choices you make will help you customize the information required to perform conversions.

Consider the following general questions to help you determine the Currency information:

- How many currencies will the enterprise need to use?
- Which rate authorities, such as banks, government agencies, currency exchange markets, or internally devised rates (period rates), govern your business policies and practices?
- What currencies will you be converting from and to for recording and processing your business transactions?

- What types of exchange rates, such as daily, period, average, or spot, do you use, or want to make available for use, in Currency?
- Do you need to generate a large number of rates automatically?

2 Setting Up Currency

Chapter Contents

2-1 Establishing Currency Controls and Policies Overview
2-3 Single or Multiple Currency
2-4 Determining Currency Codes
2-5 Defining Rate Entities
2-6 Defining the Rate Entity and Currency Relationship
2-8 Establishing Rate Types
2-9 Defining Currency Enterprise Decisions
2-10 Overriding Currency Options

Establishing Currency Controls and Policies Overview

To set up the controls and policies you want to use in Currency, use the process in the following table. Keep in mind that you can add to the various categories of information at any time.

Stage	Description	Window or Action
1	Determine whether your enterprise is single or multiple currency.	
2	Ensure that you have set up at least two currency codes (one if single currency).	Currency Code
3	Define at least one rate entity.	Rate Entity
4	Define at least one rate entity and currency relationship.	Currency to Rate Entity Association
5	Set up at least one rate type for rate entities.	Rate Type
6	Enter your Currency defaults for the enterprise.	Enterprise Policy: Currency View
7	Determine the currency pairs for which you want to produce rates.	

Stage	Description	Window or Action
8	Create currency blocks.	Currency Block
	Create currency pairs.	Generate Pairs action on the Currency Block window
9	Enter your rates.	Manual methods Rate Explosion Average Rate Calculation Loading rates

For information about Currency policies for euro processing, see Euro-Compliant Currency Policies.

Single or Multiple Currency

To decide whether to be a single or multiple currency enterprise, consider the following questions:

- Do you record business transactions using different currencies?
- Do you use exchange rates to convert business transactions?
- Do you maintain banks or bank accounts in currencies other than your local currency?

If your answer to any of these questions is yes, then you should choose to be a multiple currency enterprise. For example, an enterprise has two locations where it conducts business. One location, Great Britain, conducts business only in pounds sterling. The other location, the United States, conducts business only in U.S. dollars. These locations do not do business with one another. Although only one currency is processed at the two separate locations, the same currency is not being processed. By setting up a multiple currency enterprise, SmartStream® products recognize two different currencies (pounds and dollars).

Changing the Currency Option

You **cannot change** your currency option from a multiple currency enterprise to a single currency enterprise after you set up any of the following elements: entities, vendors, customer accounts, or banks. However, you **can change** from single to multiple currency. When changing from single to multiple currency enterprise, you can perform currency-related tasks after setting up the necessary currency information.

Note: After changing from a single to multiple currency enterprise, only new information will be multiple currency. Existing information remains single currency.

Determining Currency Codes

Currency codes define the currencies you process in your enterprise. You must set up at least one currency if you are a single currency user; two, if you plan to use multiple currencies. You do not have to set up the entire list of codes at one time.

You can define any code that has a length of one to three characters. However, Electronic Data Interchange (EDI) users should comply with the ISO currency codes. For a list of the ISO codes, see Currency online Help.

Defining Rate Entities

A rate entity identifies all of the policies for storing and retrieving rates. It can represent a rate authority such as a bank, government agency, or a currency exchange market. A rate entity can also represent a period rate established by an enterprise.

The number of rate entities you define depends on the number of rate authorities from which your enterprise obtains information, but you must define at least one.

Rate Entity Considerations

You need to decide whether to enter rates into Currency in Multiply (nonreciprocal) or Divide (reciprocal) format.

Example

If you are using a...	And a transaction amount of...	Then the resulting base amount is...
Multiply rate format and a rate of .20	100	20. Calculated as: (100 x .20) = 20
Divide rate format and a rate of 5.00	100	20. Calculated as: (100/5.00 = 20)

Determining Your Rate Input Format

Usually, the rate format you select is influenced by two considerations: the source of your rates and the format conventions used within your geographic location.

Rate Format	Considerations
Source of rates	If your enterprise intends to use Dow Jones rates, you should set up your rate entity default value to use the multiply format.
Geographic location	An enterprise in the United Kingdom usually uses divide format, whereas an enterprise in either the United States or Australia tends to use multiply rates.

Defining the Rate Entity and Currency Relationship

Within the rate entity framework, consider the following questions:

- What valid currency codes need to be linked to the rate entity you have defined?
- What role, or roles, will each currency play in relationship to the rate entity, as well as to other currencies within it?
- Will you allow a variance between an existing rate on the Rate table and the rate that a user enters on a business transaction? If so, what type of message will be communicated if this variance is exceeded?
- What is the number of units per transaction for the transaction currency? (This is also often referred to as the ratio or currency ratio.)

Assigning Roles to Each Currency

With the roles and relationships set up among the currencies used in your enterprise you can efficiently manage the large number of currencies for which exchange rate information is generated. Currency stores this data so that it can be quickly accessed, used, and updated, giving you maximum flexibility to respond to changing business needs.

Within a rate entity, you must identify the types of currencies you are using.

The following table identifies and defines the three currency types:

Currency Type	Definition
Transaction	Any currency that your enterprise uses to perform its business.
Base	The currency in which rates are quoted. ▪ If balance-oriented process, the base currency is the book currency. ▪ If transaction-oriented process, the base currency is always the currency into which the system converts.
Central	The currency in which rates are originally defined. Required only if you plan to use Rate Explosion. You can only define one central currency for each rate entity established.

Note: For more information, see About Entering Rates.

What Are Tolerance Limits?

Tolerance limits help detect rate increases or decreases that are greater than expected and help prevent data entry errors when rates are entered. In general, to set tolerance limits, you can define either a percentage or a specific amount and criteria for processing the information if the defined tolerances are exceeded.

You can define a tolerance limit that monitors changes in exchange rates stored in Currency and another tolerance limit that monitors the new rates entered on business transactions associated with the requesting business processes.

Handling Tolerance

For each tolerance option, you can set the severity level of the message that is produced when tolerance settings are exceeded.

Establishing Rate Types

Using a rate type you can define the types of monetary conversion rates for a rate entity to use. The following table defines some common rate types. Keep in mind that these are suggestions and that you define rate types according to user-defined criteria.

Rate Type Value	Definition
S	Spot rates are derived on an on-demand, as-needed basis.
A	Average rates are derived from an average of all rates that fall within a specified effective date range.
D	Daily rates are derived on a daily basis.
M	Monthly rates are derived on a monthly basis.
P	Period rates are *agreed rates*; that is, rates set for a period of time that correspond to one or more Ledger periods. For example, the agreed period rate can be the bank rate for the first day of a new period, or it can be an average of the bank rates for the previous period.

Rates and Dates

You can determine the length of time a rate is effective by specifying

- What date the rate will be available for use (the rate date)
- The number of days the rate is valid (rate effective limit).

A rate is not valid (stale) when the number of days a rate is effective are exceeded after the rate becomes available.

Example

Currency calculates the stale date as shown in the following table:

If the rate date is...	And it is effective for...	Then the rate is stale on...
June 1	20 days	June 21.

Gaps in Defined Rates

Gaps are dates for which rates are not defined. A gap occurs when a sequence of dates for which rates are defined is interrupted by a date, or dates, for which rates are not defined. If a gap occurs, you decide how you want Currency to handle the situation.

Note: Currency checks for gaps when the Rate Explosion process is performed, when you add rates manually, and during the Average Rate Calculation process.

Defining Currency Enterprise Decisions

When you define Currency enterprise policy, the decisions you make affect processing in other SmartStream products.

Considerations

Review and determine currency options for your enterprise. If you are a single currency enterprise, identify the currency you will be using. If you are a multiple currency customer answer the following questions to determine default values for your enterprise.

- In what currency will the majority of your ledger balances be kept?
- In what currency will the majority of your business transactions be entered?
- What is the source of the majority of your exchange rates?
- Which type of rate do you want to set as your enterprise default?
- What dates do you want to use to retrieve rate information?

These options are entered on the Currency View of the Enterprise Policy window.

Overriding Currency Options

The following table provides an overview of the options in the Currency view of enterprise policy and where you can override them. You can override these options only if you are a multiple currency enterprise.

Option	Where?	On what window or view?
Currency Option	Credit Management	Credit Account: Currency
	Ledger	Ledger Policy: Main
	Payables	Payable Entity Policy: Currency
	Projects	Project Entity: Main
	Receivables	Receivable Entity Policy: Currency Receivable Account: Currency
	Vendor	Vendor Location: Currency
Booking Currency	Asset Management	Asset Entity Policy: Book Information
	Budget	Budget Entity Policy
	Ledger	Ledger Policy: Main
	Payables	Payable Entity Policy: Currency
	Receivables	Receivable Entity Policy: Currency
Transaction Currency	Ledger	Ledger Policy: Defaults
	Personnel	Every window that has an amount
	Projects	Unposted Project Journal: Main
	Receivables	Receivable Entity Policy: Currency Receivable Account: Currency
	Vendor	Vendor Location: Currency
Bank Account Currency	Bank	Bank Account: Currency
Rate Entity	Asset Management	Asset Entity Policy: Book Information
	Bank	Bank Account: Currency
	Credit Management	Credit Account: Currency
	Ledger	Ledger Policy: Main
	Payables	Payable Entity Policy: Currency
	Projects	Project: Main Unposted Project Journal: Currency
	Receivables	Receivable Entity Policy: Currency Receivable Account: Currency
	Vendor	Vendor Location: Currency

Option	Where?	On what window or view?
Rate Type	Asset Management	Asset Entity Policy: Book Information
	Bank	Bank Account: Currency
	Credit Management	Credit Account: Currency
	Ledger	Ledger Policy: Defaults
	Payables	Payable Entity Policy: Currency
	Projects	Project: Main Unposted Project Journal: Currency
	Receivables	Receivable Entity Policy: Currency Receivable Account: Currency
	Vendor	Vendor Location: Currency
Rate Date Option	Bank	Bank Account: Currency
	Payables	Payable Entity Policy
	Receivables	Receivable Entity Policy: Currency Receivable Account: Currency
	Vendor	Vendor Location: Currency

Note: These options serve as defaults on the window or view listed in the last column. For more information about overriding these options, see the appropriate product documentation.

3 Creating Currency Pairs

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3-1 About Currency Pairs
3-3 Creating Currency Blocks
3-4 Generating Currency Pairs
3-5 Maintaining Currency Pairs

About Currency Pairs

Before you can enter exchange rates, you need to establish the pairs for which you want rates produced. Once you have defined the rate entity and currency code information for a rate entity, various currency combinations can be automatically generated to determine the currency pairing.

Creating currency blocks helps to ensure that you generate only those exchange rates for the currency pairs that you require. Given the potentially large number of rates that can be generated using currency pairs, currency blocks help you to further customize Currency for your business needs.

What Are Currency Pairs?

Currency pairs are combinations of base currency, transaction currency, and rate type information established for a given rate entity. To generate currency pairs for a rate entity, Currency matches every base currency with each transaction currency and rate type defined. This process establishes each unique currency pair for which rates can be established.

In addition to the currencies and rate type information, establishing currency pairs pulls together other information required to perform a conversion, such as characteristics of the base and transaction monies, tolerance limits, and rate effective days.

Since the pairing of currencies may lead to the creation of a large number of currency pairs, you should consider the actual rates that you need. Determine the currency

pairs that you do not need rates for and exclude, or block, them from the rate generating process.

What Are Currency Blocks?

Currency blocks are those combinations of base currency, transaction currency, and rate type information for which you **do not** want to store rate information. By defining blocks for currency pairs, you prevent Currency from generating unnecessary rates. This reduces processing time and promotes quicker access to information.

To generate currency pairs, follow this process:

Stage	Description	Activity
1	Determine currency pairs.	
2	Create currency blocks.	Currency Block
3	Generate currency pairs.	Generate Pairs action on any of these windows: ▪ Rate Type ▪ Currency Block ▪ Currency to Rate Entity Association

Creating Currency Blocks

Set up your currency blocks on the Currency Block window. Keep in mind that as your business and currency conversion needs change, currency block information for each currency pair can be updated to reflect business changes.

Block Option

Use the block option on the Currency Block window to enter the criteria for blocking currency pairs for which you do not want rates. You can

- Allow a manually entered rate (rates cannot be automatically entered through rate explosion or average rate calculation) **or**
- Allow no rates to be entered.

Generating Currency Pairs

Currency relates all combinations of base currencies, transaction currencies, and rate type information for a particular entity to generate currency pairs.

Prerequisites

You can generate currency pairs only under the following conditions:

- At least two currencies must be defined for a rate entity, and at least one of the currencies must be defined as a base currency on the Currency to Rate Entity Association window
- At least one rate type must be defined for a rate entity

You cannot enter currency pairs directly into Currency. You must use the Generate Currency Pairs process. Each time that you add new currency information, such as a new rate type for a rate entity, you must regenerate currency pairs to update Currency.

Note: As part of the predefined Currency workflow process that is available when you install Currency, the message *Generate Currency Pairs* appears on your To Do List every time you add new currency information.

Maintaining Currency Pairs

You can maintain currency pairs detailed information according to these guidelines:

- The key fields associated with the Currency Pairs table cannot be changed. These key fields are Rate Entity, Base Currency Code, Transaction Currency Code, and Rate Type. However, attributes of the key fields, such as tolerance options, rate effective days, and retain overrides, can be changed.
- If key field values that define a currency pair are deleted, all currency pairs that contain that data are deleted. For example, if a rate type is deleted from the Currency Rate Type table, that rate type is no longer valid for any currency pair to use. Therefore, all pairs that contained that rate type are automatically deleted. This situation is also true for rate entity, currency code, and rate entity/currency association.
- If you change values on the Rate Entity window, the Currency to Rate Entity Association window, or the Rate Type window, the changes default to the Currency Pair window. However, these values will not default if the Retain Override option is selected for a currency pair.

Once a rate entity contains currency pairs and you make changes on the Currency to Rate Entity Association, Rate Type, or Currency Blocks windows, the following occurs:

When data for any of these windows is...	Then...
Added	You must regenerate currency pairs each time. Currency generates a To Do message that is added to your To Do List and generates a Next Step for you to complete.
Updated	Currency automatically updates the Currency Pairs table according to the status of the Retain Overrides field associated with the entries that are affected. That is, entries on the Currency Pairs table that do not have the Retain Overrides option selected are updated; those entries that do have this option selected are not updated.
Deleted	Currency automatically deletes the affected entries from the Currency Pairs table.

4 Rate Entry Methods

Chapter Contents

4-1 About Entering Rates
4-1 Manual Entry Methods for Adding Rates
4-3 Methods for Obtaining Rates
4-4 Loading Rates
4-5 Rate Explosion
4-6 Average Rate Calculation Methods
4-8 Deleting Rates

About Entering Rates

All rates that are either entered manually or generated in Currency are stored on the Rate Entry table. Currency uses these rates during the conversion process. You must complete all of the currency setup tasks before you can successfully enter and use rates.

Manual Entry Methods for Adding Rates

The following table briefly describes each of the *manual entry* methods and its associated activity:

If you want to...	Then use this activity...
Add one rate for a specific currency pair quickly	Rate Entry Single.
Add many rates according to specific date and base currency criteria	Rate Entry by Date.
Add many rates according to one specified currency pair, when initially loading rate history information	Rate Entry by Transaction Currency.
Minimize data entry tasks when adding rates for the same currency pairs	Rate Entry by Template.

The rate information that you can update or delete using any of these methods is limited to the rate entity you specify.

Adding and Using a Rate Template

When rate authorities periodically provide your company with updated rate information, it is likely that this data always appears in the same format. Although rates change periodically, other data such as the base and transaction currencies usually remain the same.

In Currency, you can add rate templates that contain this rate information that remains constant, allowing you to eliminate repetitive data entry steps. When rates need to be added, you need only to access the rate template and update the necessary information, limiting your data entry tasks to recording unique data. Each rate entity can have an unlimited number of rate templates.

Methods for Obtaining Rates

This section briefly describes scheduled processing methods for obtaining rates and identifies the activities you use to initiate each method.

Type	Description
Loading Rates	Used to upload a of rate information from banks or elsewhere. For more information about this text file, see Format of the Exchange Rate Report in the *Shared Components Technical Reference*.
Rate Explosion	Used to generate your exchange rates based on information already defined for the central currency. After the central currency rates are defined, rate explosion determines the new rate. The relationship between the transaction currencies and the central currency is used to calculate rates between the other currency pairs. **Note:** If you have only one base currency defined for a rate entity, you cannot successfully perform rate explosion.
Average Rate Calculation	Calculates exchange rate averages for currency pairs. To accomplish this task, currency calculates an average of all rates that fall within a specified effective date range.

Scheduling Jobs

To use any of these processing methods, follow this process:

Stage	Description	Window
1	Fill out the appropriate request.	Rate Download Request Rate Explosion Request Average Rate Request
2	Run the process.	Job Scheduler

Loading Rates

After you create a text file with rate information from banks or elsewhere, upload these rates to the Rate table using the Rate Download Request. For more information, see the following sections in the *Shared Components Technical Reference*:

- Scheduling Currency Processes
- Loading Rates to the Rate Table
- Format of the Exchange Rate Report.

Rate Explosion

Rate Explosion is a method for generating a large volume of exchange rates based on information defined for your central currency. Before you start the Rate Explosion process, rates for the central currency must be entered. You can process only one explosion per rate entity and range of dates at a time.

Example

If U.S. dollars (USD) is defined as the central currency, Canadian dollars (CAD) and New Zealand dollars (NZD) are defined as base currencies, and Pounds sterling (GBP) is defined as a transaction currency for a specific rate entity, then rates are first entered for USD. The following table describes this initial step:

Rates are entered for the central currency USD to...	And the rate is...
CAD	.74
NZD	.50
GBP	1.68

After the rates for the central currency are entered, Currency matches each base currency with all transaction currencies to complete the process and determine the rates generated by rate explosion. The following table describes the base currency to transaction currencies matching step and the rates generated by the explosion:

Rates are entered for the base currency...	And all of the transaction currencies...	And the rates generated by rate explosion are...
CAD	USD	1.35 (1.0/.74).
	NZD	0.68 (.50/.74).
	GBP	2.27 (1.68/.74).
NZD	USD	2.00 (1.0/.50).
	CAD	1.48 (.74/.50).
	GBP	3.36 (1.68/.50).

More Information

For more information, see the following sections in the *Shared Components Technical Reference*:

- Scheduling Currency Processes
- Rate Explosion

Average Rate Calculation Methods

The following table briefly describes the straight and weighted calculation methods that Currency provides:

If you select...	Then Currency...
S (straight average)	Adds each rate that falls within a specified date range and divides the rate total by the number of rates.
W (weighted average)	Determines the comparative weight, or influence, of rates for the range of time in which they are effective. Currency determines rates based on the date range defined and the availability of rates for the defined range on the Rate table. **Note:** Availability of rates refers to the possibility of rate gaps and how the weighted average calculation method processes a range of dates in which rate gaps occur.

Straight Average Example

When a straight average calculation is performed, the rates for the following dates are added together, and their sum total is divided by the total number of rates involved in the calculation:

Date	Rate
July 1	1.1
July 2	1.15
July 15	1.2
July 31	1.25
Total:	4.70

Calculation

$$\frac{\text{(Total of Rates)} \quad 4.70}{\text{(Total \# of Rates)} \quad 4} = 1.175 \text{ (Straight Rate Average)}$$

Weighted Average Example

The weighted average calculation shows the same dates and rates as the previous example; however, the length of time (the number of days that the rate is in effect) is taken into account.

Date	Rate x	Days Rate Is Effective	Calculated Weight of the Rate
July 1	1.1	1	1.1
July 2	1.15	13	14.95
July 15	1.2	16	19.2
July 31	1.25	1	1.25

For instance, the rate on July 2 (1.15) is multiplied by the number of days this rate is in effect (13) to determine the calculated weight (14.95). Currency then determines the weighted average of these rates.

Calculation

$$\frac{\text{(Weighted Rate Total) } 36.50}{\text{(Total Days Rate Effective) } 31} = \underset{\text{(Weighted Average)}}{1.1774193}$$

Rate Gaps

Rate gaps are dates for which rates are not defined. These can always occur within a date range that you have defined. As a result, Currency must account for these days in some manner when calculating weighted averages. The following table summarizes how Currency handles a weighted average calculation based on rate availability:

If the first day of a range has no rate...	Then Currency...
But a prior rate outside of the range meets the criteria	Uses the prior rate in the absence of the beginning rate. Currency also applies this rate to the appropriate number of days that the beginning rate is in effect.
And no prior rate outside of the range meets the criteria	Only uses those rates supplied for the range and reduces the number of days used in the calculation due to the rate gap.

Requesting the Average Rate Calculation

On the Average Rate Request window, if you enter values for the Transaction Currency, Rate Type, Begin Date, End Date, and Destination Rate fields but leave the Base Currency field blank, Currency accesses all defined base currencies that are available within the currency pairs for the rate entity. If the criteria is met, then rates for each available base currency are generated. However, if a currency pair is blocked or the rate was previously added, Currency does not generate a new rate or overlay the existing rate.

For more information about scheduling these jobs, see Scheduling Currency Processes.

Deleting Rates

Periodically, you might need to delete rates from the Rate table. For example, you decide to store rates only for a specified period of time, or you accidentally added rates that you do not need. You can delete rates using

- On-demand processing, using any of the rate entry windows
- Scheduled processing, by initiating the High-Volume Rate Deletion method.

5 Performing Currency Conversion

Chapter Contents

5-1 Overview of Currency Conversion
5-3 Currency Conversion and Business Processes
5-5 Simulating Currency Conversion

Overview of Currency Conversion

Your entity must be defined as multiple currency to use currency conversion. The following table describes the stages in converting transactions:

Stage	Description
1	The requesting business area supplies relevant information to Currency.
2	Currency searches the Rate table to determine an effective date that is either equal to or less than the date supplied with the transaction.
3	Currency evaluates the information supplied by the requesting business area to: ▪ Determine the type of conversion that the application requests based on the data supplied. ▪ Generate the relevant information.
4	When Currency retrieves a rate, it ensures that it is valid (that is, the rate is not stale).
5	Currency checks the transaction tolerance percentages and relative amounts against the tolerance defined for the currency pair.
6	Currency converts each currency pair identified on the transaction submitted by the requesting business area.
7	Currency returns all appropriate conversion data (the *answer set*) to the requesting business area.

Note: Depending on the severity levels established, Currency will generate informational, warning, or fatal messages concerning the status of the information described in the table, as appropriate.

Answer Set Data

When a business area supplies all of the required information, Currency processes the information and returns the appropriate information to the business area. This can be the conversion rate and the converted base (or book) amount, or transaction amount, with the appropriate decimal places used with a given currency.

Currency Conversion and Business Processes

The following table summarizes what Currency does to perform a conversion based on the information sent from a business area:

If a business area sends values for...	Then the conversion process...
Transaction amount	■ Retrieves the conversion rate ■ Calculates the base amount ■ Returns the base amount and the conversion rate information to the requesting business area.
Transaction amount and conversion rate	■ Calculates the base amount and checks it against tolerances ■ Returns the base amount to the requesting business area.
Transaction amount and base amount	■ Calculates the conversion rate and checks it against the tolerances ■ Returns the conversion rate to the requesting business area.
Base amount	■ Retrieves the conversion rate ■ Calculates the transaction amount ■ Returns the transaction amount and conversion rate to the requesting business area.
Base amount and conversion rate	■ Calculates the transaction amount ■ Checks tolerances for the override rate ■ Returns the transaction amount to the requesting business area.
Transaction amount, conversion rate, and base amount	Verifies that the information is valid by checking tolerances and calculations.
Identical transaction and book currency codes and transaction amount	Returns an exchange rate of 1 with the same base amount as the transaction amount.

Checking Tolerances and Transaction Relative Amounts

During conversion, Currency always checks the transaction tolerance information when an override rate is either provided or implied for the currency pair. Also, when a transaction relative amount value is defined for a currency pair being used for a given transaction, Currency checks this information when a business area uses an override conversion rate.

Error Messages

If an error occurs during the conversion process, Currency will return the appropriate message to the requesting business area.

Rounding Rule

Currency uses the 5/4 Rounding rule when performing a conversion. If an amount is 5 or more, Currency rounds up the monetary denomination to the next full monetary unit. If the amount is 4 or less, it will round down to the next full monetary unit.

Simulating Currency Conversion

Conversion simulation provides the opportunity to generate and review the results of an actual conversion before a given conversion affects your books.

How Does the Simulation Process Work?

Conversion simulation allows you to use the conversion process described throughout this chapter without updating your business area tables. Currency performs the same edits as it does during a transaction conversion. However, the simulated conversion that you set up on the conversion simulation window gives you only information on how a conversion would work if this were a real transaction, such as a journal or invoice, that needed to be processed.

Tolerance Edit Options

You have the option to perform the simulation either with or without the use of tolerance edits that are set up for a given rate entity. If you want to convert using tolerance edits defined, the results returned will be identical to those results determined in an actual conversion. If you convert without edits, currency ignores tolerance edits.

6 Reporting

Chapter Contents

6-1 Reporting Overview
6-2 Reporting Process
6-3 Currency Reports

Reporting Overview

Reports generated from within a business process help you to verify that certain processes have occurred. The SmartStream-delivered reports discussed in this chapter are examples of the types of information that can be generated from the Currency tables. You can redesign these delivered reports or create your own to meet your company's specific needs.

Reporting Process

The following table identifies the stages in the reporting process. Use this process to produce the reports.

Note: Once you have accessed the Ledger/Journal/Currency Reporting window from SmartStream, you perform all of the remaining stages in Microsoft Access.

Stage	Description	Window
1	Choose the reporting module.	**From SmartStream:** Choose Ledger/Journal/Currency Reporting from an Activity List.
2	Select the reporting category.	Ledger/Journal/Currency Reporting
3	Modify the run-time parameters as needed.	Ledger/Journal/Currency Report Parameters
4	Preview or print the report.	From Ledger/Journal/Currency Report Parameters, choose the Preview or Print button.

Currency Reports

The following table identifies the Currency reports, briefly describes each report, and suggests when to run it:

Report	Description	Run after...
Currency Listing	Provides a listing of all the currencies, by currency code, that you have established in Currency. Specific attributes, such as number of decimals and major and minor monetary units, are also identified.	Initial entry and maintenance of the currencies.
Currency Rates by Rate Entity	Lists all the currency rates according to rate entity. This report can detail the following information about each rate entity: base currency, currency rate type, transaction currency, currency rate date, rate of exchange, per unit, and exchange rate source. This report can be generated for all rates or those that fall within the date range specified on the Report Parameter form.	Initial entry and maintenance of your currency rates.
Euro Compliance	Lists the Currency policy settings that are incorrect regarding euro compliance.	Establishing Currency policies for euro processing.

7 Euro Currency and SmartStream Currency

Chapter Contents

7-1 Overview
7-2 Euro-Compliant Currency Policies

Overview

Between January 1, 1999, and January 1, 2001, companies in the participating European countries will change their books from the national currency to the euro. During that time, called the *transition period*, many European companies will maintain their books in both their national currency and the euro. After the transition period, the national currency will no longer be considered legal tender, and all transactions will be in euro.

To accommodate the transition to the new euro, SmartStream Currency has euro-compliant functionality. To use Euro Currency you need to set up euro-compliant policies in SmartStream Currency.

Euro-Compliant Currency Policies

Set up these policies in SmartStream Currency before you perform booking currency conversion using Euro Currency.

Stage	Description	Activity
1	Determine your euro compliance policies.	
2	Establish euro-compliant rate entities.	Rate Entity
3	Identify currency code and participating currencies	Currency Code
4	Establish rate types for your rate entities	Rate Type
5	Establish or update policies	Currency to Rate Entity Association Generate Pairs action on the Currency to Rate Entity Association Currency Pairs
6	Enter fixed exchange rates	One of the rate entry windows
7	Complete policies for participating currencies	Currency Block Currency Pairs
8	Run the Euro Compliance report to check your work	Ledger/Journal/ Currency Reporting

Determining Your Rate Entity Policies for Euro Compliance

The business practices and auditing standards of your company ultimately dictate the method of currency calculation you select on the Rate Entity window.

If You Select…	Then…
Triangulation with one participating currency	This currency conversion calculation method is used when at least one of the currencies is a participating currency.
Triangulation with two participating currencies	This currency conversion calculation method is used only when both currencies are participating currencies.

What Is Triangulation?

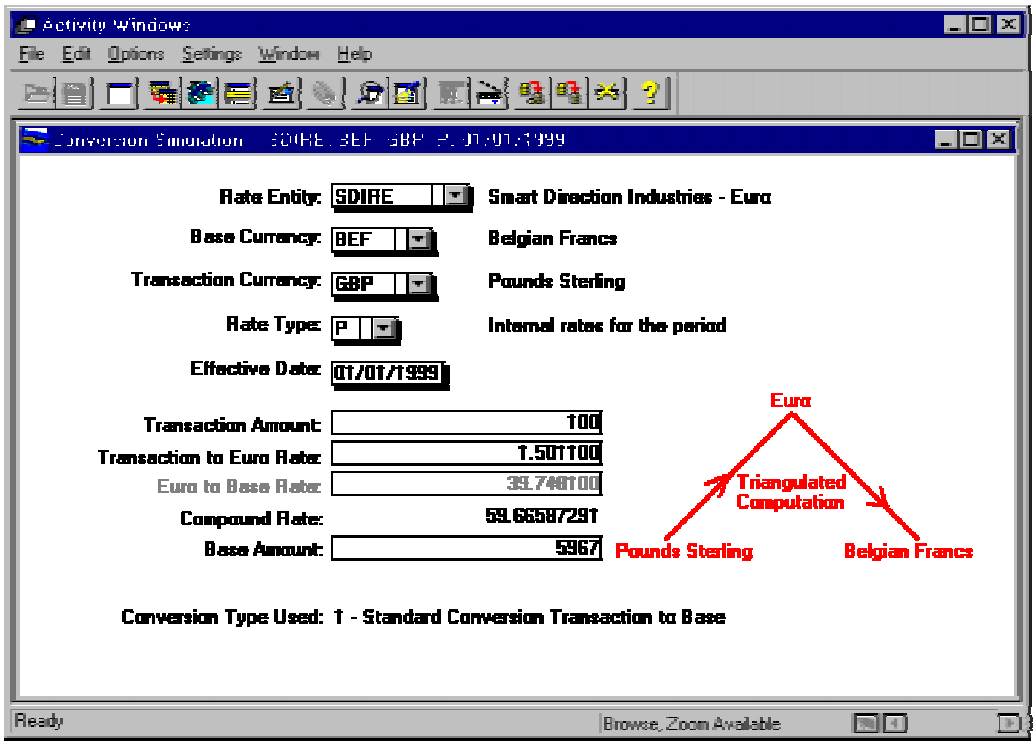
Triangulation is the euro-compliant method of currency conversion calculation between participating currencies. Monetary amounts to be converted from one national currency into another are first converted into a monetary amount expressed in the euro unit, and then converted into the other national currency. For example, to

convert from DEM to BEF, DEM are first converted to EUR and then EUR are converted to BEF.

Triangulation can also apply to conversions between participating and non-participating currencies.

Triangulation with One Participating Currency

A transaction is received in Pounds sterling (GBP) and is converted to Belgian francs (BEF). The transaction to euro exchange rate (GBP to EUR) is variable and can be changed. The euro to booking exchange rate (EUR to BEF) is fixed and cannot be changed. The Currency Conversion Simulation window shows this example.



Triangulation with Two Participating Currencies

If you select this option, note that triangulation is not used if one currency is a non-participating currency.

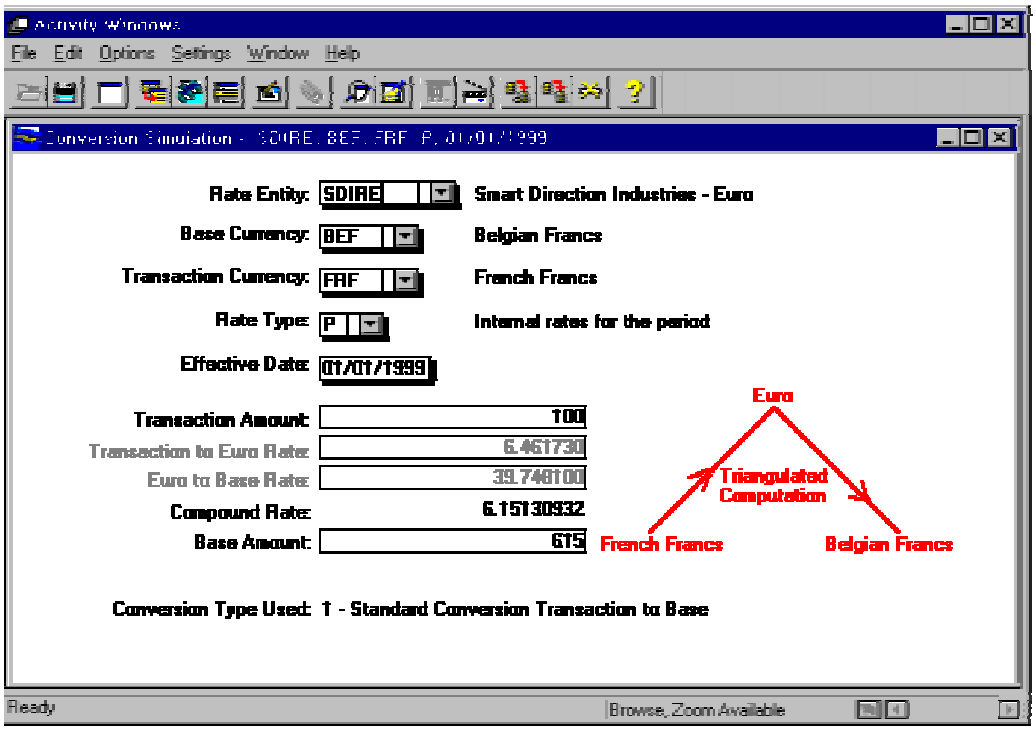
Example 1: Both Currencies Participating

A transaction is received in French Francs (FRF) and the booking currency is Belgian Francs (BEF). Both currencies are participating currencies. Instead of using a variable rate to convert from FRF to BEF, two triangulated rates are used to determine the actual exchange rate:

- Transaction to Euro Exchange Rate (FRF to EUR)
- Euro to Booking Exchange Rate (EUR to BEF)

Both rates are fixed and cannot be changed and the resulting compound exchange rate cannot be changed.

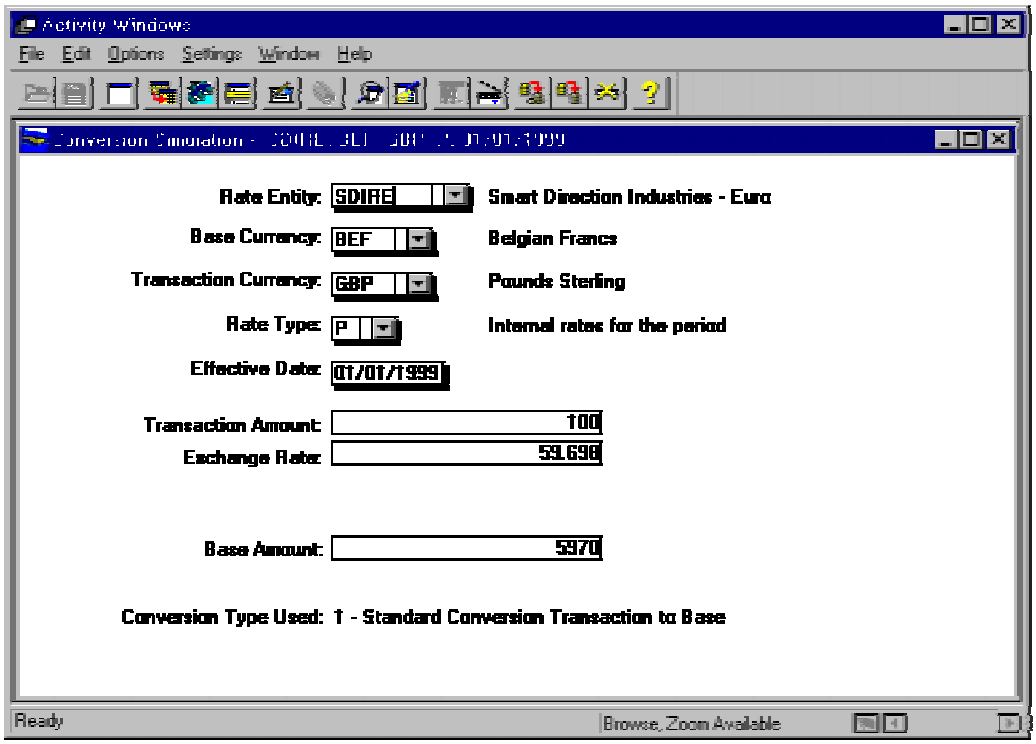
The Currency Conversion Simulation window shows this example.



Example 2: One Currency Non-participating

A transaction is received in Pounds sterling (GBP) and the booking currency is Belgian francs (BEF). Since only one currency is a participating currency, normal currency conversion is called, allowing the generation of a direct rate.

The Currency Conversion Simulation window shows this example.



SMARTStream®

Shared Components
Enterprise Accounting

Version 6.5

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1 Planning Your User-Defined Accounting Key

Chapter Contents

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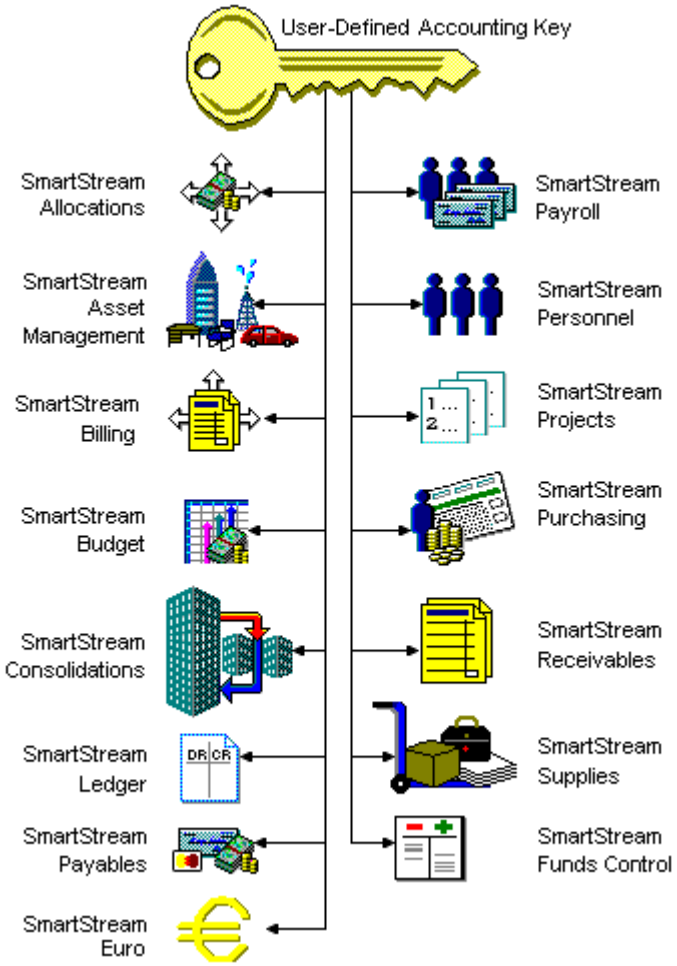
What Is the User-Defined Accounting Key?

The user-defined accounting key represents the lowest level of detail needed to retrieve your balances. When you design the accounting key, you establish the foundation for the monetary information necessary to conduct your everyday business activities. It reflects the financial structure of your enterprise and the type of information needed for reporting your financial position. Because your accounting key affects the processing of your entire financial operation, design it with technical, management, and accounting personnel who represent all areas of your organization.

The relationship between the accounting key and SmartStream products is shown in the following diagram:



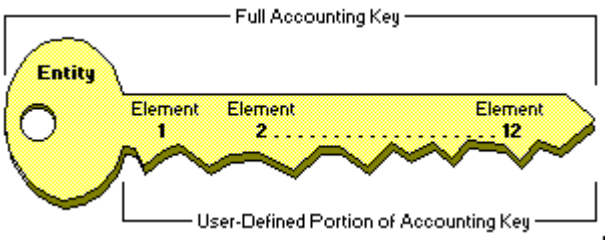
User-Defined Accounting Key Characteristics

The user-defined accounting key

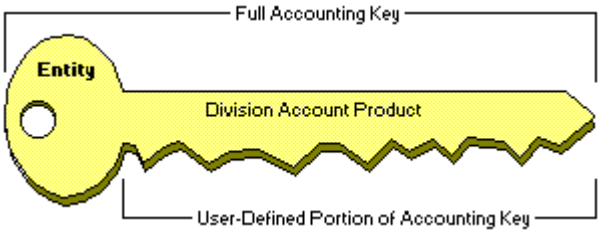
- Is defined only once. You cannot change it after loading balances unless you convert your data and reinstall.
- Must be set up before you begin using SmartStream products.
- Is shared by SmartStream products and must be flexible to accommodate changing needs within your enterprise.

Accounting Key Elements

Each part of the accounting key is called an element. You determine the size and name of each element and decide what types of information your financial system contains.



The following example shows an accounting key with three elements.



Entity

The full accounting key has a high level-qualifier that appears with the user-defined portion. This high-level qualifier is called an entity. The discussion of the accounting key focuses on the user-defined portion, not the full accounting key.

User-Defined Accounting Key Decisions

When you configure your user-defined accounting key, you implement decisions for the entire enterprise. These decisions are the foundation for all your SmartStream financial products.

SmartStream products are delivered with a predefined accounting key that you can change to suit your business needs. When you configure your user-defined accounting key, you implement policy decisions about the management of your enterprise's accounting information.

Warning: Most of the policy decisions implemented at configuration time cannot be changed after you load balances. If you change your mind after loading balances, you must reinstall and convert your data.

Which Decisions Are Unchangeable?

The following decisions cannot change when you configure SmartStream products for your enterprise:

- The structure of your user-defined accounting key blueprint
- The element you designate to determine whether an automatically generated accounting key is an asset, liability, income, or expense
- The accounting key elements you choose to secure your data
- The maximum number of periods you require

Before you can tailor your accounting key, you must analyze your business requirements.

Analyzing Your Business Requirements

The elements you define for the accounting key are the basic units of information needed for analyzing your enterprise. The best approach to designing the elements is to work in reverse: use your output to determine the input.

Factors to Consider

Consider the following factors before designing your accounting key:

- Reporting requirements
- Automatic generation of accounting keys
- Security requirements
- Storage of balance amounts
- Maximum number of periods

Reporting Requirements

The purpose of any financial system is to produce information about the financial condition of the business. This is done by carefully analyzing the type of information to report on and the level of detail needed to extract that information.

Each enterprise views information and manages the business differently. Your financial statements need to reflect your business and products so that you have information available to make key business decisions.

To determine the best accounting key based on your reporting requirements, analyze your current reporting practices. Different people in the enterprise want to see the financial condition portrayed differently. The controller's office wants total company, consolidated results; product management wants the same information by product lines; the tax department, by legal entity.

Example

Your enterprise currently has an accounting structure with one element conveying two pieces of information.

Group	Product
01	100
01	200
02	100
02	200

With the flexible SmartStream accounting key, you can convey this information using two distinct elements, group and product, which would better meet your reporting needs.

You also can group your information by ranges.

1000 1115 1236	Range refers to engine parts
1500 1700 1800 1885	Range refers to car body parts

For reporting purposes, you can define these ranges as separate elements, or you can define them as one element and create summary points (engine and car body parts) on a structure.

Analyze Your Reporting Practices

Answer the following questions to help you analyze your current reporting needs:

- What reports does your organization currently use in?
- Are all these reports necessary?
- Is all the information on those reports still necessary? If not, what can you eliminate?
- Do you want to report on any information that you currently do not? If so, what is the information?
- If you can define different categories to streamline the reports, what are these categories?

Automatic Generation of Accounting Keys

When you define your accounting key elements, you set up the structure for your chart of accounts. The chart of accounts lists valid accounting keys for your entities. All SmartStream Financials products use a chart of accounts to ensure accounting integrity by verifying that business transactions reference valid accounting key values.

You can add your accounting keys on the appropriate SmartStream windows or allow SmartStream to generate them automatically.

Automatically Generating Accounting Keys

The validation process verifies the values in the individual elements of an accounting key by matching them against a list of user-defined valid values. After you validate your accounting key elements you can elect to

- Validate these elements in combination with one another (combination validation)
- Automatically add accounting keys to the chart of accounts (accounting key generation).

Validation Structures

For SmartStream to determine valid accounting key values, you need to set up validation structures for the validation process to use. A validation structure is a list of values that you define for each element of the accounting key that you want to validate. When you set up structures for validation, you must enter the data point names in uppercase. The descriptions, however, are not case sensitive. You can enter them in lowercase.

Combination Validation

Combination validation, an optional part of the validation process, provides more control over automatically generated accounting keys. Using this process you can verify which combinations of accounting key element values are valid for an entity. It also prevents the generation of combinations of accounting keys that are not logical.

To use combination validation, you must add layers to your validation structures. When you add layers, you must enter the layer names in uppercase. A layer can have multiple data points, but the points must reside in that layer only.

Example

This example shows the results of your decisions to add accounting keys automatically to the chart of accounts without validating the elements in combination with one another.

The following table lists a series of categories labelled Occupation, Education, and Age. Let us suppose each category is an accounting key element and all the entries in each category are valid.

Occupation	Education	Age
Paper carrier	Grade school	Under 13
Cashier	High school	Teens
Accounting manager	Some college	Twenties
Baby sitter	College graduate	Thirties
VP of Sales	Some graduate education	Forties
College professor	Master's degree	Fifties
Data entry clerk	Doctoral degree	Sixties

Using these rules, the following generated entries are possible:

Occupation	Education	Age
Paper carrier	Grade school	Forties
Paper carrier	Doctoral degree	Under 13
VP of Sales	High school	Twenties
VP of Sales	College graduate	Forties
Data entry clerk	High school	Twenties
Data entry clerk	Master's degree	Teens
College professor	College graduate	Sixties
College professor	Grade school	Thirties

Some of these entries are not logical; for example, paper carriers under age 13 usually do not have advanced degrees. If you validate element combinations, you can set up logical element groupings and eliminate accounting keys that are not logical. Using validation with combination validation and accounting key generation you can

- Control the size of the chart of accounts
- Reduce the time spent maintaining the chart of accounts
- Prevent the generation of invalid accounting keys
- Reduce posting errors resulting from invalid accounting keys.

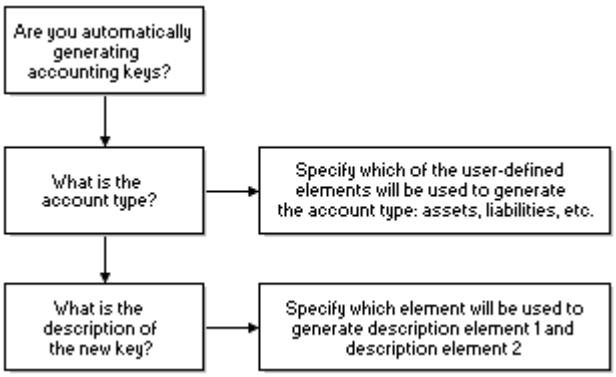
Ways to Use the Validation Process

Depending on your business requirements, you determine how to use the validation process. The following table explains some of the ways you can use validation, combination validation, and automatic accounting key generation with SmartStream.

If you choose...	The validation process...	Use the option if you...
Element validation off/ combination validation off/ accounting key generation off	Verifies that the accounting key is on the chart of accounts. If not, no further processing takes place.	Do not want additions to the chart of accounts. Do not want to maintain validation structures.
Element validation on/ combination validation off/ accounting key generation on	Validates the selected elements only and generates the accounting key.	Determine the relationships between the elements is not significant and does not warrant validating element combinations.
Element validation on/ combination validation on/ accounting key generation off	Validates the selected elements and their combination names, but does not generate the accounting key.	Want to control which accounting keys are added to the chart of accounts.
Element validation on/ combination validation on/ accounting key generation on	Validates the selected elements and their combination names. If they are valid, the process adds the accounting key to the chart of accounts.	Want to allow immediate access to accounting keys. Want to allow the addition of accounting keys using Ledger journal processing and chart of accounts maintenance.

Which Validation Controls Are Defined When You Configure Your Accounting Key?

If you automatically generate your accounting keys, SmartStream assigns an account type and description to the new accounting keys. You assign the criteria that determine these attributes when you specify controls for your user-defined accounting key.



You cannot change the account type control after you load balances. However, you can change the description elements anytime on the Ledger view of the Enterprise Policy window.

For information about validation policy see

- Ledger validation policy in the *Ledger* guide
- Budget validation policy in the *Budget* guide

To set up structures, see the Structure Creation Process in the online Help.

Security Requirements

SmartStream security is based on SmartStream's interaction with the database management system (DBMS). SmartStream uses two types of security:

- Activity
- Data Control

Activity Security

In SmartStream, you can restrict access to users by activities (windows). This means that only activities users have been granted access to appear in the Activity Lists on the SmartStream desktop. You secure only the method of access (view or maintain) to the window, not the data itself.

Data Control Security

SmartStream products have classified many activities as containing sensitive data. Data control security restricts the range of data that can be maintained or viewed for an activity. If no data security is established, users cannot perform these functions.

Establishing the First Level of Data Control Security

Security to control access to balances is granted to users based on the entity and two accounting key elements. These controls are defined when you configure your accounting key.

Note: Additional security control for balances is by amount class.

Example

You have specified the following elements:

Element	Window Column Title
1	Division
2	Account
3	Department
4	Product
5	Project

You produce the following results:

Security Controls Selected	Results
Division and Account	Users have restricted access to Division and Accounts. For example, User Group X may have access to any of the Departments, Products, and Projects, but they are restricted to the PLANT1 and PLANT2 Divisions and Accounts 11110 through 13110 and 52110-52130. The range of access is established in the Security module where security is based on Entity, Division, Account, and Amount Class.

For more information, see the following sections in the *SmartStream Administration* guide:

- Overview of Security
- SmartStream Financials Example.

Storage of Balance Amounts

In SmartStream products, amount information is stored by amount class type. Combined with a year, it becomes a specific amount class to which you post your journals. For example, you can store actual, budget, and statistical information. You do not need to use an accounting key element to distinguish between balance categories.

The following table, which represents rows on your balance table, shows Actual, Budget, and Miscellaneous amount class types.

Accounting Key	Year	Amount Class Type
ABC	1998	Actual
ABC	1997	Actual
ABC	1998	Budget
ABC	1998	Misc
XYZ	1998	Actual
XYZ	1997	Actual
XYZ	1998	Budget

For more information about amount classes, see Amount Class Type help.

Maximum Number of Periods

The final phase of analyzing your business policies involves determining the maximum number of periods for the balance table. Consider all areas of your business when deciding on the maximum number of periods.

Determining the Number of Periods

When you define the controls for your user-defined accounting key, you specify the maximum number of periods for the

- Ledger Balance table
- Budget Balance table.

The total number of accounting and adjustment periods cannot exceed 60.

Ledger Considerations

The number of periods you choose is used to build the Ledger Balance table by period. If one ledger entity uses 52 periods and another uses 13, the balance table contains 52 period balance columns. The number of periods cannot be changed after you load balances unless you reinstall and convert your data.

Projects Considerations

The Projects balance and balance reorganization tables are built using the number of periods defined for Ledger. You cannot define a separate number of accounting and adjustment periods for Projects.

Budgeting Considerations

Consider the following factors when determining the number of periods for budgeting entities.

- Budgeting entities do not use adjustment periods.
- All budgeting entities must use the same number of periods.
- All weekly spread options are available (4-4-5, 4-5-4, 5-4-4, and straight) if the number of budget periods is 12, 14, or 52.

  For any other number of periods, only the straight spread method is available

Defining the Number of Periods for the Enterprise

Use the following table to help you determine how many periods to define if you use both SmartStream Budget and Ledger:

If...	Then...	And...
Ledger is customized before Budget **or** Budget and Ledger are customized at the same time	You can define any number of periods (1-60) for the Ledger Balance table	You can define any number of periods (1-60) for the Budget Balance table up to and including the maximum number of periods defined for the Ledger Balance table.
Budget is customized before Ledger	You can define any number of periods (1-60) for the Budget Balance table	You can define any number of periods (1-60) for the Ledger Balance table when Ledger is installed.

To produce Allocations output in the proper format, the maximum number of ledger periods and budget periods are used to customize the alloc_distn_bal table and the alloc_distn_bud_bal table.

Consolidations Considerations

If you plan on using Consolidations, you must establish a separate user-defined accounting key. This accounting key reflects the level of detail you need for reporting your **consolidated** financial position. *This level of detail may be different from that of other financial products*.

Your Consolidations user-defined accounting key should reflect the lowest level of detail needed for consolidated financial reporting. This key can be defined any time after you run a minimal accounting key configuration process.

Example

An enterprise has offices throughout the world with different requirements for reporting.

Location	Current Accounting Key
Tokyo	Division, Account, Department, Product, Project
Sydney	Division, Account, Department, Region
Vancouver	Division, Account, Department, Store
Rio de Janeiro	Division, Account, Department, Region, Product

To use consolidated reporting you could define a Consolidations accounting key that uses

- Division
- Account
- Department.

Note: You must configure an accounting key for SmartStream products before you can configure your Consolidations accounting key.

Designing Your Accounting Key

The decisions you made about the accounting element, description elements, security controls, and maximum number of periods are entered on the User-Defined Accounting Key windows. The following table shows what is defined when you configure your accounting key:

When you...	You define or select...
Initially configure your accounting key information	Language Product Database column name Maximum element length Window column titles Accounting element Description elements Security controls Maximum number of Ledger, Budget, and Consolidations periods

For information about

- The configuration process, see About the User-Defined Accounting Key
- Naming conventions for database column names, see Naming Conventions, both in the *Shared Components Technical Reference*.

When making decisions about the user-defined portion of the accounting key, consider the

- Size of the accounting key
- Element length
- Effect of element structure on processing time
- Effect of heading and element length on Microsoft Access reports.

Size of the Accounting Key

When you define the accounting key, consider the length of each element and the total number of elements. The user-defined part of the accounting key consists of a

- Minimum of 2 and maximum of 12 user-defined elements
- Maximum combined length of 231 characters
- Maximum of 30 characters for any one element.

The accounting key is displayed on a window in two ways. The following table discusses the ramifications of both ways.

Display	Definition	Ramifications
Single row	The information appears in one line.	To see the full accounting key you must access an expand button. This results in data on the window being covered when the accounting key is in expanded mode.
Multiple row	Information is stacked one line above another	The longer the accounting key, the farther you have to scroll to the right to see the accounting key.

Display Size of Each Element

When defining the accounting key, you can change the spacing between elements and the amount of space each element takes on the window.

When you define elements, you specify a field length. The specified length is the number of characters for an element. The element's display size is the amount of space the element occupies on the window.

The default display size is determined by the specified number of capital *W*s. When you define the accounting key, you can control the display size and titles of the elements.

The following chart shows an example of how you can change the display size and title of an element:

If...	And...	Then...
An element is defined as Department with a length of four characters	Numbers are used as identifiers for each department instead of letters	You can adjust the display size and title to make bette use of the available space
Department WWWWW	Department 1234	Dept 1234

You cannot change the display size of the accounting key after you have configured the accounting key for the enterprise.

Element Length

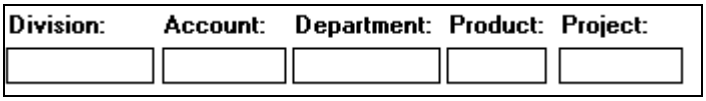
If you are planning to use multiple languages with SmartStream products, you need to consider the initial element length and display size of your user-defined elements. Because the length of words varies in different languages, for example *department* in

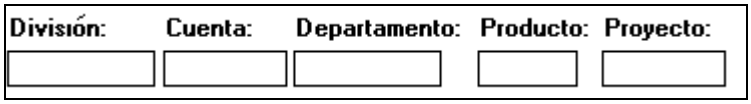
English and *departamento* in Spanish, you need to consider what the most desirable length is for an element.

Window Column Titles

The database column name and maximum element length is defined only once and is fixed after you configure the accounting key. When you customize the accounting key using additional languages, the only item that can change is the window column title.

The following example displays the accounting key in two different languages, English and Spanish. Notice that the names of each of the elements are different but the space allotted for entering the elements (the display size) is the same.





Although you can define different column titles by language, the length of the field does not change. Therefore, consider the languages you will be using throughout your enterprise when you decide on the maximum length for each of your accounting key elements.

Element Structure

The arrangement of elements affects processing in the SmartStream products. Remember these guidelines:

- The fewer the elements, the faster the response time.
- The most generic elements should appear earlier in the accounting key.

Accounting Key and Microsoft Access Reports

The Microsoft Access reports delivered with SmartStream use average accounting key element sizes designed to meet most needs; however, if your enterprise has long column headings or large element values, you may need to tailor the delivered reports to accommodate your accounting key. Depending on your printer font size, heading size, and so on, delivered reports can print approximately 40 to 45 characters per heading or element without wrapping or truncating the accounting key.

Configuring Your Key

After the initial configuration of your accounting key, you can run the user-defined accounting key process again for customization of SmartStream products. For example, you can add products such as Budget and use additional languages.

For information about entering these implementation decisions, see the Configuring Your Accounting Key chapter in the *Shared Components Technical Reference*.

Recording Your Accounting Key Decisions

After the XYZ Company analyzed its business practices, it recorded the following decisions for the accounting key design.

User-Defined Accounting Key Planning Worksheet

Database Column Name	Element Length	Element Title	Accounting Element	Security Controls	Description Elements
dbs_division	*6*	*Division*		*Yes*	
dbs_account	*5*	*Account*	*Yes*	*Yes*	*One*
dbs_department	*6*	*Department*			*Two*
dbs_product	*4*	*Product*			
dbs_project	*5*	*Project*			
Consolidations					
dbs_division	*6*	*Division*			
dbs_account	*5*	*Account*	*Yes*		
dbs_product	*4*	*Product*			

Maximum number of Ledger periods 14
Maximum number of Budget periods 12
Maximum number of Consolidations periods 14

For a blank copy of the planning worksheet, see Planning Worksheet.

Accounting Key

Using this full accounting key, a sample of a chart of accounts is displayed in the following table:

Entity	Division	Account	Department	Product	Project
US2	Area1	52710	Servc	Cons	30110
US2	Area1	52710	Servc	Cons	30210
US2	Area2	52710	Servc	Cons	50110
US2	Area2	52710	Servc	Cons	30110
US3	Plant1	51110	Manuf	P101	
US3	Plant1	51110	Manuf	P102	
US3	Plant2	51110	Manuf	P201	

Entity	Division	Account	Department	Product	Project
US3	Plant2	51110	Manuf	P202	

Note: The full accounting key uses the high-level qualifier of entity.

Number of Periods

An enterprise closes its books monthly, uses a monthly budgeting cycle, and requires two adjustment periods: one for internal year-end adjustments and another for audit adjustments. Because the total number of ledger periods is equal to accounting periods plus adjustment periods, this enterprise uses 14 ledger periods. All Ledger entities in the enterprise can have no more than 14 periods. This enterprise uses 12 budget and 14 consolidation periods.

Planning Worksheet

Record your accounting key decisions on this blank worksheet.

User-Defined Accounting Key Planning Worksheet

Database Column Name	Element Length	Element Title	Accounting Element	Security Controls	Description Elements

Maximum number of Ledger periods ___
Maximum number of Budget periods ___
Maximum number of Consolidations periods ___

2 SmartStream and Your Ledger

Chapter Contents

2-1 About SmartStream and Your Ledger
2-3 About Default Accounting Key Information
2-7 Processing Hierarchies for Default Accounting Key Information
2-11 About Ledger Aliases
2-12 Accounting Distribution Types

About SmartStream and Your Ledger

Certain SmartStream business processes generate journal entries to record the financial impact of the activity in SmartStream Ledger. For example, journal entries are generated when you add a payment request, retire an asset, post allocated remittances, or clear a payment.

Decisions you make in SmartStream Ledger policy control the generation of journal entries. The following table lists these policy decisions and shows where you can find more information about them:

Decision	See This Section in the *Ledger* Guide
How accounting key information is validated	Define Validation Policies
How errors are handled	Error-Handling Decisions
What interentity balancing policy to use	Interentity Balancing
What currency balancing policy	Currency Balancing
Whether to post detailed or summarized journal entries	Benefits of Summarizing Journals

Accounting Distribution Types

The types of journal entries generated during SmartStream processing depend on the documents you are processing.

For example, when you add a simple invoice, SmartStream Payables generates

- A debit for expenditure
- A credit for accounts payable liability.

When you add a remittance, SmartStream Receivables generates

- A debit for cash
- A credit for accounts receivable clearance.

Each line of the journal holds the amount generated for a specific distribution type.

For a complete list of distribution types for each SmartStream process and accounting object, see Accounting Distribution Types.

Posting Journal Entries

SmartStream Ledger posts the amounts of the journal entries to accounts on your chart of accounts according to the accounting keys you define. An accounting key (also referred to as an accounting distribution) is a set of values that identifies an account.

You can enter the accounting key directly on a document, such as an invoice, or you can establish accounting keys as defaults in various components of SmartStream policy. When you process a document that references those policy components, the default accounting key values appear automatically on the document, depending on the account derivation default sequence.

About Default Accounting Key Information

The components of SmartStream policy in which you can set up default accounting key information are called **accounting objects**.

Examples of accounting objects are

- Tax Rule
- Bank Account
- Reason Code
- Payable Entity
- Site Commodity.

For a complete list of accounting objects used by each SmartStream product, see Accounting Distribution Types.

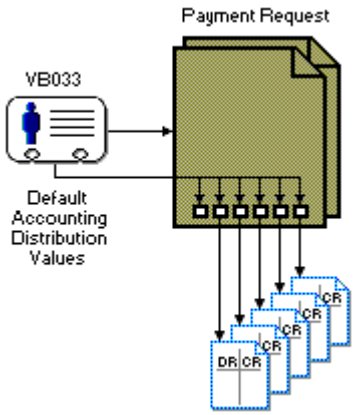
Deriving Accounting Key Information

SmartStream derives default accounting key information for distribution types based on either

- A predefined processing sequence that depends on the type of business transaction
- The default hierarchy you establish for accounting distributions in SmartStream Purchasing.

Example 1

You install SmartStream Payables. You deal with vendor VB033, who sells office furniture. When you set up policy for vendor VB033, you include the accounting key information for your furniture and fixtures expenditure account. Each time you enter a payment request from vendor VB033, the values for the furniture and fixtures accounting distribution appear automatically on the payment request. Payables automatically generates journal entries based on this default accounting key information.



Example 2

When you process a purchase order, default accounting distribution values defined for the policy components referenced on the purchase order appear automatically. Which values appear depend on the default processing sequence for deriving accounts you set up for your enterprise.

Using Partial Default Accounting Key Information

When you define default accounting key information in policy or when you enter accounting information on documents, you can choose to

- Enter complete accounting key element values for a distribution type as a default in one accounting object
- Enter values for some accounting key elements in one accounting object and the remaining element values in one or more different accounting objects
- Enter values for only some of the accounting key elements as defaults. Then enter values for the remaining elements for the distribution type on a document when you add it.

These entry options enable you to define the elements of an accounting distribution in the accounting objects where the element values remain constant. If the values of one or more elements vary from document to document, you can enter these element values when you add each document.

Example

Vendor A sells only one product, copy paper. You always want to charge the same expenditure account for shipments from this vendor.

On the other hand, you want to charge expenditures for Vendor B to various accounts that use different ledger entities. The ledger entities use the same chart of accounts. You define a default ledger entity for each payable entity involved in processing with this vendor, and leave the ledger entity blank on the accounting key information for the vendor.

Minimum Entry Requirements

If you enter partial accounting distributions as a policy default for an accounting object, at a minimum you must specify the distribution type **and** either the ledger entity or at least one of the accounting key elements.

Temporary Ledger Entities

If you do not enter a ledger entity when you process a document, SmartStream allows you to specify a temporary ledger entity, which is used only for validating the accounting key element values. The journal entries are then posted to accounts for the correct ledger entities at posting time, and these ledger entities are validated at that time.

Example 1

You need to define some elements of an expenditure accounting distribution type as defaults for vendor VH222. You want to define the remaining elements as defaults in the policy for payable entity UK04.

Vendor Defaults

You enter the ledger entity ATL01 and values for three of your five accounting key elements in the policy for vendor VH222:

Distribution Type:	Expenditure				Alias:
Entity:	Division:	Account:	Department:	Product:	Project:
ATL01	SEA	5030			444

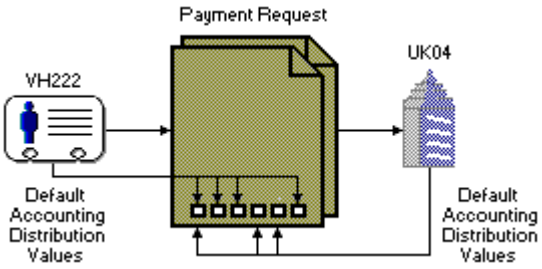
Payable Entity Defaults

You then enter the ledger entity ATL01 and values for the remaining two elements in the policy for payable entity UK04:

Distribution Type:	Expenditure				Alias:
Entity:	Division:	Account:	Department:	Product:	Project:
ATL01			234	H22	

Default Account Derivation Processing

When you process payment requests from VH222 using payable entity UK04, Payables first obtains the accounting distribution default values from the vendor then the remaining default values from the payable entity.



Example 2

You want to define accounting key element values as defaults for an expenditure accounting distribution type for payable entity BEXP. You use this payable entity to process payment requests for business expenses. The value for one of your accounting key elements (Project) varies from payment request to payment request.

Payable Entity Defaults

You enter the ledger entity CAN and values for four of your five accounting key elements as policy defaults:

Distribution Type:	Expenditure				Alias:
Entity:	Division:	Account:	Department:	Product:	Project:
CAN	ONT	EXP	DP	SVC	

Payment Request Processing

You enter a value for the remaining accounting key element (Project) when you enter a payment request line:

Line	Amount/ Description	Alias	Entity	Division	Account	Department	Product	Projec
1	850.00		CAN	ONT	EXP	DP	SVC	111

Overriding Defaults

For many types of default accounting distributions, you can override default values for accounting key elements when you add a document.

Blocking Distribution Defaults

If you do not want to enter values for all the elements of an accounting distribution as a default or you do not want to use all the elements of a default accounting distribution, you can prevent selected element values from becoming defaults.

To do so, you enter a blocking character (#) for these element values.

This blocking feature is useful when you maintain summarized balances for some distribution types but need complete detailed balances for other types.

Example

You usually maintain balances for an asset account only by division and account. You maintain expense balances by division, account, and department. When you add an asset, you do not want the accounting key element value for department to be a default on the journal line for the asset distribution type.

When you set up default accounting key information for the asset category for the asset distribution type, you enter # in the Department field.

When you add assets using this category, the accounting key element value for Department is a default for the depreciation expense distribution type, but the department element is blank for the asset distribution type.

Processing Hierarchies for Default Accounting Key Information

In most cases, the default processing hierarchies for deriving accounting key information cause the SmartStream products to search through the accounting objects in a predefined order, usually from more specific objects to more general objects.

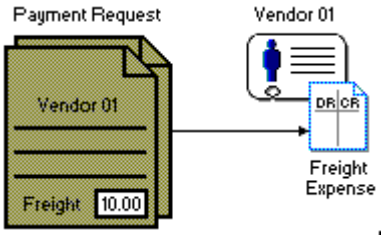
During a process such as payment clearance or standard cost journal creation, the SmartStream product uses the predefined default sequence to string together a ledger entity and values for the related accounting key elements to build, or derive, a full account number.

Nonvariable Hierarchies for Deriving Accounting Defaults

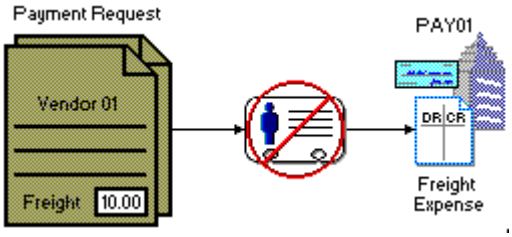
Some SmartStream products retrieve default accounting key element values according to a predefined sequence that you cannot change. For example, if you install SmartStream Payables, any default accounting key element values that you define for a vendor take precedence over defaults you define for a payable entity.

Example

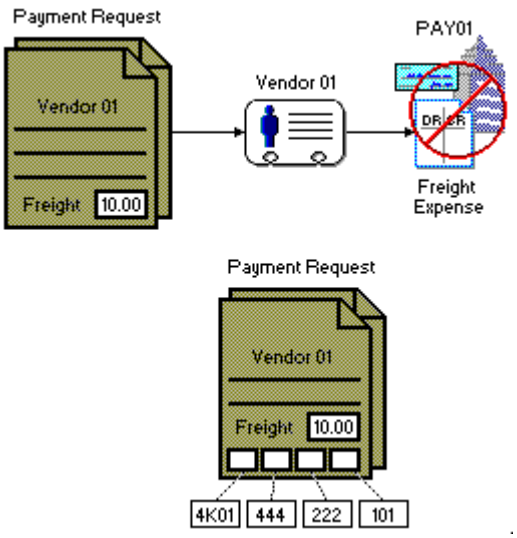
When you enter a payment request line that includes freight charges that are not posted to the line expenditure accounts, Payables first examines the vendor's policy to see if you defined a default accounting key information there.



If not, Payables then moves on to payable entity policy.



If no default accounting key information for the freight expense distribution type is defined either for the payable entity or the vendor but a freight expense accounting information is required, you must enter values for all the accounting key elements when you enter the payment request.



Variable Hierarchies for Deriving Accounting Defaults

SmartStream Purchasing and SmartStream Supplies Management are delivered with a predefined default hierarchy for deriving accounting key information for each distribution type. You can change this delivered default hierarchy to speed up processing time or to make the hierarchy better fit the business needs of your enterprise. You can

- Rearrange the order of the accounting objects in the default hierarchy
- Disable one or more accounting objects in the hierarchy.

Following the sequence of accounting objects that you define, the SmartStream account derivation process accepts the first value it finds for each accounting key element in a distribution type.

Example 1

Purchasing is delivered with the following predefined default hierarchy for deriving accounting information for expenditure distribution types:

- Site Commodity
- Vendor
- Requester
- Requisition Entity
- Site

You define only one requisition entity for your enterprise, so you disable requisition entity in the list of accounting objects. When you add a requisition for an item, Purchasing searches for default accounting distributions first in the policy for the site commodity associated with the item. Purchasing then proceeds to the vendor policy,

the policy for the requester, and finally to the policy for the requisition site, until values for all the accounting key elements are found.

By not searching requisition entity policy, you save processing time for your requisitions.

Example 2

Supplies Management is delivered with the following predefined default hierarchy for deriving accounting information:

- Reason Code
- Item
- Stockroom
- Site Commodity
- Site

Changing an Account Derivation Hierarchy

The following table shows the tasks you perform to change the delivered default hierarchy for deriving accounting key information.

Task	Description	Window
1	Enable the accounting objects for which you want to define default accounting distributions for your SmartStream products.	Accounting Object Hierarchy
2	Arrange the enabled accounting objects in the sequence you want to use for deriving accounting distribution values.	Accounting Object Hierarchy
3	For each distribution type, enable the accounting objects for which you want to define default accounting distributions.	Distribution Type Accounting Objects
4	For each accounting object that you select for each distribution type, define the default accounting distribution values you want to use in your processing.	Windows for adding accounting key information

Identifying Requirements for Accounting Distributions

Determine the accounting objects for which you want to set up default accounting key information. This depends on

- The SmartStream products you install
- Your business practices.

Using Workflows

Use SmartStream workflow technology to notify you of new accounting objects. For example, if you define default accounting distributions for items, set up a workflow that notifies you of each new item that is added to SmartStream.

You will receive a task to define a corresponding accounting key for each new item.

About Ledger Aliases

An **alias** is a short identifier for the accounting key element values that identify an account. Using ledger aliases can speed up processing your SmartStream transactions.

You can define an alias for complete or partial accounting distributions.

When to Use Aliases

It is not always possible to set up complete accounting distributions as policy defaults for all the types of distributions you use. For example, the values for your accounting distributions can vary depending on a commodity you purchase or who is responsible for the commodity. In such cases, you must enter the values for accounting key elements directly when you enter each document.

Define aliases for accounting key element values you enter frequently, such as expenditure or freight charges. Also consider defining aliases for accounting distributions you frequently enter to override default accounting distributions.

Example

You are processing a purchase order. The following default accounting distribution appears on a line of the purchase order:

Distribution Type	Alias	Entity	Division	Account	Departmer	Produc
Expenditure		US3	ADMIN	54210		

You want to charge the expense for the item on the line to a different account. You can do this by entering the alias you previously defined for this account, **CAACL**, in the Alias field.

Distribution Type	Alias	Entity	Division	Account	Departmer	Produc
Expenditure	CAACL	US3	ADMIN	54210		

When you move off the Alias field, the values of the accounting distributions associated with the alias CAACL replace the default distribution values.

Distribution Type	Alias	Entity	Division	Account	Departmer	Produc
Expenditure	CAACL	CN3	ADMIN	54210		

Accounting Distribution Types

The tables in this section list the types of accounting distributions that the SmartStream products use. It also identifies the accounting objects for which you can set up default accounting key information for the distribution types.

The information in the tables is organized in the following manner:

- The first column lists the accounting distribution types for which the product generates journal entries during processing. The type code for each distribution type appears in parentheses.
- The top row lists the accounting objects for which you can set up default accounting key information.
- An X indicates that you can set up accounting key information for the specified distribution type in the related accounting object.

For details on the accounting requirements for your SmartStream products, see the individual guide for each product. See the online Help for each product for instructions on adding and overriding default accounting key information.

Asset Management Distribution Types

The following table shows the accounting distribution types used by SmartStream Asset Management and the accounting objects for which you can set up accounting key information.

Accounting Objects

Distribution Types	Asset Category	Asset Entity
Accumulated Additional Depreciation (112)	X	X
Accumulated Depreciation (108)	X	X
Acquisition Clearing (102)	X	X
Additional Depreciation Expense (110)	X	X
Asset (100)	X	X
Asset Gain (118)	X	X
Asset Loss (120)	X	X
Asset Payment Clearing (124)	X	X
Asset Proceeds Clearing (122)	X	X
Asset Proceeds Income (126)	X	X
Basis Adjustment (104)	X	X
Depreciation Expense (106)	X	X

Distribution Types	Asset Category	Asset Entity
Exceptional Retire Depreciation (130)	X	X
Net Book Value (128)	X	X
Prior Year Additional Depreciation Expense (114)	X	X
Prior Year Depreciation Expense (116)	X	X
Self-Assessed Tax Liability (310)	X	X

Billing Distribution Types

The following table shows the accounting distribution types used by SmartStream Billing and the accounting objects for which you can set up accounting key information.

Accounting Objects

Distribution Types	Billing Document	Billing Accounting Distributions	Sales Item Accounting Distributions	Receivable Document Type	Receivable Entity	Tax Rate	Tax Rule
Deferred Revenue (801)	X	X		X	X		
Freight Income (802)	X	X			X		
Miscellaneous Income (804)	X	X			X		
Sales (800)	X	X	X	X	X		
Tax Liability (806)	X				X	X	X

Payables Distribution Types

The following table shows the accounting distribution types used by SmartStream Payables and the accounting objects for which you can set up accounting key information.

Accounting Objects

Distribution Types	Bank Account	Earnings and Withholding Rule	Ledger Entity	Ledger Entity/ Currency	Payable Entity	Payment Method	Tax Rate	Tax Rule	Vendor
Accounts Payable Liability (400)					X				
Cash (500)	X					X			

Distribution Types	Bank Account	Earnings and Withholding Rule	Ledger Entity	Ledger Entity/ Currency	Payable Entity	Payment Method	Tax Rate	Tax Rule	Vendor
Currency Rounding (708)				X					
Discount Earned (404)					X				
Discount Lost (402)					X				
Expenditure (300)					X				X
Freight Expense (306)					X				X
Interentity Payable (990)			X						
Interentity Receivable (992)			X						
Miscellaneous Charges Expense (308)					X				X
Notes Payable Liability (401)									X
Realized Currency Gain (704)				X					
Realized Currency Loss (706)				X					
Self-Assessed Tax Liability (310)							X	X	
Tax Expense (302)							X	X	
Tax Reclaimable (304)							X	X	
Unrealized Currency Gain (700)				X					
Unrealized Currency Loss (702)				X					

Distribution Types	Bank Account	Earnings and Withholding Rule	Ledger Entity	Ledger Entity/ Currency	Payable Entity	Payment Method	Tax Rate	Tax Rule	Vendor
Unreconciled Cash: Payments (502)	X					X			
Withholding Liability: 1099 (410)		X			X				
Withholding Liability: CIT (412)		X			X				
Withholding Liability: PPS (413)		X			X				
Withholding Liability: T4A (411)		X			X				

Projects Distribution Types

The following table shows the accounting distribution types used by SmartStream Projects and the accounting objects for which you can set up accounting key information.

Accounting Objects

Distribution Types	Project Accounting Distribution	Project Cost Element	Component Accounting Distribution	Component Cost Element	Journals	Rates
Project Cost (150)	X	X	X	X	X	
Project Clearing (152)	X		X			
Asset Production (154)	X		X			
Ledger Journal Offset (156)	X		X		X	X

Purchasing Distribution Types

The following table shows the accounting distribution types used by SmartStream Purchasing and the accounting objects for which you can set up accounting key information.

Accounting Objects

Distribution Types	Site Commodity	Requester	Requisition Entity	Site	Vendor
Expenditure (300)	X	X	X	X	X
Purchase Price Variance (312)	X				X

Receivables Distribution Types

The following table shows the accounting distribution types used by SmartStream Receivables and the accounting objects for which you can set up accounting key information.

Accounting Objects

Distribution Types	Bank Account	Ledger Entity	Ledger Entity/ Currency	Receivable Document	Receivable Document Type	Receivable Draft	Receivable Draft Type	Receivable Entity	Write-Off
Accounts Receivable (600)				X	X			X	
Accounts Receivable Clearance (504)	X								
Cash (500)	X								
Currency Rounding (708)			X						
Discount Allowed (602)								X	
Distributed Drafts (603)						X	X		
Freight Income (802)				X				X	

Distribution Types	Bank Account	Ledger Entity	Ledger Entity/ Currency	Receivable Document	Receivable Document Type	Receivable Draft	Receivable Draft Type	Receivable Entity	Write-Off
Interentity Payable (990)		X							
Interentity Receivable (992)		X							
Miscellaneous Income (804)				X				X	
Realized Currency Gain (704)			X						
Realized Currency Loss (706)			X						
Receivable Drafts (601)						X	X		
Remittance Allocation Tolerance (604)								X	X
Remittance on Account Clearance (506)					X			X	
Sales (800)				X	X			X	
Tax Liability (806)				X				X	
Unrealized Currency Gain (700)			X						
Unrealized Currency Loss (702)			X						
Unrealized Remittance on Account Clearance (507)					X			X	

Distribution Types	Bank Account	Ledger Entity	Ledger Entity/ Currency	Receivable Document	Receivable Document Type	Receivable Draft	Receivable Draft Type	Receivable Entity	Write-Off
Unreconciled Cash: Drafts (501)									
Unreconciled Cash: Remittances (503)									
Write-Off Expense (606)								X	X

Supplies Management Cost Distribution Types

The following table shows the accounting distribution types used by SmartStream Supplies Management and the accounting objects for which you can set up accounting key information.

Accounting Objects

Distribution Types	Reason Code	Item Accounting	Stockroom Accounting	Site Commodity Accounting	Site Accounting Distribution
Stockroom Inventory			X	X	X
Inventory Adjustment	X	X	X	X	X
Scrap Expense	X	X	X	X	X
In-Transit Inventory		X	X	X	X
Inter-Company COGS		X	X	X	X
Inter-Company AP		X	X	X	X
Return to Vendor		X	X	X	X
Inventory Reevaluation		X	X	X	X
Kits in Process		X	X	X	X
Expenditure	X	X		X	X
Purchase Price Variance		X	X	X	X

Distribution Types	Reason Code	Item Accounting	Stockroom Accounting	Site Commodity Accounting	Site Accounting Distribution
Accounts Payable Clearance			X		X

3 Setting Up Asset Integration

Chapter Contents

3-1 About Asset Integration
3-2 Accounting Key Information
3-3 Asset Details
3-4 How Asset Integration Works

About Asset Integration

If you install the SmartStream Payables and Asset Management products, you can set up asset integration rules.

The asset integration rules enable Payables to notify Asset Management when you add payment requests containing assets.

An asset integration rule ensures that the following information is transferred from Payables to Asset Management:

- Accounting distribution for posting the asset expense
- Details about the asset, such as the cost, vendor, and model number.

For detailed instructions on adding asset integration rules, see the Asset Integration Rule online Help.

Accounting Key Information

Asset integration rules define the set of accounting keys that correspond to assets on the chart of accounts.

Entering Wildcards

You can enter specific keys in the asset integration rule, or you can use the wildcard character (%). If you enter the wildcard character in that position (zero or more characters), it indicates that any character entered in the Entity and Accounting Key Elements field will meet the requirement of the asset integration rule.

Example

For example, the following accounting keys represent your asset accounts:

Entity	Division	Account	Department	Product	Project
US1	ADMIN	15410			
US1	ADMIN	15420			
US1	PLANT01	15430			

You could establish the following asset integration rule:

Entity	Division	Account	Department	Product	Project
US1	%	154%	%	%	%

When you enter a payment request line and the expenditure accounting key matches an asset integration rule, SmartStream sends a workflow task to Asset management personnel that an asset has been added and that it is ready for processing.

Asset Details

The payment request passes the following information about the asset to the Asset Management window:

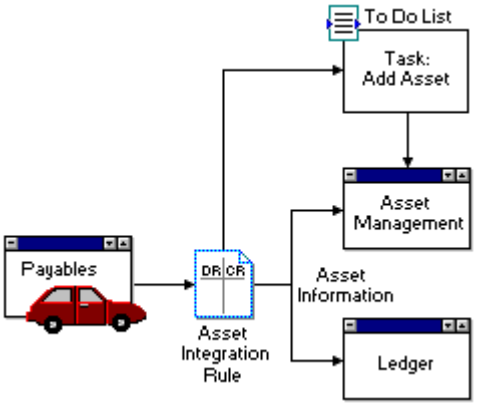
- Vendor identifier and location
- Payment request number and date
- Scheduled payment number
- Asset entity, if entered on the payment request
- Asset identifier, if entered on the payment request
- Serial number, if entered on the payment request
- Model or part number, if entered on the payment request
- Manufacturer's name, if entered on the payment request
- Quantity
- Payment request line description
- Cost (expenditure for the payment request line)
- Accounting distribution
- Journal identifier and sequence number.

How Asset Integration Works

To send information about an asset added in Payables to Asset Management, SmartStream uses workflow technology.

Payables Processing

When you enter a payment request line, Payables verifies whether the expenditure for the line is for an asset by comparing the expenditure accounting key to the asset integration rules. If it is an asset, SmartStream then sends a workflow task to Asset Management personnel that an asset has been added and that it is ready for processing.



Asset Management Processing

When an Asset Management user selects the task for adding or changing an asset, the Asset Maintenance window appears and displays information about the asset.

If a payment request has recurring payments, the Asset Management user receives only one task. Asset Management multiplies the amounts on the first payment to obtain the amounts for the remaining recurring payments.

When the user completes and saves the asset, Asset Management records the transaction.

Changing Asset Information

If you change a payment request line containing an expenditure for an asset, SmartStream notifies the assets department that the payment request or recurring payment was changed.

If you change an asset accounting distribution, SmartStream sends a task with instructions for handling the asset to the To Do List of the appropriate Asset Management user.

If you change...	Asset Management receives a task with instructions to...
An asset account to another asset account	Update assets.
An asset account to a nonasset account	Delete the asset.
A nonasset account to an asset account	Add the asset.

4 Receipt Accrual

Chapter Contents

4-1 About the Receipt Accrual Process
4-3 Receipt Accrual Parameters
4-5 Receipt Accrual Calculation
4-7 Tax Accrual
4-8 Journal Entries for Accruals
4-10 Receipt Accrual Reporting
4-11 Integration with Other Processes

About the Receipt Accrual Process

If you install the SmartStream Payables and Purchasing products, you can use the receipt accrual process.

The receipt accrual process is a scheduled process you run to generate journal entries that reflect timing differences between when you receive or issue goods and when you receive the invoice for those goods.

This process generates journal entries for

- Goods received but not yet invoiced
- Goods issued but not yet invoiced
- Goods invoiced but not yet received
- Taxes associated with receipt accrual amounts.

The receipt accrual process generates journal entries for the following accounting distribution types:

- Accounts payable clearance
- Expenditure
- Purchase price variance
- Receipt accrual liability

- Tax expense

For information on how to run the receipt accrual process, see Stages of Receipt Accrual Scheduled Processing.

Receipt Accrual Parameters

When you enter a receipt accrual request you must identify the

- Ledger entities to include in the accrual
- Effective date of the accrual
- Accounting key information to use for the accrual liability.

Posting Transactions

The Generate Posting Transactions option you choose affects the way you perform receipt accrual reporting.

If you choose to generate ledger posting transactions, you can produce the delivered Receipt Accrual Trial Balance report about the accruals after you post the journal entries.

If you do not choose to generate ledger posting transactions, you can produce a user-defined report about the accruals and not actually post the journal entries.

For more information, see Receipt Accrual Reporting.

Accruing Taxes

You can choose to generate journal entries for the taxes associated with receipt accrual amounts. The receipt accrual scheduled process accrues taxes for the non-reclaimable portion of the tax only. Because the receipt accrual scheduled process does not accrue freight or miscellaneous charges, it does not generate accrual journal entries for tax on freight or miscellaneous charges.

Effective Date

On the receipt accrual request, you enter the receipt accrual effective date for each ledger entity. This date identifies the end of the accounting period for which you are running the receipt accrual process. The receipt accrual process includes only the receiving and invoicing activity that occurred before the effective date.

Purchase Order Line Schedule Exclusion Option

On the receipt accrual request, you can enter a date that limits the number of purchase order line schedules included in receipt accrual processing.

When you do not use the exclusion option, the receipt accrual process includes all purchase order line schedules whose accounting distribution ledger entity is the same as the ledger entity selected on the receipt accrual request. When you enter a date for the exclusion option that is before or the same as the current accrual effective date, the receipt accrual process excludes closed purchase order line schedules with activity dates before the date you entered.

Only closed purchase order line schedules whose invoices have been posted to Ledger are excluded from processing when you use this exclusion option. All open purchase order line schedules are considered for accrual.

Receipt Accrual Calculation

To determine the receipt accrual amount, the receipt accrual scheduled process determines the total invoiced quantity matched to the purchase order line schedule and the total received quantity for the purchase order line schedule.

When accruing for a purchase order line schedule that contains a consignment item, the receipt accrual process calculates the receipt accrual quantity as follows:

Quantity issued - quantity invoiced

When accruing for a purchase order line schedule that does not contain a consignment item, the receipt accrual process sums the quantity received and quantity returned of all the consolidated scheduled receipt detail lines if the receipt date is before or the same as the effective date.

Invoiced Quantity

The receipt accrual process determines invoiced quantity for a purchase order line schedule by adding all invoices matched to the purchase order line schedule that meet all of the following conditions:

- The invoice is posted.
- The invoice accrual effective date is before or the same as the receipt accrual effective date.
- The invoice is not cancelled.
- If the invoice is cancelled, the cancellation effective date is after the receipt accrual effective date.

Received Quantity

The receipt accrual process determines received quantity for a purchase order line schedule by adding all receipts for the purchase order line schedule that have a receipt date before or the same as the receipt accrual effective date.

Accrual Amount

If the total invoiced quantity does not equal the total received quantity, the receipt accrual process calculates the receipt accrual amount as follows:

((Net Quantity Received <u>or</u> Issued - Quantity Returned) - Quantity Invoiced) x Purchase order discount price

Included Expenses

The receipt accrual calculation includes only the purchase order line expense. Freight and miscellaneous charges have no accrual.

Trade-Ins

The receipt accrual process does not include trade-in allowances in the receipt accrual calculation.

Tax Accrual

After the receipt accrual scheduled process calculates the receipt accrual amount for the purchase order line schedule, it calculates the tax accrual amount using the tax rules, tax rates, and tax reclaimable codes for the purchase order line schedule.

Posting Tax Expense

SmartStream Ledger posts the tax expense to a separate account or allocates it to the line expenditure amount, based on the option you chose for payable tax rule policy.

If the tax expense is allocated to the line expenditure, it is included in the journal line amount for the expenditure using the expenditure accounting distribution.

Journal Entries for Accruals

The receipt accrual process generates an accrual to record expenditures and the offsetting liability in your ledger. Later the liability is reversed by journal entries generated in SmartStream Ledger.

Identifying the Journal Entries

All journal lines generated for the same purchase order line schedule have the same journal identifier and sequence number.

Journal Entries

The following table shows the journal entries the receipt accrual process generates:

If the calculated receipt accrual amount is...	The receipt accrual process debits...	And credits...
Positive	The purchase order line schedule accounting distribution	The receipt accrual accounting distribution (from the user-entered parameters).
Negative	The receipt accrual accounting distribution	The purchase order line schedule accounting distribution
Zero	No accounting distribution	No accounting distribution.

Accounting Distribution Types

The journal entries for accrual of an individual purchase order line schedule include the entries shown in the following table:

The accounting distribution type is...	Which comes from the...	When the purchase order line item is...
Receipt accrual liability	Receipt accrual request	All accruals.
Expenditure	Purchase order line schedule	For a nonstocked item.
Accounts payable clearance	Purchase order line schedule	For a stocked item.
Purchase price variance	Purchase order line schedule	For a stocked item.

Journal Entries for Tax Expense

The following table shows the journal entries the receipt accrual process generates for tax expense:

If the received quantity is...	The receipt accrual process debits...	And credits...
Greater than the invoiced quantity	Tax expense	Receipt accrual liability.
Less than the invoiced quantity	Receipt accrual liability	Tax expense.

Multiple Line Distributions

If the purchase order line schedule has multiple distribution lines, the total accrual amount calculated for the purchase order line schedule is prorated based on the multiple distribution quantities.

Example

The currency used in this example is United States dollars (USD). A purchase order line schedule was added by combining three requisition lines with quantities of 3, 2, and 5. The total accrual amount calculated for this purchase order line schedule is 100. The amounts for the three journal lines are 30, 20, and 50, respectively.

Duplicate Journal Entries

When the receipt accrual process generates journal lines for a purchase order line schedule, it checks for an existing journal. If this journal is not posted, the new journal entries replace the previous ones. If the existing journal is posted, the new journal entries are added.

Receipt Accrual Reporting

If you choose to generate posting transactions, Payables adds journals and journal lines to the Receipt Accrual Journal tables that you can post to SmartStream Ledger. After you post the journal entries, you can run the Receipt Accrual Trial Balance, which is one of the Payables Balancing reports.

Receipt Accrual Trial Balance

The Receipt Accrual Trial Balance lists quantity received and invoiced, purchase order unit price, the tax expense accrual amount, and the accrual amount. It shows the Receipt Accrual distribution total and the SmartStream Ledger distribution total, and the difference, if any.

Reporting from the Receipt Accrual Table

If you do not choose to generate posting transactions, the Receipt Accrual process writes transactions to a Receipt Accrual table, and you can write your own report to print the information.

For information about the Receipt Accrual tables, see the SmartStream Reference Tool.

Integration with Other Processes

This section discusses considerations for using the receipt accrual process with other business processes.

SmartStream Purchasing

You can use the receipt accrual process only if you have SmartStream Purchasing installed.

SmartStream Ledger

If you choose to generate posting transactions when you run the receipt accrual process, the process adds journal lines for the detail debits and credits for the purchase order line schedules. The receipt accrual (liability) is posted to the Receipt Accrual Liability (409) account type.

The receipt accrual posting transactions are automatically reversed one day after the accrual effective date. To generate the reversing entries, SmartStream Ledger checks the accrual reversal date.

SmartStream Asset Management

Assets need no special processing for receipt accrual. When the invoice is entered for the asset, the task of adding the asset is sent to the Assets department.

SmartStream Supplies Management

Supplies Management includes costing using the average cost method. For receipt accrual journal entries calculated for stocked items, the expenditure and purchase price variance are calculated based on the purchase order discount price rather than standard cost in the ship-to site currency.

If you have Supplies Management installed, the receipt accrual scheduled process calculates the invoice journal transactions as follows:

For account type...	The journal transaction is the...
Accounts Payable Clearance	Receipt accrual quantity multiplied by the purchase order discount price in ship-to site currency.
Tax Expense	Tax expense prorated to the expenditure.

SMARTStream®

Financials
Funds Control

Version 6.5

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1 Overview

Chapter Contents

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Overview

SmartStream Funds Control is an integrated information system that tracks and controls funds-related business transactions for your organization. Financial equilibrium is continuously monitored by capturing sources and uses of funds as they are committed and realized. Real-time funds checking prevents unauthorized deficits.

Monitoring financial equilibrium need not compromise operational efficiency. Geac understands that a procurement specialist's time is better spent negotiating purchasing conditions than performing administrative tasks. To minimize administrative overhead, Funds Control is designed to integrate accounting and budgeting functions seamlessly into underlying business processes. Accounting distributions default from the appropriate policy levels, such as requisition entities, vendors, or purchased commodities. The relationship between accounting and budgeted funds is automatically determined through roll-up structures. Should a funds exception occur, conditional workflow ensures it is dealt with expeditiously.

Funds Control enables financial managers to define precisely how and when budgets are controlled. Should funds be checked as documents are entered or only after they have been approved? Should requisitions and purchase orders reduce available funds in the period in which they are entered or in the period in which goods and services are expected for delivery? Should budget be controlled on a year-to-date or annual basis? Is non-recoverable tax taken into account when checking funds?

These are some of the policy decisions Funds Control managers can make when setting up SmartStream Funds Control.

Successful concerns are continuously adapting their organization and cost objectives to keep in line with evolving market conditions. Funds Control facilitates change management by providing multi-year processing. The previous year's budget can be analyzed and closed according to last year's cost roll-up structure while current year operations are processed according to a completely different set of policies.

Many organizations have diversified activities, and the needs of different organizational units can vary considerably. Funds Control provides a flexible policy setup to adapt budgetary control to the distinct requirement of each organizational unit. Users can define different policies by ledger entity, fiscal year, document type, and budget account.

One area where policies may vary within an organization is exception processing. Funds Control provides a complete set of options for dealing with funds exceptions, ranging from commitment accounting to proactive alert to full-stop control. In cases where exceptions block further processing, exception override capabilities minimize disruption to business.

With the increasing complexity of business, financial results often need to be analyzed and controlled from different perspectives. Senior management might be concerned with the cost of corporate office expense whereas a line manager might be focused on a specific project. To meet a variety of business needs, Funds Control enables an unlimited number of budget roll-up structures to be applied to incoming transactions. Each structure can have up to five levels of analysis and control, and different tolerances can be applied at each level.

As setup and maintenance of Funds Control policy requires significant time and effort, these activities have been streamlined. Creating budgetary roll-up structures can be facilitated by a number of powerful tools. Masking and range pointing are effective techniques when the relationship between general and budgetary accounts is well structured. In cases where the relationship is unstructured, SmartStream structures are the optimal means for setting up policy. Once Funds Control structures are defined, Funds Control alleviates maintenance by automatically incorporating newly created accounts when they are referenced on documents or journals for the first time.

To provide the ability to source goods and services on a global scale, Funds Control is fully enabled for multi-currency processing. Transactions can be entered in any currency and foreign amounts are converted to the currency in which budgets are held. Budgets can be entered in multiple currencies, provided that a single currency is used within each branch of the budgetary roll-up structure.

Besides providing control as documents are committed and expensed, Funds Control enables funds to be checked according to an available cash control structure at the time payments are made. Should liquidity be insufficient to meet current financial obligations, settlement of items scheduled for payment will be suspended.

To assist management in analyzing and explaining budgetary results, Funds Control provides a complete audit trail of all funds-related activity. Underlying balances for budgets, allotments, commitments, encumbrances, and expenses support the available funds balance. Each supporting balance is justified by detailed transaction records that capture the audit information necessary for forward and backward visibility for the flow of funds from commitment to expense. Interactive query and drill-down capabilities enable users real-time access to the transactions supporting each balance. Should transactions require further explanation, a click of the mouse provides immediate access to the source document in the originating application.

The activities available in Funds Control are as follows:

Use this window...	To...
Funds Control Enterprise Policy	Define enterprise wide policy settings for SmartStream Funds Control.
Funds Control Policy	Define the policies that will control the processing of funds within a Ledger Entity and Budget Year. The Funds Control policy settings determine how and when available funds checking will occur.
Funds Control Policy Excluded Entities	Exclude certain subsystem entities (i.e. a Requisition Entity) from the funds checking process. By default, all subsystem entities are subject to available funds checking unless they are specifically excluded using this activity.
Funds Control Posting Rule	Define Funds Control Posting Rules and Accounting Distribution Types used for generating SmartStream Ledger Journals.
Funds Control Posting Rule Acctg Distributions	Define the User Defined Accounting Keys to be debited and credited for a Posting Rule, while generating SmartStream Ledger Journals.
Funds Control Accounting Type Usage	Define which Accounting Distribution Types will be subject to available Funds and/or available Cash Checking.
Funds Control Reason Codes	Define your own Reason Codes to further explain the reason for an Adjustment.
Funds Control Journal Create	After you set up Posting Rules and Posting Rules Accounting Distributions, run the Funds Control Journal Create program through the Job Scheduler to produce SmartStream Ledger Journals.
Funds Control Account Maintenance	Establish Fund Accounts and specific policies for the Fund Account.
Funds Control Budget Maintenance	Set up, maintain, and release Fund Account budget amounts by accounting period.
Funds Control Structure Definition	Define the budgetary roll-up structures that are used during available funds checking. Enter the budget roll-up structures on this window and then run the Funds Control Roll-up Explosion program to create the Distribution table.

Use this window...	To...
Funds Control Roll-up Explosion	After the budgetary roll-up structures are defined, run the Funds Control Roll-up Explosion program through the Job Scheduler to create the Funds Control Distribution table.
Funds Control Distribution Maintenance	Do low-volume modifications to the Funds Control Distribution table, for example, if you have to define the Fund Account quickly for a single new ledger account.
Funds Control Budget Import Request	Import budgets from SmartStream Budget, SmartStream Ledger, or from an external system into SmartStream Funds Control. Enter the import criteria on this window and then run the Funds Control Budget Import program through the Job Scheduler to import the budgets.
Funds Control Budget Import	After the budget import requests are set up, run the Funds Control Budget Import batch program through the Job Scheduler to import the budgets into SmartStream Funds Control.
Funds Control Balance	Inquire about all Funds Control balances in a budgetary roll-up structure. Zoom to the Transactions window to view the document line detail for a specific periodic balance and the individual documents that created the transactions.
Funds Control Budget Release Request	High-volume release of budgets for a Ledger Entity, Roll-up Structure, and Budget Year. Enter the high-volume release criteria on this window and then run the Funds Control Off-line Budget Release program.
Funds Control Off-line Budget Release	After the budget release requests are set up, run the Funds Control Off-line Budget Release program through the Job Scheduler to release budgets.
Funds ControlTransfer and Amendment	Perform the following budget related activities: Increase a budget with a specific amount. Decrease a budget with a specific amount. Transfer budget from one Fund Account to another.

Use this window...	To...
Funds Control Exception Handling	This activity allows the following functions to analyze and handle Funds Control exceptions: View the Exception for a specified UDAK, Document Line combination. View the Document detail information for which the Exception occurred. View the Document of which the Document detail is a part. Zoom to different activities to allow the correction of the origin of the Exception. Override the exception. Reject the exception. Review rejected comments. Notify the owner/application personnel of the Exception. Audit previous Exceptions. Generate a list of Exceptions for a specific UDAK over all Documents. Narrow down the list to Exceptions for a specific UDAK, Document, Document Line combination using the Filter action. View all UDAK distributions on which there are Exceptions.
Funds Control Workbench	The Funds Control Workbench is the tool that allows the Fund Manager, from a single location, to navigate through his budgetary rollup structures, visualize balances and transactions, and handle all exceptions. It combines the features of the Funds Control Balance and the Funds Control Exception Handling activities plus a graphical representation of the budgetary rollup structures.
Funds Control Adjustment	Have the ability to enter Funds Control Adjustments for Commitment, Encumbrance, Expense, Payment, and Budget balances.
Funds Control Transaction Log	Retrieve Fund transactions for Funds Checked documents, (Requisitions, Purchase Orders, Invoice, Journals, Receivable Documents), using the key fields of the particular document. Zoom forward and back in the associated document chain and inquire on archived transactions.
Funds Control Account Relationship	Define Account relationships when carrying forward Budgets and Fund transactions during the year end process.
Funds Control Year End Request	Set up Year End request parameters for the Funds Control Year End Process. Once the year end requests are set up, an off-line process is run through the Job Scheduler to perform the year end process of moving budgets, encumbrances and commitments to the next year.

Functions of Funds Control

With Funds Control you can

- Set up the budgetary roll-up structures that determine the hierarchical relationship between Ledger accounts and successive levels of Funds Control. Once the link between accounting and the primary controlling fund is established, up to four additional levels of summarization and control can be defined. To facilitate Funds Control implementation in organizations with different data structures, alternative means for defining Funds Control Structures are provided:
  - SmartStream Structures
  - Range pointing
  - Masking
  - Maintenance of individual accounting to funds relationships
- Define tolerances to provide additional flexibility in funds checking. Tolerances enable looser control at lower levels of funds checking, provided that financial equilibrium is achieved at a higher level.
- Import budgets, maintain budgets, and control the portion of the budget that is available to spend at any time.
- Check for available funds for Requisitions, Purchase Orders, Supplies Issues, Payment Requests, Journal Vouchers and Receivable Documents using one or more fund roll-up structures.
- Check for available cash for Journal Vouchers and Payments using one or more cash roll-up structures.
- Control workflow for notification of Funds Control exceptions.
- Review, analyze, override, or reject Funds Control exceptions.
- Enter Funds Control adjustments transactions.
- Extract selected activity from SmartStream Funds Control into SmartStream Ledger.
- At year end, move budgets, encumbrances, and commitments to the next year.
- Inquire and report on Funds Control balances and transactions with the ability to drill down to the source documents.

Funds Control Policy

Funds Control provides you with a set of activities to control how and when available funds checking takes place in your organization.

Funds Control Enterprise Policy

With this activity, you can define an enterprise-wide policy for checking for available cash or funds. The Funds Control policy can be used throughout your enterprise, eliminating the need to enter repetitive information. You can determine whether you do available funds checking or available cash checking, and for which document types. You can also determine whether you use periodic or annual budgeting control

Funds Control Policy

This activity provides you with the necessary policy decisions at the ledger entity and budget year level to determine when and how available funds will be processed for your enterprise.

Funds Control Policy Excluded Entities

This activity allows you to exclude certain entities from the funds checking process. By default, all entities are subject to available funds checking unless specifically excluded using this activity.

Funds Control Posting Rule

This activity determines what Journal entries will be created for Funds Control activity. The Posting Rule is used during the Funds Control Journal Creation process.

Funds Control Posting Rule Accounting Distributions

This activity allows you to enter accounting distributions for a posting rule and distribution type combination, and determine the actual account to which a posting will be made. Distribution types are defined on the Funds Control Posting Rule activity. The posting rule accounting distributions are used during the Funds Control Journal Creation process.

Funds Control Accounting Type Usage

This activity allows you to determine which accounting distribution types will be subject to funds control and whether funds checking, cash checking, or both, or neither is to be performed. Only accounting distribution types that are selected in this activity are sent to Funds Control.

Funds Control Reason Codes

This activity allows you to define your own reason codes to explain the reason for a Funds Control adjustment. User-defined reason codes that are used in a transaction cannot be deleted.

Managing Fund Accounts

Funds Control Account Maintenance

Using the Funds Control Account Maintenance activity, you can define fund accounts and the specific policy settings applying to them, giving you the ability to control spending at the fund account level.

Budgetary Roll-up Structures

Funds Control Structure Definition

The Funds Control Structure Definition activity allows for the setup of multi-level (with tolerances) budgetary roll-up structures used in Funds Control. Budgetary roll-up structures can be set up in two different ways, using

- Ranges and Masks
- SmartStream Structures.

Roll-up Structures Explosion

Roll-up Structures Explosion is the process by which the roll-up structures ranges and SmartStream structures stored in the Funds Control Definition table and the Funds Control Structures Extract table are exploded to create the Distribution table.

Funds Control Distribution Maintenance

The Funds Control Distribution Maintenance activity allows for online maintenance of the Funds Control Distribution table. Use this activity to do low-volume modifications to the Distribution table.

Managing Budgets and Allotments

Budgets in Funds Control can be established in four different ways:

- Online entry in Funds Control
- Import from SmartStream Ledger
- Import from SmartStream Budget
- Import from an external system

Budgets can be released fully or partially based on user-defined criteria.

During the budget year, using Funds Control you can to perform budgetary amendments and transfers.

Funds Control Budget Maintenance

The Funds Control Budget Maintenance activity allows you to

- Enter and maintain fund account budget amounts by accounting period.
- Release an entire budget or allot a part of a budget to the fund account. Amounts alloted to a fund account are available for spending. A budget release can be done on a period, amount, or percentage basis.

Funds Control Budget Import Request

Using the Funds Control Budget Import Request activity, you can define the criteria for importing budgets from SmartStream Budget, SmartStream Ledger, or from an external system into SmartStream Funds Control. After the import criteria have been entered, run the Budget Upload batch program through the Job Scheduler to import budgets. Once budgets have been imported, they are automatically released provided the Auto Release Budget field on the Budget Import Request activity is selected. Fund accounts that do not exist on the Funds Control chart of accounts will be inserted on the chart automatically, provided the Auto Generate Accounts field is selected.

Funds Control Budget Release Request

The Funds Control Budget Release Request activity allows you to set up the criteria for the batch release of budgets from SmartStream Funds Control. Prepare the Budget Release Request for processing and then run the Off-line Release program through the Job Scheduler.

Budget Upload

After setting up the budget import criteria using the Budget Import Request activity, the Budget Upload process imports the budgets into SmartStream Funds Control. The Budget Upload activity is started by the Job Scheduler.

Off-line Release

After setting up the batch release using the Budget Release Request activity and preparing the budgets for release with the Prepare Budget Release action, the Off-line Release process releases the budgets. The Off-line Release activity is started by the Job Scheduler.

Funds Control Transfer and Amendment

The Funds Control Transfer and Amendment activity allows you to perform the following budget related activities:

- Increase a budget with a specific amount
- Decrease a budget with a specific amount
- Transfer a budget from one fund account to another

Funds Checking Process

As documents and journals are entered in procurement and financial applications, available funds are checked and appropriate balances updated. Integrated processing and comprehensive policies enable funds control to be carried out with minimum impact to the operational efficiency of feeder systems.

In procurement, requisitions constitute a commitment to use funds and reduce the available funds balance. Purchase orders represent an increased level of obligation since a contractual agreement is established with an external party to acquire goods or services. Purchase orders encumber funds and relieve corresponding commitments.

Encumbrance becomes expense once goods and services are invoiced. The expense balance is also increased through journal vouchers in Ledger and stock issues in Supplies Inventory.

Integration with Receivables enables revenue funding to be recorded as sales invoices are entered. Revenue funding increases available funds.

As commitment is transformed to encumbrance and encumbrance transformed to expense, the previous level of obligation is relieved at the original cost, and the subsequent level of obligation is recorded according to current cost information. The net price difference directly affects available funds.

The period in which funds are updated is determined by the funds effective date of the related document line. The entity policy for processing requisitions and purchase orders governs whether the effective date defaults to the document entry date or the delivery date requested for goods and services. On these documents, the funds effective date can be changed online. The funds effective date of expenses and revenues is the same in Funds Control as in accounting and cannot be overwritten.

The cost basis for funds update is determined through policy. Entity tax policy determines whether non-deductible tax affects funds. Any freight or miscellaneous costs allocated to document lines becomes part of the cost basis.

The starting point for updating and controlling funds is the detailed ledger accounting distribution that is entered or defaulted onto documents and journals processed. Ledger accounts are related to controlling funds at primary and summary levels through Funds Control structures. When documents are entered, Funds Control ensures that funds are available at all funds levels linked to the ledger account before the funds update can occur. Documents are ineligible for further processing until each associated transaction line has successfully updated all applicable Funds Control structures.

To meet customer-specific needs, Funds Control delivers a user-exit that can bypass the normal Funds Control logic and directly determine how funds should be checked and exceptions dealt with. The user-exit can access additional information, such as user IDs or journal types, to determine Funds Control processing.

When funds are updated, funds activity is captured in audit transactions generated to the Funds Control transaction file. Audit transactions enable users to justify Funds Control balances by underlying activity.

Some organizations require that funds activity be posted to ledger through journals. Accounting rules enable users to define different sets of accounting transactions for requisitions, purchase orders, payable documents, supplies issues and receivables documents. Accounting rules can specify multiple accounts and define debit/credit sign logic for each line posted. An off-line process applies accounting rules to audit transactions and posts the resulting journals to Ledger.

Tolerances provide additional flexibility in funds checking. They enable looser control at lower levels of funds checking, provided that financial equilibrium is achieved at a higher level. For example, it might be acceptable to overspend individual travel and expense cost objectives, such as hotels or airfare, by 10 percent, provided the overall travel budget remains in balance. Over-spending in one cost category is compensated by reduced funds availability in related cost categories.

Maintaining funds structures is an ongoing process. As new accounts are created in the course of the fiscal year, the relationship between accounting and budgetary control needs to be established. With the automatic account generation option, an account exception does not necessarily block further processing. Maintenance to Funds Control roll-up structures will be performed automaticall, provided Funds Control can determine the relationship between the new account and related funds by referencing existing range parameters.

Besides funds checking, Funds Control provides available cash checking at payment time. Available cash checking ensures that sufficient liquidity is available before making payments. Available cash checking requires the assignment of an available cash checking structure, and can be used with available funds checking or as a stand-alone process.

Organizations might want to exclude certain accounts from funds checking. For example, activity related to retained earnings or accounts receivable is rarely budgeted or scrutinized by funds managers. However, not defining these accounts to Funds Control structures leads to recurring exceptions requiring manual override each time.

Funds Control provides two methods for excluding accounts from Funds Control. If the ranges of accounts requiring funds checking can be determined with certainty, an entity-level policy allows accounts not defined in Funds Control ranges to bypass funds checking. If finer control is required to determine whether funds checking applies, specific accounts can be excluded from Funds Control by linking them to a summary account with a policy option not to perform funds checking.

Besides recording funds activity resulting from operations in related subsystems, Funds Control provides the ability to make direct adjustments to Funds Control balances. This could be useful to record opening balances when initializing the system in mid-year, to reserve funds for future use or to make corrections.

To extend Funds Control to all relevant business activity, funds checking can be applied to both online and off-line transactions. Through policy, users define the scope of processes relevant to Funds Control.

Managing Exceptions

Funds Control Exception Handling

The Funds Control Exception Handling activity provides fund managers with several means of positive response. If funds are available but insufficient, requested quantities or items can be modified to reduce cost to a level within budget. If funds are exhausted and the purchase deemed necessary, the exception can be overridden, existing funds amended, or budget transferred from another fund account. Otherwise, the request for funds can be rejected and the corresponding item cancelled or deleted.

Funds Control Workbench

The Funds Control Workbench activity provides fund managers with a complete overview of a fund account. From this activity, fund managers can view and maintain accounts in exception and perform inquiries on Funds Control balances for a fund account in a budgetary roll-up structure.

Funds Control Adjustments

Using the Funds Control Adjustments activity you can

- Record opening balances
- Correct a Funds Control balance
- Reserve funds in anticipation of a future transaction.

Periodic Processing

Funds Control Journal Create

The Funds Control Journal Creation program is the first step in the posting of SmartStream Funds Control activity to SmartStream Ledger. It takes the fund transactions as input and generates and prepares Funds Control journals in the funds_control_jrnl_ctrl and funds_control_jrnl_line tables. The postings it generates are determined by the posting rule and posting rule accounting distributions that are associated with the funds transactions.

Funds Control Posting

Once that journals have been created using the Funds Control Journal Create activity, these journals can be extracted to SmartStream Ledger by setting up a Ledger Posting Request which selects journals with an origin of Funds Control. Then run the Ledger Posting activity using the Job Scheduler to update the Ledger account balances and to create posted journals in SmartStream Ledger. From the SmartStream Ledger Account Balance Inquiry window, you can drill down to the fund transactions that generated the ledger postings.

Funds Control Account Relationship

If you change your chart of accounts from one fiscal year to the next, Funds Control takes accounting changes into account when performing year end processing.

The Funds Control Account Relationship activity enables you to define the relationship between accounting keys in current and future fiscal years. Setting up relationships can be facilitated by using ranges or masks, eliminating the need to specify relationships on an individual basis for each accounting key.

Chart of account relationships are accessed when carrying forward budgets, commitments, and encumbrances to ensure that the opening financial position is stated accordance to the new year's chart of accounts. Selected balances in the current budget year are processed and moved to the related accounting distributions in the new budget year.

Chart of accounts relationships apply to both Ledger detail accounts and fund accounts.

After you have established the account relationships, set up the Year End Request parameters on the Funds Control Year End Request activity.

Funds Control Year End Request

Using the Funds Control Year End Request activity you can set up the criteria for moving residual budgets, encumbrances, and commitments to the next year. Prepare the Year End Request for processing and then run the off-line year end process using the Job Scheduler.

Inquiries and Reporting

Standard reports and inquiries in Funds Control include

- Funds Control Balances
- Budgetary Roll-up Structures
- Audit reporting
- Off-line process error reporting
- Funds Control Exceptions
- Funds Control Transactions.

Funds Control Balances

Using the Funds Control Balances activity you can review all Funds Control balances for a fund account in a budgetary roll-up structure. With Maintain Detail Account balances selected on the Funds Control Policy activity, you can also review the Funds Control balances for a detail (Ledger) account in a budgetary roll-up structure. For every category, both annual and periodic amounts can be viewed. This activity also provides you with the facility to zoom to

- The different fund transactions responsible for a specific periodic balance
- The individual documents that created the transactions
- Exceptions.

Funds Control Transaction Log

The Funds Control Transaction Log activity provides you with the ability to retrieve fund transactions for a selected document type. If a retrieved fund transaction has an associated document or originating lines, it is highlighted in green. This activity also provides you with the facility to

- Go back or forward a level in the associated document hierarchy (for instance, from the purchase order go back to the associated requisition, or go forward to the associated invoice)
- Review archived transactions.

Funds Control Reporting

Funds Control Reporting provides a number of Reports you can use to verify that certain processes have occurred. You can run these Reports on demand using the Funds Control reporting activity or schedule the Reports using the Job Scheduler.

2 Funds Control Policy

Chapter Contents

2-1 Funds Control Policy
2-3 Setting Up Funds Control Enterprise Policy
2-4 Setting Up Funds Control Policy
2-6 Funds Control Policy Excluded Entities
2-7 Funds Control Posting Rule
2-9 Funds Control Posting Rule Accounting Distributions
2-10 Funds Control Accounting Type Usage
2-11 Funds Control Reason Codes

Funds Control Policy

Organizations should not have to change their business to accomodate software solutions. For that reason, Funds Control policy provides many ways to customize the application to meet the specific requirements that arise in different business contexts. Funds Control's flexible, multitiered policies are designed to meet the needs of complex and diversified organizations. The ability to redefine policies each year facilitates the adaptation of Funds Control to evolving market conditions.

Policies can be set up and maintained at various levels, including

- Enterprise
- Ledger Entity
- Budget Year
- Document Type.

Policy Decisions

Before defining the policy for Funds Control processing within your enterprise, you must

- Determine the structure of the accounting key for your enterprise.
- Determine the budgetary roll-up structures within your enterprise. This includes determining the entities and accounting distributions that require available funds checking and the hierarchical relationship between Ledger accounts and successive levels of Funds Control.
- Determine the procurement, accounts receivable, supplies and ledger transactions that are required to go through the available funds checking process.
- Determine the SmartStream users you want to designate as Funds Control managers or Funds Control workgroup managers.
- Determine the security clearance for SmartStream users to the information stored in SmartStream Funds Control. Security can be controlled at the SmartStream activity level and at the ledger entity and fund account data level.
- Determine if you plan to process nonreclaimable taxes as an expense.
- Determine the level and severity of funds checking that will occur, whether Fatal, Warning, or Update Only.
- Determine which accounting distribution types are subject to available funds checking. Do you require funds checking on balance sheet accounts?
- Determine which Funds Control activity must be extracted into SmartStream Ledger and how you will account for that Funds Control activity in SmartStream Ledger.
- Determine the valid range of accounting periods for commitments and encumbrances.
- Determine whether to allow the archiving and purging of Funds Control transactional data.

Setting Up Funds Control Enterprise Policy

This activity sets up your enterprise-wide policy for Funds Control. Enterprise policy is the highest level of Fund Control policy. Decisions at the enterprise level are broad defaults that eliminate redundant data entry at the entity policy level and redundant calls to SmartStream Funds Control from other applications. These are some of the options provided at the enterprise level:

- Determine the activities subject to available funds checking (requisitions, purchase orders, payment requests, supplies issues, receivable documents, journal vouchers).
- Determine the activities subject to available cash checking (payments, journal vouchers).
- Determine whether to use invoice distributions or payment distributions for available cash checking.
  - If you select invoice distributions, the available cash balance is checked and updated for all fund accounts that the expense distributions of the paid invoices roll up to in the cash structure or structures. Technically this means that the journal lines of the invoices paid by a payment are included in available cash checking.
  - If you select payment distributions, the available cash balance is checked and updated for the fund account that the payment's cash distribution rolls up to in the cash structure or structures. Technically this means that the journal lines of the payment are included in available cash checking.
- Determine whether Funds Control relates to period or annual balances. Funds checking performance is better with the Annual Balances option if your organization budgets and checks funds at the annual level rather than the accounting period level. If you budget and check funds at the accounting period level, you must choose Periodic Balances.
- Determine the user or workgroup who receives workflow messages for Funds Control setup problems detected during funds checking. This user or workgroup is notified, for instance, when there is no policy set up for a ledger entity and budget year.

Setting Up Funds Control Policy

This activity defines the policy that controls the processing of funds within the Funds Control business process. The Funds Control policy settings you select determine how and when available funds checking occurs.

SmartStream Funds Control starts from a conservative standpoint: All transactions require funds checking unless they are specifically excluded from being funds checked.

When Funds Control policy for an entity and budget year is not defined, all transactions for that entity and year are rejected with a Funds Control Policy Exception.

Set up Funds Control policy with the Enable Funds Checking option unchecked if you want to exclude all transactions for a ledger entity and budget year from the funds checking process.

For transactions that are subject to available funds checking, the Funds Control policy determines general policy rules that apply to all document types. General policy is defined on the Main tab, but you can override some of the processing policy settings at the fund account level and at the document type level. Specific settings are determined on the individual document type tabs.

Funds Control distributions can be automatically generated. The Funds Control distribution is the relationship between a detail account and a summary account based on the Funds Control roll-up structures. If the distribution does not exist, and the Auto Generate Accounts field is selected, Funds Control attempts to generate it automatically by looking at the Funds Control roll-up structures assigned to the ledger entity and budget year.

Until the budget is frozen, you can maintain budgetary amounts using the Budget Entry/Maintenance activity. Once the budget is approved and frozen, you can lock the budget by selecting the Lock Budgets field. When a budget is locked, it is possible to change it only by entering budgetary amendments, increasing or decreasing the budget, or transferring budgets from one fund account to another using the Funds Control Transfer and Amendment activity. These operations are fully audited and create a fund transaction to justify the operation. Until the budget is locked, manual maintenance to a budget is not justified by an audit transaction.

The severity of a Funds Control Exception is determined by the Funds Error Level. If you choose Update Only, available funds are not checked but Funds Control balances are still maintained. Use SmartStream and supported third-party reporting tools to review the spending of budgets. If you choose to check for available funds, you can determine whether a Funds Exception is a warning or a fatal error, which requires an action before the document is allowed to be processed any further.

By setting the Prior Posting Periods and Future Posting Periods, you determine the valid range of accounting periods for commitments and encumbrances.

Archiving and purging Funds Control data for a ledger entity and budget year is not possible until you specifically allow it on the Funds Control Policy window.

For Purchase Orders, whether or not the amount of a transaction to be funds checked includes taxes depends on a policy option.

For all document types that support approval processing, you can decide whether funds checking takes place at the time the document is entered or at the time the last approver on the approval list approves the document.

For each document type you can assign a posting rule, which defines the level of detail to post SmartStream Ledger and the ledger accounts to debit and credit.

On the Assign Structures tab of the Funds Control Policy activity, you determine the Funds Control roll-up structures to use during the available funds checking process. Separate structures can be identified for available funds checking and for available cash checking. You can check available funds using multiple Funds Control roll-up structures (for example, a cost center budget and a project budget). Funds must pass for all associated roll-up structures, or a Funds Exception occurs. Once Funds Control transactions have been processed using a Funds Control policy record, then that policy record cannot be deleted. You must clear the Enable Funds Checking check box in the Policy Options fields on the Main tab if you want to discontinue available funds checking.

All maintenance (add, change, delete) of SmartStream Funds Control policy settings is tracked in audit trails. Reporting from the audit trail tables is available from the Funds Control Reporting activity.

Funds Control Policy Excluded Entities

Use the Funds Control Policy Excluded Entities activity to exclude certain entities from the funds checking process. This policy is set up after Funds Control policy is established. By default, all entities are subject to available funds checking unless they are specifically excluded. The exclusion of the following entities and their related documents can be established using this activity:

- Requisition entities for requisitions.
- Purchasing entities for purchase orders.
- Receivable entities for receivable documents.
- Payable entities for payment requests and payments.

Entities are excluded for a given ledger entity and budget year combination. If the entity type is requisition or purchasing, then you must also select the site.

You can exclude given entities by clicking the entity in the list of available entities, and then clicking Exclude. To include an entity again, click the entity in the list of excluded entities, and then click Include.

Transactions for the excluded subledger entity for the ledger entity and budget year do not go through the available funds checking process.

Funds Control Posting Rule

The Funds Control Posting Rule activity is used to define the posting rules and the accounting distribution types used for generating SmartStream Ledger journal entries.

Using this activity you determine how journal entries are generated for the document types which with this posting rule is associated.

The posting rule determines what Journal entries are created for Funds Control activity, and is used during the Funds Control Journal Creation process. During this process, SmartStream generates journal controls and journal lines for selected fund transactions.

You have the option to choose whether you want to generate postings to Ledger at the detail account level (for example, the expense account for a purchase order) or at the fund account level. If you have multi-level rollup structures, you can decide for which level or levels you want to post to Ledger.

The posting rule also determines the Ledger amount class for which to generate Funds Control postings. You can set up different posting rules, with different amount classes, for all document types. For example, you might want to post requisitions to a COMMIT amount class and purchase orders to an ENCUMBER amount class. The amount classes you select for the posting rule must be set up for your enterprise first and must be assigned to the ledger entity using the Ledger Policy activity.

The accounting distribution types used by the posting rule are as follows:

- Funds Control Allotment
- Funds Control Commitment
- Funds Control Encumbrance
- Funds Control Expense
- Funds Control Payment
- Funds Control Receivable
- Funds Control Remittance
- Funds Control Budget Adjustment
- Funds Control Adjustment
- Funds Control Allotment Offset
- Funds Control Commitment Offset
- Funds Control Encumbrance Offset.
- Funds Control Expense Offset
- Funds Control Payment Offset

- Funds Control Receivable Offset
- Funds Control Remittance Offset
- Funds Control Budget Adjustment Offset
- Funds Control Adjustment Offset

For each posting rule you select one of these accounting distribution types to debit and one to credit. Use the Funds Control Posting Rule Accounting Distribution activity to define the accounting distribution to debit and credit.

These accounting distributions are not subject to available funds checking. For example, if a journal entry from Funds Control is posted to Ledger and has an error, after correcting and resaving that journal entry, funds checking does not occur on the Unposted Journal activity.

Funds Control Posting Rule Accounting Distributions

The Funds Control Posting Rule Accounting Distribution activity is used to define accounting distributions for a posting rule and accounting distribution type combination to determine the actual account to post to.

The accounting distribution types are defined on the Funds Control Posting Rule activity.

You can enter entire and defined accounting distributions, or you can enter the masking character (#), which substitutes characters based on the incoming fund or detail account (depending on whether it is a fund posting or a detail posting).

You can use masking on all elements of the user-defined accounting key for posting rule accounting distributions.

Example

You selected to post to the detail account, and the fund transaction is for a purchase order to expense account 52110.

The Funds Control posting rule accounting distribution for credits to encumbrance uses masking: 9####.

The posting for credits to encumbrance is posted to account 92110.

Funds Control Accounting Type Usage

The Funds Control Accounting Type Usage activity is used to set up which accounting distribution types are subject to funds control and which are excluded. For example, an accounts payable invoice generates a journal entry with a debit to expense and a credit to accounts payable liability. You decide to perform funds and cash checking on distribution type 300 (Expenditure) but not on distribution type 400 (Accounts Payable Liability) distributions.

The accounting distribution types subject to available funds and available cash checking are defined on the Funds Control Accounting Type Usage activity.

As a default, Funds Control is delivered with funds checking selected for all accounting distributions of the expense and revenue types. If you require funds checking on balance sheet accounts, you must identify the additional accounting distribution types that require funds checking using the Funds Control Accounting Type Usage activity.

Proper Funds Control accounting type usage results in improved performance because Funds Control does not have to process excluded distribution types. This also results in reduced policy setup because accounts used by the excluded distribution types do not have to be set up in the budgetary roll-up structures.

You must have security for an accounting distribution type before you can change the Funds Checking option. Security for accounting distribution types is defined on the Security Data Control activity.

Funds Control Reason Codes

The Funds Control Reason Codes activity is used to define your own reason codes for Funds Control adjustments. Each fund transaction has a reason code that further explains the nature of the transaction. There are two categories of reason codes:

- System-Defined Reason Codes - These are automatically assigned to fund transactions and cannot be changed or deleted.

- User-Defined Reason Codes - When Funds Control adjustments are entered, you can define your own reason codes to explain the reason for the adjustments.

3 Managing Fund Accounts

Chapter Contents

3-1 Funds Control Account Policy
3-3 Account Maintenance Restrictions

Funds Control Account Policy

To enable Funds Control to adapt to organizational needs, funds managers can fine-tune the policy for their individual fund accounts. Certain policies, such as Funds Control's response to funds exceptions and the recipient of alert messages default from ledger entity policy, but the ledger entity decisions can be overridden for the fund account.

You can set a number of policy options for the fund account. These policy settings determine how to control funds for a specific fund account. Policy decisions specific to the fund account are as follows:

- Account descriptions and comments - You can define secondary descriptions for the fund account, which allows you to enter multi-lingual account descriptions.
- Funds Error Level - You can determine whether the severity of overspending available funds is just a Warning or a Fatal error. You also have the option of not checking for available funds but just updating available funds balances. If you decide to update funds balances only, you can use SmartStream and supported third-party reporting tools to monitor spending by looking at both your budgets and Funds Control balances.
- Checking transactions using the year-to-date or the annual available budget - In the Year-to-Date scenario, the total available at any time equals the available of the current period plus the remaining available of past periods. Future period budgets are not available for spending. In the annual scenario, the entire annual budget is available to spend at anytime.
- Budget currency - You can have budgets in multiple currencies, and you can process transactions in any currency using a budget in a specific currency. The appropriate currency conversion between budget and transaction currency is performed before available funds checking. All budgets rolling up to the same branch of the structure must be in the same currency. Different branches in the budgetary roll-up structure can be in different currencies.

- Overspending tolerances as an amount or a percentage - If you are using multi-level funds checking, you can define tolerances for the fund account. Tolerances allow you to overspend at an intermediate level of the roll-up structure, while still keeping a zero tolerance at the higher level. A tolerance can be expressed as an amount or a percentage. If you choose both amount and percentage, the more restrictive of the two applies. An informational workflow message is sent to the fund account's fund manager to inform him when a transaction is entered that uses part or all of the budget tolerance amount or percentage.

A fund account does not have to be defined in the SmartStream Ledger chart of accounts because you can select not to extract Funds Control activity into SmartStream Ledger. In this case, Funds Control is carried out purely for control of overspending, and no Ledger accounting is required as a result of fund account activity.

The option is available to determine whether to include a fund account in funds checking. This allows you to

- Inactivate available funds checking of a fund account in the middle of the budget year.
- Define (dummy) accounts to which you can link Ledger accounts that you do not want to include in funds checking. This prevents Funds Control from generating an exception every time it encounters a transaction for an account that is not included in funds checking, and eliminates the need to override the exception to allow the transaction.

An option for attaching documents to fund account definitions is also available in Funds Control. Select the Document Attachments action from the toolbar to accomplish this task.

Account Maintenance Restrictions

You cannot delete a fund account or change the currency if one of the following conditions is true:

- The fund account is defined in a roll-up structure or in the distribution table The distribution table stores the one-to-one relationships between general and budgetary accounts. It is the result of the Roll-up Structures Explosion process.
- The fund account has an associated budget.
- The fund account has had spending activity.

4 Budgetary Roll-up Structures

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4-1 Budgetary Roll-up Structures
4-2 Funds Control Structure Definition
4-6 Roll-up Structures Explosion
4-8 Reorganization
4-10 Funds Control Distribution Maintenance

Budgetary Roll-up Structures

Budgetary roll-up structures provide a flexible way of defining the relationship between Ledger accounts and related fund accounts from which they are controlled. Roll-up structures provide up to five levels of control and summarization. At each node in the structure, a summary budget account establishes applicable policies.

Funds Control Structure Definition

The Funds Control Structure Definition activity provides an easy and a flexible way of setting up your budgetary roll-up structures. You can determine, by use of ranges and masks, the detail accounts that roll-up to a fund account.

A roll-up structure defines the fund account to which detail accounts used by procurement, receivable, and ledger documents roll up. The better the Ledger chart of accounts is structured, the easier it is to establish the budgetary roll-up structures for your enterprise using ranges.

If your enterprise does not have a structured Ledger chart of accounts, you can set up roll-up structures that refer to SmartStream structures summary points (not individual data points). You can define one level of a roll-up structure using ranges and another level of the same roll-up structure using SmartStream structures. But, you cannot mix ranges and SmartStream structures in the same level.

You define structures by specifying the to and from ranges or a SmartStream structure point for each element of the accounting key, together with a summary account. You can enter the identifier of summary account or use a mask format. If you enter the identifier for the summary account with a mask, the Roll-up Structures Explosion program replaces the mask characters (###) to build the actual identifier of the summary account that resides in the distribution table. The summary account corresponds to a fund account in Funds Control, and thus must be defined using the Funds Control Account Maintenance activity before running the Roll-up Structures Explosion program.

Level 1 of a roll-up structures always determines the roll-up of Ledger general accounts to the first budgetary roll-up level. In other words, the from and to ranges that you specify apply to accounts on the Ledger chart of accounts.

You can have a maximum of five summary levels within a budgetary roll-up structure. You determine for the fund account whether you allow a tolerance for overspending at this level. If an account is overspent but within tolerance at one level, the budget at a higher level is also checked. In fact, all levels of a roll-up structure are checked during the funds checking process, and the transaction must pass at all levels, or a fund exception occurs. Funds Control issues separate exceptions by level and routes them to the appropriate fund managers through workflow.

Levels 2 through 5 always determine additional summary levels within your budgetary roll-up structure. In other words, the from and to ranges that you specify apply to fund accounts that are already defined at a lower level in the roll-up structure. Allotment, commitment, encumbrance, expense, payment and available balances on levels 2 through 5 are always the sum of the balances of the level immediately below. In other words, the balance at level 2 always equals the sum of the balances of the fund accounts at level 1.

Funds Control allows you to set up multiple structures by ledger entity and budget year; for example, a detail account can be checked using two different fund accounts (such as a project and a cost center budget). A transaction is checked using all assigned structures. The transaction must pass at all levels of all assigned structures, or a fund exception occurs. Funds Control issues separate exceptions by structure and routes them to the appropriate fund managers through workflow.

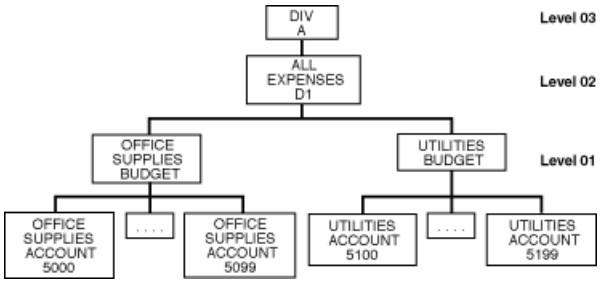
A structure can be used in either available fund checking or available cash checking. To use a structure for available funds checking, you must assign the structure to the ledger entity and budget year combination using the Funds Control Policy activity. All structures linked to that combination have their available funds checked online when procurement transactions are entered.

After setting up your roll-up structure definition, you must run the Roll-up Structure Explosion off-line process. This process maps your Ledger chart of accounts to your roll-up structure definition and generates the Distribution table. The Distribution table stores the one-to-one relationships between general and budgetary accounts. All Ledger accounts from the Ledger chart of accounts in the roll-up structure are added to the Distribution table with a reference to the corresponding budgetary account as defined in the structure.

Example Structure

The following example shows a roll-up structure that rolls up all Office Supplies accounts to an Office Supplies budget, all Utility accounts to a Utility budget, and these summary accounts to a Department budget at the higher level. This example has three levels of control. For each of the levels of control, you can specify a tolerance (percentage or amount) for overspending. For instance, on Level 01 you can overspend by 10%. On levels 02 and 03, you have zero tolerance. All detail accounts are referred to as Level zero. You could have two different structures linked to a ledger entity and budget year policy but funds must pass for both structures.

Graphical Example of Roll-up Structure



Accounting Element	From Value	To Value	Summary Account	Level
dbs_division	A	A	A	01
dbs_account	5000	5099	OFFSUP	

Accounting Element	From Value	To Value	Summary Account	Level
dbs_department	D1	D1	D1	
dbs_division	A	A	A	01
dbs_account	5100	5199	UTIL	
dbs_department	D1	D1	D1	
dbs_division	A	A	A	02
dbs_account	OFFSUP	OFFSUP	ALL	
dbs_department	D1	D1	D1	
dbs_division	A	A	A	02
dbs_account	UTIL	UTIL	ALL	
dbs_department	D1	D1	D1	

If you do not have a very well structured Ledger chart of accounts, it might be better to set up your roll-up structures using SmartStream structures. Specify the summary account and its level within the roll-up structure. Then select the accounting elements and click Structures to open the Structure Paster. In the Structure Paster, select the structure group, the structure name, and the structure data point for which you want all underlying points to roll-up to the summary account. You can enter multiple SmartStream structure roll-ups for the same summary account.

Accounting Element	Group	Name	Point	Summary Account	Level
dbs_division	Financials	Divisions	DIV A	A	01
dbs_account	Financials	Accounts	SUP	OFFSUP	
dbs_department	Financials	Departments	D1	D1	
dbs_division	Financials	Divisions	DIV A	A	01
dbs_account	Financials	Accounts	UTL	UTIL	
dbs_department	Financials	Departments	D1	D1	
dbs_division	Financials	Divisions	DIV A	A	02
dbs_account	Financials	Accounts	ALL	ALL	
dbs_department	Financials	Departments	ALL	D1	

Enter the identifier for the summary account exactly or use a mask format. If you enter the identifier for the summary account with a mask, the Roll-up Structures Explosion program replaces the mask characters to build the identifier of the fund account that will reside in the Distribution table.

For instance, we could have set up our example as follows using masks:

Accounting Element	From Value	To Value	Summary Account	Level
dbs_division	0	ZZZZ	####	01
dbs_account	5000	5099	OFFSUP	
dbs_department	0	ZZZZ	####	
dbs_division	0	ZZZZ	####	01
dbs_account	5100	5199	UTIL	
dbs_department	0	ZZZZ	####	
dbs_division	0	ZZZZ	####	02
dbs_account	0	ZZZZ	ALL	
dbs_department	0	ZZZZ	####	

When exploding this roll-up structure using masks, you get one summary account for all office supplies within each divison and department, one summary account for all utilities within each division and department, and one summary account for all expenditures within each division and department. The mask characters (#) are substituted based on the detail accounts coming in.

Accounting Element	Detail Account Ledger COA	Summary Account Mask	Resulting Summary Account
dbs_division	**A**	####	**A**
dbs_account	5040	OFFSUP	OFFSUP
dbs_department	**D2**	####	**D2**
dbs_division	**B**	####	**B**
dbs_account	5139	UTIL	UTIL
dbs_department	**D2**	####	**D2**

Roll-up Structures Explosion

Roll-up Structures Explosion is the process by which the roll-up structures ranges and SmartStream structures stored in the Funds Control Structure Definition tables are exploded to generate the Distribution tables.

The budgetary roll-up ranges and masks are interpreted and checked using the active accounts on the Ledger chart of accounts. In a batch process, Funds Control determines whether the account is within a defined range or SmartStream structure, depending on your selection when you defined the roll-up structure, and inserts a row in the Distribution table for that specific detail and fund account relationship. After running the explosion batch program, the Distribution table contains a one-to-one relationship between a Ledger account and a fund account at the lowest level of the roll-up structure. At higher levels of the roll-up structure, the Distribution table contains a one-to-one relationship between a fund account and another fund account that represents a higher summary level of the budget. The exploded Distribution table (all ranges and masks interpreted) is used during the online available funds checking as a direct access to the fund account for a detail account on a transaction. You can set up ranges using all elements of the user-defined accounting key, and you can select ledger accounts by the account type. For instance, you can choose to select only Expense type accounts in your budgetary roll-up structure.

When budgetary roll-up structures are exploded and budgets have already been released for fund accounts, Funds Control calculates the allotments (released portion of the budget) at the higher level summary fund accounts. The total allotment at one summary level of the budgetary roll-up structure always equals the sum of the allotments of the underlying summary levels. These summary allotments are always recalculated when additional budgets are released or when budgetary roll-up structures are changed.

When you enter parameters for running the explosion program through the SmartStream Job Scheduler, you can choose the mode in which the process runs. You can choose one of the following processing modes:

Choose…	To…
Create	Delete all rows in the Distribution tables for the entered ledger entity and budget year if the roll-up structure ID is * (All) and rebuild the Distribution tables. If the roll-up structure ID is entered, delete only rows for the entered ledger entity, budget year, and roll-up structure. **Important:** Do not run the Roll-up Explosion program in Create mode when you have already started processing fund transactions for the budget year. Running the program in Create mode in the middle of the budget year can corrupt your Funds Control balances.
Update/New	Explode only new roll-up structures that are not in the Distribution tables. For example, if a new division was defined and a set of new ranges was defined for it but no existing ranges were changed, the program processes only those new roll-up structure ranges.
Update/All	Explode all rows again, adding only ones that are not already in the Distribution tables.

All errors resulting from the explosion process are logged in the Funds Control Error Messages table. Use the standard Funds Control Reporting activity to print a list of all errors encountered during a budget roll-up explosion process. After correcting all fatal (Severity 3) errors, submit the explosion process again to reprocess the rows with errors. Warning error messages (Severity 1 and 2) do not prevent the roll-up structure explosion process from finishing, they merely highlight potential problems.

The Roll-up Structures Explosion program can be run in Debug mode (see the Funds Control chapter of the Financials Technical Reference for more details about how to run the process in debug mode). When you run the program in Debug mode, the error report logs all steps of and relevant information about the explosion process. This helps you to detect why the program did not produce the expected results.

Reorganization

Organizational changes in your enterprise can require you to reorganize your budgetary roll-up structures accordingly.

SmartStream Funds Control allows you to reorganize your budgetary roll-up structures by running the Roll-up Structure Explosion batch program in Create mode, even after transactions have been processed using a roll-up structure. The reorganization process recalculates allotment, commitment, encumbrance, expense and available balances. After the reorganization process has completed, all of the history transactions are applied to the new roll-up structure and all future transactions are processed using the new structure.

You must run the reorganization process in dedicated mode: no SmartStream users can use Funds Control while the reoganization process is being prepared or is running.

Step	Description	Activity
1	If you extract Funds Control activity into SmartStream Ledger make sure that all prior activity has been extracted to SmartStream Ledger. The reorganization process will not start if any funds transactions are not extracted to SmartStream Ledger.	Funds Control Journal Create
2	Change the existing structure definitions to reflect the organizational changes in your enterprise.	Funds Control Structure Definition
3	Run the Roll-up Structure Explosion batch program in Create mode for the ledger entity, budget year, and structure.	Funds Control Roll-up Structure Explosion
4	Enter or maintain and release the budgets for the fund accounts of your new roll-up structure.	Funds Control Budget Maintenance

During the reorganization process, Funds Control performs the following tasks:

Task	**Description**
1	Deletes all distributions from the old roll-up structure for the ledger entity, budget year, and structure. The distributions are the one-to-one relationships between a detail Ledger account and the subsequent summary level fund accounts.
2	Regenerates the distributions based on the new structure definitions.

Task	Description
3	Processes all fund transactions that used old structure structure definition. If the detail ledger account roll-ups are different in the new structure: ▪ Adds a fund transaction to reverse the balance updates for the old fund accounts. ▪ Adds a fund transaction to update the balances for the new fund accounts. This provides a full audit trail of the changes to the roll-up structure and the changes to the fund balances that result from moving the history transactions to the new roll-up structure.

The following errors encounterd by the reorganization are written to the fund_error_messages table and can be viewed using the Offline Process Error report. These errors are informational messages only. The processing is not halted when these errors occur. It is the user's responsibility to take corrective action if necessary:

- A Ledger detail account that previously rolled up to a fund account in the structure is not rolling up to any fund account in the new structure. None of the fund transactrions for this Ledger deatil account have updated a fund balance.
- The reorganization process has resulted in a negative available balance. After all history transactions were applied to their new fund account, available funds for that fund account were exceed.

Note: The reorganization process always moves the history transactions from the old structure to the new structure. If you want to retain the history for the old structure, do not reorganize the existing roll-up structure, add a new structure, unassign the old structure from Funds Control policy, and assign the new structure to Funds Control policy. You can then use the inquiry and reporting facilities toreview balances and transactions for both the old structure and the new structure.

Funds Control Distribution Maintenance

The Funds Control Distribution Maintenance activity is used for online maintenance of the Funds Control Distribution table. You can add, change, or delete the detail to summary account relationships for Funds Control.

Some restrictions apply to changing rows in and deleting them from the Distribution table, for example:

- A detail to summary account relationship that has Funds Control activity cannot be changed or deleted.
- A detail Ledger account entered on the Distribution Maintenance window must already be defined in the Ledger chart of accounts.
- All fund account summary levels in a budgetary roll-up structure must have the same budget currency defined on the Funds Control Account Maintenance window. Independent branches of roll-ups within a budgetary roll-up structure, however, can have different budget currencies.

Use the Distribution Maintenance activity to make low-volume changes to the Distribution table such as quickly defining the fund account for a single new Ledger account.

If you enter a fund account defined in the budgetary roll-up structure, Funds Control displays all detail accounts, (or summary accounts if the level is higher than 01), that roll-up to that fund account in the roll-up structure. You can add other accounts to roll-up to this fund account. If the level is 01, you are adding detail Ledger accounts rolling-up to the first summary level of the roll-up structure. For levels is other than 01, you are rolling fund accounts up to a higher fund account level. Detail Ledger accounts can roll up only at level 01 to a fund account.

When budgetary roll-up structures are maintained and budgets were already released to fund accounts, Funds Control recalculates the allotments (released portion of the budget) at the higher level summary fund accounts. The total allotment at one summary level of the budgetary roll-up structure always equals the sum of the allotments of the underlying summary levels. These summary allotments are always recalculated when additional budgets are released or when budgetary roll-up structures are changed. If you enter a fund account that is not defined in the budgetary roll-up structure, it is added. You can then assign detail accounts or summary accounts to roll up to this new fund account in the structure.

The distribution maintenance activity can be used to verify and review your budgetary roll-up structures. You can enter a specific fund account at any level in the structure and display everything that rolls up to that fund account. Then you can navigate up and down the levels of the roll-up structure by clicking on the navigation toolbar buttons.

Searching for all the roll-ups of a specific ledger account is possible using the Lookup Fund Account action. Enter the ledger account, click Search, and Funds Control displays all structures and fund accounts that the ledger account rolls up to.

5 Managing Budgets and Allotments

Chapter Contents

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Budgets

Funds Control holds the budget used to control available funds. An online activity enables you to enter and maintain budgets directly. Budgets can be recorded at any level in the budgetary roll-up structure and for multiple branches within the same structure.

Budgets can be broken out into periods or given as an annual amount. As Funds Control is multi-currency, the currency in which individual budget accounts are denominated can differ from the entity booking currency.

Organizations that elaborate budgets using a simulation tool such as SmartStream Budget need not enter information twice. Funds Control provides an import process that can upload data from SmartStream Ledger, SmartStream Budget, or an in-house budgeting application. This enables you to take advantage of the benefits of tools that offer complementary functionality.

The import process enables you to determine the entity, year, periods, amount class, and currency type that will be uploaded to serve as the basis for Funds Control. Optionally, the process can add budget summary accounts to Funds Control automatically on the basis of imported transactions. Three modes of data import are provided: Update, Replace, and Delete.

Although a locked budget can no longer be updated directly, transfers and amendments enable subsequent budgetary activity in a controlled fashion. All budget transfers and amendments are fully audited in Funds Control by a fund transaction. For more information, see Transfer and Amendments.

Budget amendments are one-sided transactions that increase or decrease budgets. Budget transfers are two-sided transactions that shift equal amounts of funds from one budgetary account to another. Both transfers and amendments generate an audit transaction to the budgetary transaction file and are subject to the availability of funds. An online activity is provided to carry out these tasks.

Allotments

Some organizations might not want the entire budget to be available for spending upon approval, as they require finer control over the rate at which funds are used. Although Funds Control accommodates controlling budgets by period, rather than on an annual basis, it is not always possible to forecast seasonal requirements at the outset of the fiscal year.

Allotments provide an effective means of controlling when and what portion of budget becomes available for spending on a discretionary basis. The allotment activity apportions annual budget for current consumption by amount, percentage, and range of periods. Online simulation capabilities enable you to visualize the results of allotment before confirming the decision. Similar capabilities are provided through an off-line process that performs high-volume allotments for entities or groups of accounts.

Budgeted and allotted funds are stored as separate balances on the database. It is only when funds move from budget to allotment that available funds are increased and become available for commitment and expenditure.

When a budget is released and becomes an allotment that is available to spend, a transaction is added to the Funds Control transaction table for auditing and tracking purposes. Allotment transactions can be extracted to SmartStream Ledger if you define a posting rule and link that posting rule to the Funds Control policy on the Main tab of the Funds Control Policy activity.

Organizations that do not need to subdivide the annual budget can adopt a policy option that automatically allots funds at the time budgets are loaded from feeder applications.

Funds Control Budget Maintenance

The Funds Control Budget Maintenance activity is used to enter budgetary amounts directly for a fund account for each accounting period. Subsequent maintenance of the budget amounts is not logged by an audit trail because this stage is considered a budget preparation phase and the budget has not yet been approved or frozen.

The fund account can have values for each budget period within a budget year. The maximum number of budget periods that can be used is the number determined in Enterprise policy and Ledger Entity policy for SmartStream. A budget is expressed in a budget currency, which is determined by the fund account.

Budgets are not available for spending until they are released. The release of a budget is also known as an allotment. Online available funds checking is performed using the allotment (the released portion of the budget). Releasing the budget for a specific fund account is achieved by selecting the Release Budget action on the Budget Maintenance activity. You can release budgets in full or partially, for all periods or for a selected number of accounting periods. For high-volume budget release, use the Funds Control Budget Release Request activity.

You also have the option to release a budget automatically while entering and saving it, thereby skipping an additional budget release step.

Once a budget is locked, (by selecting the Lock Budgets option on the Main tab of the Funds Control Policy activity), you can no longer use the Funds Control Budget Maintenance activity to maintain the budget. To maintain locked budgets, you must use the Funds Control Transfer and Amendment activity. Budgetary amendments are justified by fund transactions and a full audit trail is kept of all changes to budgets.

You can still release (allot) or unrelease budgets when they are locked.

If you maintain an imported budget directly, Funds Control warns you that you might create an inconsistency between the feeder application and SmartStream Funds Control, but it does not prevent you from saving the change to the budget.

Negative budgets are allowed, but you should not enter them for fund accounts subject to fatal funds expenditure checking. You might want to use negative budgets for other purposes, for instance, revenue tracking. The negative budget represents the revenue forecast. Every time you enter revenue into SmartStream (through receivable documents or unposted journals), the available balance is updated. That way you can compare your actual revenue with your revenue forecast.

Release Budget

The Release Budget action is enabled only when a budget row is added to or changed in the fund_budget table. In other words, for a new budget row, you must first click Save, and then you can choose the Release Budget action. If you change the budget amounts for a row, save the amount changes first, and then choose the Release Budget action.

On the Release Budget pop-up window, you can click Cancel to return to the Budget Maintenance window without starting the budget release procedure, or you can click Update to validate the calculated amounts for release or unrelease and to update the fund_balance table with the adjusted amount.

Release

If the allotment type is Release, the amount to release must be less than, or equal to, the budget amount

Unrelease

If the allotment type is Unrelease, the amount to unrelease must not be greater than the current allotment minus the amount used. The amount used is the sum of the balances for the encumbrance (EN), commitment (CM), expense (EX), and payment (PY) amount classes. You cannot unrelease amounts that have already been allocated to transactions.

Allotment Roll-ups

After increasing or decreasing the allotment with the released budget amount, a check is made to determine if the current budget account has roll-ups at a higher level. If so, the higher level accounts are also updated with the adjusted amounts. If the account rolls up to a higher level summary account that has no allotment row, a 0 budget is added that generates a zero release (RL), allotment (AL), and available (AV) balance row in the fund_balance table.

Funds Control Budget Import Request

If you use SmartStream Budget or SmartStream Ledger to prepare your budgets, you do not have to reenter the budget using online Funds Control activities. You can import budgets from these applications, or an external application, by setting up a Budget Import Request and then running the Budget Upload batch program using the Job Scheduler. The Funds Control Budget Upload batch program is used for copying data into the Funds Control budget table using the Budget Import Request you set up.

If you select Auto Generate Accounts, this ensures that fund accounts not yet added to the Funds Control chart of accounts are added automatically. Newly created accounts adopt default values for all fund account policy options. Use the Funds Control Account Maintenance activity to review and change the policy settings.

By selecting Auto Release Budgets, you can ensure that the budget amounts are released (allotted) automatically after importing.

A Budget Import Request has a Request ID that uniquely identifies the Import Request parameter set and a user-defined description. Furthermore, the Import Request has one of the following budget import request types:

If you select…	Then…
Balance Create	All budgets from the source application are inserted into the Funds Control budget table. Budgets already in Funds Control remain unchanged.
Balance Update	All budgets from the source application are used to update the current budgets in Funds Control. The budget amount from the source application is added to the current balance in Funds Control. If a budget is currently not in Funds Control, it is added.
Balance Replace	All budgets from the source application are used to replace the current budgets in Funds Control. The budget amount from the source application replaces the current budget balance in Funds Control. If a budget is currently not in Funds Control, it is added.
Balance Delete	All balances for the selected parameters in Funds Control are removed from Funds Control.

When replacing or changing current budgets in Funds Control, the same restrictions apply as for the online maintenance of budgets. For instance, you can never reduce a budget below allotment.

Currency Type

When the source of the import is Ledger and the currency option is Multi-Currency, you can choose to import Ledger account amounts from five types of currency balance rows:

Primary Book Currency: The balances for the primary booking currency of the ledger entity are imported. This option is available only if book balances are stored for the ledger entity. The decision about storing book balances is made on the Ledger Policy activity.

Secondary Book Currency: The balances for the secondary booking currency of the ledger entity are imported. This option is available only if book balances are stored for the ledger entity, and if a secondary book currency is used. The decisions about using a secondary book currency and storing book balances is made on the Ledger Policy activity.

Primary Book Equivalent: Each transaction currency used has a Primary Book Equivalent row, which is the transaction amount converted to the primary book currency. You must also select the currency of the equivalent values you want to import.

Secondary Book Equivalent: Each transaction currency used has a Secondary Book Equivalent row, which is the transaction amount converted to secondary book currency. You must also select the currency of the equivalent values you want to import.

Transaction Currency: The balances for a specific transaction currency are imported from Ledger. You must also select the currency of the transaction values you want to import.

Importing from an External Data Source

Before you can import external data from the Funds Control Budget Import table, you must copy it from a text file into the Funds Control Budget Import table using the standard SmartStream Bulk Copy program. When the budget upload completes successfully, the Funds Control Budget Import table is truncated.

Import Status

The status of the import request can be either

- Active (import request not yet run through Job Scheduler).
- Inactive (import request already run through Job Scheduler). When the status is Inactive, the import request will not be processed again. To run the import request again, choose the action to reactivate the import request from the Budget Import Request activity.

Funds Control Budget Release Request

The Funds Control Budget Release Request activity is used for the batch release of budgets. Budgets must be released before they can be spent, and they can be released either partially or entirely. If there is a partial release, the remainder of the budget can be released at some later date.

Partial release can be done on a percentage, amount, or period basis. You cannot release more than 100 percent of the total budget.

Once a budget is released (allotment), it can be consumed by entering procurement or other transactions for the detail accounts rolling-up to the fund account.

The batch release process allows you to select the ledger entity, budgetary roll-up structure, and budget year for which you want to release budget amounts partially or fully to allotment.

Use the Account tab to enter criteria for selecting the budgets to release. You can also build Structured Query Language (SQL) criteria for the columns of the budget table to determine which budgets to release. For example, you could choose to release budgets for a specific department only.

Allotment Roll-ups

After increasing or decreasing the allotment with the released budget amount, Funds Control checks to determine whether the current budget account has roll-ups at a higher level. If so, the higher level accounts are also updated with the adjusted amounts. If the account rolls up to a higher level account and there is no allotment row for the summary account, a 0 budget is added which generates a zero Release (RL), Allotment (AL) and Available (AV) balance row on the fund_balance table.

Release Request Status

The release request can have any of the following statuses:

- **Inactive**: The request has been processed by Job Scheduler.
- **Awaiting Preparation**: The request has not yet been processed by Job Scheduler and is awaiting preparation. You must prepare the request by selecting the Prepare Budget action before you can run the scheduled process.
- **Prepared**: The request has not yet been processed by Job Scheduler, but it is already prepared.
- **Processing**: The request is currently being processed by the Job Scheduler.

SQL Criteria

SQL criteria can be built for the accounting elements of the fund account and on any other columns of the budget table as follows:

Column Name

The column name from the Funds Control budget table for which you want to enter SQL criteria. Examples of Column Names are

- UDAK elements
- Currency Code.

Operator

The operator indicates the relationship between the column name and the value. The following table shows examples of Operators:

Operator	Description	Example
=	Is equal to	Ledger Entity = FR1
>=	Greater than or equal to	
<=	Less than or equal to	Ledger Entity < FR3
sw	Starts with	Division **Starts With** A
cn	Contains	Component **Like** %fin%
		Finds records containing fin, such as infinity, finance, and financial.

Value (case sensitive)

Used with the Operator and the To value fields, the value limits the data that Funds Control includes in the selection criteria.

If you select the Starts With operator, the value represents the beginning value in a range.

Rule

Do not enclose this value in single quotation marks.

Connector

The connector strings multiple expressions together. For example:

Connector	Description	Example
And	Both conditions are true.	Ledger Entity=FR1 AND Division starts with A
Or	One or both conditions are true.	Ledger Entity=FR1 OR Division=AA
Blank	Multiple expressions are not used.	Ledger Entity=FR1

Using Multiple Expressions with No Connector

If you use multiple expressions but do not enter a connector, Funds Control uses a default value. For example:

If the next expression uses…	Funds Control uses…
The same column name	***Or*** as the default connector for the previous expression and uses parenthetical logic.
A different column name	***And*** as the default connector for the previous expression.

Rule

Define a connector only if you define more than one expression.

After building the SQL criteria on the Account Tab, click Add to add SQL criteria at the end of the list, or click Delete to delete selected SQL criteria from the list.

Prepare Budget Release

The Prepare Budget Release action prepares the request for processing by the Job Scheduler. Preparation is required before you can run the Off-line Release process. The Budget Preparation process builds and runs the dynamic SQL criteria entered on the Account tab to add rows to the fund_budget_request_work table. The rows on the work table specify the budget accounts to release, based on the SQL criteria entered by the user.

Off-line Release

The Off-line Release process is a two-step process. The first step is to use the Budget Release Request activity to enter a Budget Release Request. Then using the same window, perform the Prepare Budget Release action.

The second step in the process is to run the Off-line Release process. This process takes Budget Release Request ID as an input parameter. The Off-line process then reads the fund_budget_request_work table and performs the Off-line Release process for each row on the table associated with the Release Request.

Funds Control Transfer and Amendment

The Funds Control Transfer and Amendment activity is used to enter budgetary amendments during the budget year. You can prepare and set up budgets in SmartStream Budget or SmartStream Ledger and import them into Funds Control, or you can enter them directly into Funds Control. Subsequently, budgets are locked and can be released for spending (allotment).

If any budgetary amendments are required after a budget is locked, you must use the Funds Control Transfer and Amendment activity to do this. Using the Transfer and Amendment activity you can perform the following types of amendment:

Type of Amendment	Activity
Budget Transfer	Transfer of funds from one budgetary account to another. You cannot transfer the portion of the budget that has already been allotted from a fund account. First unrelease the allotment and then transfer the budget, or check the Auto-Release box to unrelease automatically the budget transferred from the from-account and automatically release the budget transferred into the to-account.
Budget Increase	Increase funds for a budgetary account.
Budget Decrease	Decrease funds for a budgetary account. You cannot decrease the budget below what has already been allotted. First unrelease the allotment and then decrease the budget.

All budgetary amendments are tracked fully by an Funds Control audit trail. Budgetary amendments take immediate effect. A transfer or an adjustment immediately updates both the budget and the allotment for the account. The original budget can still be found by adding or subtracting all budgetary amendments from the actual budget.

Budget Adjustment

The following selections determine how amounts amend the budget:

Maintenance Type…	Maintenance Mode…	Then the…
Amendment	Adjust	Amounts adjust the budgets. Negative amounts reduce the budget and positive amounts increase the budget.
Amendment	Replace	Amounts replace the budgets.
Transfer	Not Used	Amounts are transferred from the from-budget account to the to-budget account.

Using the Funds Control Transfer and Amendment activity you can perform the following actions:

Choose…	To…
Extended Descriptions	Display a pop-up window that displays the descriptions of the budget account (Amendment, From and To accounts).
Release Amendment Budget Account	Access the Budget Release window where you can release the amended budget amounts for the budget account.
Release Transfer To Budget Account	Access the Budget Release window where you can release the budget amounts for the budget account to which you have transferred budget amounts, or to which you want to transfer budgets.
Release Transfer From Budget Account	Access the Budget Release window where you can release the budget amounts for the budget account from which you have transferred budget amounts, or from which you want to transfer budgets.
Annual Amount	Display a pop-up window that displays the annual amount of the budget account (Amendment, From and To accounts.

Transfer Restrictions

You cannot transfer

- Amounts between fund accounts with different currencies
- What is already allotted
- More than what has been budgeted.

6 Available Funds Checking

Chapter Contents

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Funds Control Balances

Funds Control stores and maintains separate balances for budgets, allotments, available funds, and the subsequent levels of obligation for the ledger entity and budget year combinations, rollup structures, and fund accounts. These balances are also referred to as the fund amount classes.

Fund Amount Class	Description…
Budget	Revised budget. Includes the original budget plus all budgetary amendments and transfers. Through reporting, you have visibility of the original budget and all budgetary amendments to the original budget. In a multi-level roll-up structure, you can enter and maintain budgets at all levels of the roll-up structure. In multi-level roll-up structures, budget amounts do not roll up to fund accounts at higher levels in the roll-up structure.
Release	The portion of the budget for this fund account that has been released for spending. In multi-level roll-up structures, released amounts do not roll up to fund accounts at higher levels in the roll-up structure.

Fund Amount Class	Description…
Allotment	The total available-to-spend balance for this fund account. In a multi-level roll-up structure, the following rules apply to the allotment balance: ▪ At level 1 of the roll-up structure, the allotment balance of the fund account equals the released balance of that fund account. ▪ At higher levels of the roll-up structure, the allotment balance includes the allotment balances of the lower-level fund accounts rolling up to this fund account. In other words, allotments always roll up to all the higher-level fund accounts in the roll-up structure.
Commitment	The **outstanding** commitments balance. In a multi-level roll-up structure, the following rules apply to the commitment balance: ▪ At level 1 of the roll-up structure, the commitment balance of the fund account equals the commitment balance for that fund account only. ▪ At higher levels of the roll-up structure, the commitment balance includes the commitments balances of the lower-level fund accounts rolling up to this fund account. In other words, commitments always roll up to all the higher-level fund accounts in the roll-up structure.
Encumbrance	The **outstanding** encumbrances balance. In a multi-level roll-up structure, the following rules apply to the encumbrance balance: ▪ At level 1 of the roll-up structure, the encumbrance balance of the fund account equals the encumbrance balance for that fund account only. ▪ At higher levels of the roll-up structure, the encumbrance balance includes the encumbrance balances of the lower-level fund accounts rolling up to this fund account. In other words, encumbrances always roll up to all the higher-level fund accounts in the roll-up structure.
Expense	The expenditure balance. In a multi-level roll-up structure, the following rules apply to the expense balance: ▪ At level 1 of the roll-up structure, the expense balance of the fund account equals the expense balance for that fund account only. ▪ At higher levels of the roll-up structure, the expense balance includes the expense balances of the lower-level fund accounts rolling up to this fund account. In other words, expenses always roll up to all the higher-level fund accounts in the roll-up structure.

Fund Amount Class	Description…
Available	The remaining available funds in the fund account. On all levels of a roll-up structure, the available balance is calculated as follows: Available = Allotment – Commitment – Encumbrance – Expense.
Payment	The total paid expenses amount. In a multi-level roll-up structure, the following rules apply to the payment balance: ▪ At level 1 of the roll-up structure, the payment balance of the fund account equals the payment balance for that fund account only. ▪ At higher levels of the roll-up structure, the payment balance includes the payment balances of the lower-level fund accounts rolling up to this fund account. In other words, payments always roll up to all the higher-level fund accounts in the roll-up structure.

Funds checking updates the balances of the roll-up structures depending on the document type being processed and the usage (cash or fund) of the roll-up structure.

Available Funds Structure

The balances of the roll-up structures assigned to the Funds Control policy for a ledger entity and budget year as available funds structures are updated according to the following rules:

Document type	Associated Document type	BU	RL	AL	CO	EN	EX	AV	PY
Fund Budget Entry/Import		+							
Fund Budget Release			+	+				+	
Fund Budget Unrelease			-	-				-	
Requisition					+			-	
Purchase Order	Requisition				-	+		- +	
Direct Issue							+	-	
Issue to Requester	Requisition				-		+	- +	
Return to Stockroom							-	+	
Payment Request	Purchase Order					-	+	- +	
Unposted Journal							+/-	-/+	
Receipt Accrual Journal	Purchase Order					-	+		

Document type	Associated Document type	BU	RL	AL	CO	EN	EX	AV	PY
Receipt Accrual Reversal Journal	Purchase Order					+	-		
Receivable Document							-	+	
Payment									+
Funds Control Adjustment					+/-	+/-	+/-	-/+	+/-

BU = Budget, **RL** = Release, **AL** = Allotment, **CO** = Commitment,
EN = Encumbrance, **EX** = Expense, **AV** = Available, **PY** = Payment.

An associated document is a document of a different type that is associated with the document being funds checked. The associated document represents the prior level of obligation that has to be reversed when the next level of obligation is registered. Funds Control has three instances of associated documents:

- A requisition can be associated with a purchase order. If a purchase order has attached purchase requisitions and the purchase requisitions have been committed, when the purchase order is processed, the requisition is un-committed and the purchase order is encumbered. The purchase order represents a higher level of obligation than the requisition because it orders goods from a supplier.
- A requisition can be associated with a stock issue to requester. If a stock issue to requester has attached stock requisitions and the stock requisitions have been committed, when the stock issue is processed, the requisition is uncommitted and the stock issue is expensed. The stock issue represents a higher level of obligation than the requisition because it consumes stocked goods.
- A purchase order can be associated with an invoice. If an invoice is matched to purchase order line schedule receipts, and the purchase order was previously encumbered, when the invoice is processed, the purchase order is un-encumbered and the invoice is expensed. The invoice represents a higher level of obligation than the purchase order because it shows that you have received goods from a supplier and you have been invoiced for the goods received.

The SmartStream application passes the journal lines of a document to Funds Control. Only journal lines with accounting distribution types that require only funds or funds and cash checking are passed to Funds Control. Use the Funds Control Acctg Type Usage activity to define which accounting distribution types are subject to funds checking. The information that the application passes to Funds Control includes account, effective date, quantity, and value information.

For each journal line received, Funds Control determines the budget account that is linked to the ledger account and then determines whether sufficient funds remain in the budget account to allow the transaction. If sufficient funds are available, Funds Control balances are upated and a fund transaction is inserted.

Debits decrease available funds, and credits increase available funds.

In an available funds structure the payment (PY) balance represents the paid expenses. Paid expenses are not backed out of the expense (EX) balance and do not change the available (AV) balance.

Funds Control adjustments can be used to update the commitment, encumbrance, expense, and payment balances. Any change to one of these balances automatically results in the update of the available balance

Available Cash Structure

The balances of the roll-up structures that are assigned to the Funds Control policy for a ledger entity and budget year as available cash structures are updated according to the following rules:

Document type	Associated Document type	BU	RL	AL	CO	EN	EX	AV	PY
Cash Budget Entry/Import		+							
Cash Budget Release			+	+				+	
Cash Budget Unrelease			-	-				-	
Unposted Journal							+/-	-/+	
Payment								-	+
Funds Control Adjustment							+/-	-/+	+/-

BU = Budget, **RL** = Release, **AL** = Allotment, **CO** = Commitment,
EN = Encumbrance, **EX** = Expense, **AV** = Available, **PY** = Payment.

The SmartStream application passes the journal lines of the document to Funds Control. For payments, depending on the Funds Control Enterprise policy option, the application sends the journal lines of the invoices paid on a payment document, or it sends the journal lines of the payment document itself. In fact, this determines whether you check cash and maintain cash balances using the expense distributions or using the cash distributions. Only journal lines with accounting distribution types that require only cash or funds and cash checking are passed to Funds Control. Use the Funds Control Acctg Type Usage activity to define which accounting distribution types are subject to funds checking. The information that the application passes to Funds Control includes account, effective date, quantity, and value information.

For each journal line received, Funds Control determines the budget account that is linked to the ledger account and then determines whether sufficient cash remains in the budget account to allow the transaction. If sufficient cash is available, Funds Control balances are upated and a fund transaction is inserted.

Funds Control adjustments can be used to update the payment and expense balances. Any change to one of these balances results in the automatic update of the available balance.

Funds Control Transactions

Any update to a Funds Control balance is always justified by a fund transaction. The fund transaction stores all details and amounts about the update to the balance.

When a document line is changed, depending on the type of information that was changed, Funds Control either updates the balance with the amount difference or reverses the prior value and applies the new value. The fund transaction stores all details about and amounts for the update to the balance.

Information Changed…	Adjust	Reverse and Apply
Quantity	✓	
Unit of Measure	✓	
Unit Price	✓	
Tax amount		✓
Ledger Entity		✓
Accounting Distribution		✓
DR/CR indicator		✓
Currency Code		✓
Effective Date		✓
Associated Document		✓

Each fund transaction carries a reason code, which further explains the nature of the transaction.

Funds Control Reason Codes

Funds Control has delivered reason codes that are automatically assigned to fund transactions according to the following rules:

Reason Code	Description	Where Used in Funds Control
ARCH	Archive	Archive summary transaction that replaces all archived fund transactions.
BAMD	Budget Amendment	Any time a budget is amended in Funds Control
BINS	Budget Insert	Budget transaction for a newly inserted budget (generated only when the Budget Lock indicator is set in Funds Control policy).
BREL	Budget Release	Any time a budget or a portion of a budget is released in Funds Control

Reason Code	Description	Where Used in Funds Control
BRPL	Budget Replace	Budget transaction added when the Budget Upload process is used with a request type of Balance Replace (generated only when the Budget Lock indicator is set in Funds Control policy).
BTIN	Budget Transfer In	Any time a budget is transferred into a fund account in Funds Control.
BTOU	Budget Transfer Out	Any time a budget is transferred out of a fund account in Funds Control.
BUNR	Budget Unrelease	Any time a budget or a portion of a budget is unreleased in Funds Control
BUPD	Budget Update	Budget transaction added when the Budget Upload process is used with a request type of Balance Update (generated only when the Budget Lock indicator is set in Funds Control policy).
CAN	Cancel existing transaction	Any time an existing document line, which requires available funds checking, is cancelled or deleted.
CBAL	Year End Commitment Allotment	Allotment transaction for the budget corresponding to a carried forward commitment during the year-end process.
CBAR	Year End Commitment Allotment Reversal	Reversal of an allotment transaction for the budget corresponding to a commitment carried forward during the year-end process.
CBBR	Year End Commitment Budget Reversal	Reversal of a budget transaction for the budget corresponding to a commitment carried forward during the year-end process.
CBCF	Year End Commitment Budget Carry Forward	Budget transaction for the budget corresponding to a carried forward commitment during the year-end process.
CTCF	Year End Commitment Carry Forward	Commitment transaction for a commitment carried forward during the year-end process.
CTRV	Year End Commitment Reversal	Uncommitment transaction in the prior year for a commitment carried forward during the year-end process (only when Close Balances parameter was selected).
EBAL	Year End Encumbrance Allotment	Allotment transaction for the budget corresponding to a carried forward encumbrance during the year-end process.

Reason Code	Description	Where Used in Funds Control
EBAR	Year End Encumbrance Allotment Reversal	Reversal of an allotment transaction for the budget corresponding to an encumbrance carried forward during the year-end process.
EBBR	Year End Encumbrance Budget Reversal	Reversal of a budget transaction for the budget corresponding to an encumbrance carried forward during the year-end process.
EBCF	Year End Encumbrance Budget Carry Forward	Budget transaction for the budget corresponding to a carried forward encumbrance during the year-end process.
ETCF	Year End Encumbrance Carry Forward	Encumbrance transaction for an encumbrance carried forward during the year-end process.
ETRV	Year End Encumbrance Reversal	Unencumbrance transaction in the prior year for an encumbrance carried forward during the year-end process (only when Close Balances parameter was selected).
MOD	Modify existing transaction	Any time an existing document line, which requires available funds checking, is modified in SmartStream.
NEW	New transaction	Any time a new document line, which requires available funds checking, is added to SmartStream.
R1AD	Reversal – Associated Document Change	Any time Funds Control generates a reversal for the original fund transaction because the associated document was changed on a document line. Reversal of the prior situation.
R2AD	New transaction – Associated Document Change	Any time Funds Control generates a new funds transaction because the associated document was changed on a document line. Registration of the new situation.
R1CU	Reversal – Currency Change	Any time Funds Control generates a reversal for the original fund transaction because the transaction currency was changed on a document line. Reversal of the prior situation.
R2CU	New transaction – Currency Change	Any time Funds Control generates a new fund transaction because the transaction currency was changed on a document line. Registration of the new situation.

Reason Code	Description	Where Used in Funds Control
R1DC	Reversal – DR/CR Indicator Change	Any time Funds Control generates a reversal for the original fund transaction because the Debit/Credit indicator was changed on a document line. Reversal of the prior situation.
R2DC	New transaction – DR/CR Indicator Change	Any time Funds Control generates a new fund transaction because the Debit/Credit indicator was changed on a document line. Registration of the new situation.
R1ED	Reversal – Effective Date Change	Any time Funds Control generates a reversal for the original fund transaction because the effective date was changed on a document line. Reversal of the prior situation.
R2ED	New Transaction – Effective Date Change	Any time Funds Control generates a new fund transaction because the effective date was changed on a document line. Registration of the new situation.
R1UD	Reversal Undo – Accounting Distribution	Any time Funds Control generates a reversal for the original funds transaction because the accounting distribution was changed on a document line. Reversal of the prior situation.
R2UD	New transaction – UDAK change	Any time Funds Control generates a new fund transaction because the accounting distribution was changed on a document line. Registration of the new situation.
R1UM	Reversal – Unit of Measure Change	Any time Funds Control generates a reversal for the original fund transaction because the unit of measure was changed on a document line. Reversal of the prior situation.
R2UM	New transaction – Unit of Measure Change	Any time Funds Control generates a new fund transaction because the unit of measure was changed on a document line. Registration of the new situation.
RAEN	Receipt Accrual Encumbrance	Re-encumbrance of purchase order receipt for a receipt accrual reversal journal.
RAER	Receipt Accrual Expense Reversal	Expense reversal of purchase order receipt for a receipt accrual reversal journal.
RAEX	Receipt Accrual Expense	Expense of purchase order receipt for a receipt accrual journal.

Reason Code	Description	Where Used in Funds Control
RAUE	Receipt Accrual Unencumbrance	Encumbrance reversal of purchase order receipt for a receipt accrual journal.
RBAL	Year End Residual Allotment	Allotment transaction for the residual budget carried forward during the year-end process.
RBAR	Year End Residual Allotment Reversal	Reversal of an allotment transaction for the residual budget carried forward during the year-end process.
RBBR	Year End Residual Budget Reversal	Reversal of a budget transaction for the residual budget carried forward during the year-end process.
RBCF	Year End Residual Budget Carry Forward	Budget transaction for the residual budget carried forward during the year-end process.
RECO	Recommit for Cancelled Encumbrance	Recommitment transaction for the cancellation or an encumbrance with an associated commitment.
RECX	Recommit Expense	Recommitment transaction for issued stock returned by the requester that reestablished the requisition commitment.
REEN	Re-encumbrance for Cancelled Expense	Re-encumbrance transaction for the cancellation for an expense with an associated encumbrance.
REOR	Reorganization Reversal	Reversal of a transaction as a result of reorganization.
UNCO	Uncommit for Encumbrance	A purchase order encumbrance was entered into the system and the corresponding requisition commitment was relieved.
UNCX	Uncommit for Expense	Stock was issued to a requester and the corresponding requisition commitment was relieved.
UNEN	Unencumber for Expense	A payable invoice expense was entered and the corresponding purchase order encumbrance was relieved.

When Funds Control adjustments are entered you can assign a user-defined reason code to the adjustment transaction. You define your own reason codes using the Funds Control Reason Code activity. Reason codes delivered with SmartStream cannot be changed or deleted.

Integration Touchpoints Between Funds Control and SmartStream Financials

Requisition

In Purchasing, requisitions constitute a commitment to use funds and reduce the available balance.

Any time a commitment is entered, changed, or deleted in SmartStream Purchasing, the commitment and available balances are maintained in Funds Control. All changes to the Funds Control balances are justified by a fund transaction, providing you a full audit trail.

Calling the Funds Checking Module

The following table shows when and where activity related to requisitions calls available funds checking:

SmartStream Activity	Action	Funds Checking Trigger
Requisition	Add requisition lines when funds checking is at entry or when funds checking is at approval, but the requisition does not require approval.	Forward and save.
	Change requisition lines.	Change and save.
	Cancel requisition lines.	Cancel line and save.
	Close requisition lines.	Close line and save.
	Delete requisition lines.	Delete Selected from the Edit menu.
	Cancel requisition.	Cancel requisition and save.
	Close requisition short.	Close requisition and save.
	Delete requisition.	Delete option from the File menu.
Requisition Load (MRQC0200)	Add new requisitions with the off-line Requisition Load program.	Inserting a new requisition that has passed all validation checks.
Requisition Approval Status	Approve a requisition when funds checking is at ‘Approval’ time.	Approve and Save.
To Do Message	Approve a requisition from the workflow TO DO message.	Approve button.
Requisition Line Exceptions	Modify Unit Price for regular requisitions.	Save.
Return	Return to stockroom for replacement.	Save.

SmartStream Activity	Action	Funds Checking Trigger
Purchase Order	Line schedule is cancelled for a purchase order line associated with a requisition line that is closed short.	Save.
	Quantity is changed for a purchase order line associated with a requisition line that is closed short.	Save.
	Requisition line that was closed short is unattached from the purchase order.	Save.
	Line schedule that is associated with a requisition line that is closed short is deleted.	Save.

Steps in the Funds Checking Process for Requisitions

Funds checking is called and the availability of funds is validated based on currently available funds and the commitment amounts on the requisition. Funds checking gives a return code indicating the success or failure of the validation to the calling application.

The following table shows what happens to a requisition based on whether or not available funds checking was successful:

Funds Control Exceptions Detected	Available Funds Checking Successful
An online error message is sent informing the user of the funds exception.	Commitment balance of the fund account is increased with the amount of the requisition.
Informational workflow message is sent to the requester to inform him of the funds exception.	Available balance of the fund account is decreased by the amount of the requisition. If available funds checking was successful because the exception was overridden, a negative available balance is allowed.
Funds Control exception transaction is inserted.	A fund transaction is inserted to justify the update to the commitment balance of the fund account. This transaction can be extracted to SmartStream Ledger.
The entire requisition document gets a Failed Funds Checking status and the document cannot be attached to a purchase order until the exception is resolved or overridden.	
A visual cue on the Requisition Header view is displayed to highlight the funds exception.	
The lines in exception get marked In Exception on the Accounting Distribution view.	
A To Do workflow message is sent to the fund manager of the fund account informing him of the exception. The To Do message takes the fund manager to the Funds Control Workbench activity where he can resolve the exception or override the exception. After the exception has been resolved or overridden, a To Do workflow message is sent to the data entry clerk requesting him to check funds for the requisition again. Rechecking funds can be done by clicking the Check Funds action on the Requisition window or by changing and resaving the requisition.	

Other Integration Touchpoints

SmartStream Activity	Funds Control Impact
Batch Requisition to PO	Requisitions with funds exceptions are not selected on purchase orders. The funds exceptions must be resolved first.

Purchase Order

Purchase orders represent an increased level of obligation because a contractual agreement is established with an external party to acquire goods or services. Purchase orders encumber funds and relieve corresponding commitments. As commitment is transformed to encumbrance, the previous level of obligation is relieved at the original requisition cost and the subsequent level of obligation is recorded according to the current purchase order cost. The net price difference directly affects available funds.

Any time an encumbrance is entered, changed, or deleted in SmartStream Purchasing, the encumbrance, commitment, and available balances are maintained in Funds Control. All changes to the Funds Control balances are justified by a fund transaction, providing you a full audit trail.

Calling the Funds Checking Module

The following table shows when and where activity related to purchase orders calls available funds checking:

SmartStream Activity	Action	Funds Checking Trigger
Purchase Order	Add purchase order lines when funds checking is at entry or when funds checking is at approval, but the purchase order does not require approval.	Forward and save.
	Change purchase order lines.	Change and save.
	Cancel pruchase order lines.	Cancel line and save.
	Close purchase order lines.	Close line and save.
	Delete purchase order lines.	Delete Selected form the Edit menu.
	Cancel purchase order.	Cancel purchase order and save.
	Close purchase order short.	Close purchase order short and save.
	Delete purchase order.	Delete option from the File menu.

SmartStream Activity	Action	Funds Checking Trigger
Purchase Order Load (MPOC0600)	Add new purchase orders with the scheduled Purchase Order Load process.	Inserting a new purchase order that has passed all validation checks.
Batch Requisition to Purchase Order (MPOB0020)	Create new purchase orders from requisitions with the scheduled Batch Req to PO process.	Inserting new purchase order lines that have passed all validation checks.
Purchase Order Approval Status	Approve a purchase order when funds checking is at approval.	Approve and save.
To Do Message	Approve a purchase order from the workflow To Do message.	Approve button.
Receipt	Receive against a closed purchase order line schedule that has an invoiced quantity less than the ordered quantity.	Save.
Receipt Maintenance	Maintain a receipt for a closed purchase order line schedule that has an invoiced quantity less than the ordered quantity.	Save.
Receipt Exception	Scrapping an item at the vendor's expense for a closed line schedule that has an invoiced quantity less than the ordered quantity.	Save.
Return	Return to the vendor for a closed purchase order line schedule that has an invoiced quantity less than the ordered quantity.	Save.
Payment Request	Invoice for the net received quantity where the purchase order line schedule is closed to receiving; the remaining purchase order quantity will be unencumbered in addition to the invoice quantity.	Matching Invoice to purchase order, goes to Complete status.
	Cancel an invoice matched to a closed purchase order line schedule that has an invoiced quantity less than the ordered quantity.	Save.
	Delete an invoice matched to a closed purchase order line schedule that has an invoiced quantity less than the ordered quantity.	Save.

SmartStream Activity	Action	Funds Checking Trigger
Payment Request (cont'd)	Create a debit memo or credit memo with a non-zero quantity matched to a closed purchase order line schedule that has an invoiced quantity less than the ordered quantity.	Save.

Steps in the Funds Checking Process for Purchase Orders

Funds checking is called and the availability of funds is validated based on currently available funds and the commitment amounts on the purchase order. Funds checking gives a return code indicating the success or failure of the validation to the calling application.

The following table shows what happens to a purchase order based on whether or not available funds checking was successful:

Funds Control Exceptions Detected	Available Funds Checking Successful
An online error message is sent informing the user of the funds exception. Informational workflow message is sent to the buyer to inform him of the funds exception.	Commitment balance is decreased for any requisitions lines attached to the purchase order line schedules and the available balance is increased accordingly. The value to uncommit is calculated as follows: PO quantity * Requisition Unit Price
Funds Control exception transaction is inserted.	A fund transaction is inserted to justify the update to the commitment balance of the fund account. This transaction can be extracted to SmartStream Ledger.
The entire purchase order document gets a Failed Funds Checking status and the document cannot be sent until the exception is resolved or overridden. A visual cue on the Purchase Order Header view is displayed to highlight the funds exception.	Encumbrance balance of the fund account is increased with the amount of the purchase order line schedules and the available balance is decreased accordingly. The value to encumber is calculated as follows: PO quantity * PO Unit Price + Pro-rated tax amount.
The lines in exception get marked In Exception on the Accounting Distribution view.	A fund transaction is inserted to justify the update to the encumbrance balance of the fund account. This transaction can be extracted to SmartStream Ledger.
A To Do workflow message is sent to the fund manager of the fund account informing him of the exception. The To Do message takes the fund manager to the Funds Control Workbench activity where he can resolve the exception or override the exception. After the exception has been resolved or overridden a To Do workflow message is sent to the data entry clerk requesting him to check funds for the purchase order again. Rechecking funds can be done by clicking the Check Funds action on the Purchase Order window or by changing and resaving the purchase order.	If available funds checking was successful because the exception was overridden, a negative available balance is allowed.

Other Integration Touchpoints

SmartStream Activity	Funds Control Impact
Select Purchase Order to Send	Purchase Orders with funds exceptions cannot be selected for sending to suppliers. The funds exception must be resolved first.

Payment Request

In Payables, payment requests represent an expense. Payment requests expense funds and relieve corresponding encumbrances. As encumbrance is transformed to expense, the previous level of obligation is relieved at the original purchase order cost and the expense is recorded according to the current Payment Request cost. The net price difference directly impacts available funds.

Any time an expense is entered, changed, or deleted in SmartStream Payables the expense, encumbrance, and available balances are maintained in Funds Control. All changes to the Funds Control balances are justified by a fund transaction, providing you a full audit trail.

Calling the Funds Checking Module

The following table shows when and where activity related to payment requests calls available funds checking:

SmartStream Activity	Action	Funds Checking Trigger
Invoice	Add a regular invoice when funds checking is at entry time or when funds checking is at approval time, but the invoice does not require approval.	Save.
	Add a recurring invoice when funds checking is at entry time or when funds checking is at approval time, but the invoice does not require approval.	Save.
	Change an invoice. The following changes to an invoice trigger funds checking: accounting distribution, effective date.	Save.
	Delete an invoice	Delete option from the File menu.
	Cancel an invoice	Cancel Invoice action
Invoice Approval Status	Approve an invoice when funds checking is at approval.	Approve and Save.

SmartStream Activity	Action	Funds Checking Trigger
To Do Message	Approve an invoice from the workflow To Do message.	Approve button
Scheduled Invoice Matching (FAPC0900)	Run the Invoice Matching scheduled process to match invoices to purchase order line schedule receipts.	Status of the invoice is set to Complete because the matching was successful. If a matching exception occurs, funds is not updated until the matching exception is resolved.
Invoice Load (FAPC4000)	Add new invoices with the Invoice Load scheduled process.	Inserting a new direct invoice that has passed all validation checks and does not require approval.

Steps in the Funds Checking Process for Payment Requests

The common Funds Checking Module is called and the availability of funds is validated based on currently available funds and the expense amounts for the payment request. The Funds Checking Module gives a return code indicating the success or failure of the validation to the calling application.

The following table shows what happens to a payment request based on whether or not available funds checking was successful:

Funds Control Exceptions Detected	Available Funds Checking Successful
An online error message is sent informing the user of the funds exception. Funds Control Exception transaction is inserted.	Encumbrance balance is decreased for any purchase order lines attached to the invoice and the available balance is increased accordingly. The value to uncommit is calculated as follows: Invoice quantity * Purchase Order Unit Price
The entire invoice document gets a Failed Funds Checking status and the document cannot be paid or posted to Ledger until the exception is resolved or overridden.	A fund transaction is inserted to justify the update to the encumbrance balance of the fund account. This transaction can be extracted to SmartStream Ledger.
A visual cue on the Invoice Main view is displayed to highlight the funds exception. The lines in exception get marked In Exception on the Accounting Distribution view.	Expense balance of the fund account is increased with the amount of the invoice lines and the available balance is decreased accordingly. The value to expense is calculated as follows: Invoice quantity * Invoice Unit Price (plus eventually allocated taxes, freight or charges).
A To Do workflow message is sent to the fund manager of the fund account informing him of the exception. The To Do message takes the fund manager to the Funds Control Workbench activity where he can resolve or override the exception. After the exception has been resolved or overridden, a To Do workflow message is sent to the data entry clerk requesting him to check funds for the Invoice again. Rechecking funds can be done by clicking the Check Funds action on the Invoice window or by changing and resaving the Invoice.	A fund transaction is inserted to justify the update to the expense balance of the fund account. This transaction can be extracted to SmartStream Ledger. If available funds checking was successful because the exception was overridden, a negative available balance is allowed.

Other Integration Touchpoints

SmartStream Activity	Funds Control Impact
Ledger Posting	Invoices with Funds Control exceptions are not posted to SmartStream Ledger. The Funds Control exception must be resolved first.

Supplies Issues

In Supplies Management, stock issues represent an expense. Stock issues expense funds and relieve corresponding commitments (requisitions for stocked items). As commitment is transformed to expense, the previous level of obligation is relieved at the original requisition cost and the expense is recorded according to the current stock average cost. The net price difference directly affects available funds.

Any time a stock issue is entered, changed, or deleted in SmartStream Supplies Management, the expense, commitment, and available balances are maintained in Funds Control. All changes to the Funds Control balances are justified by a fund transaction, providing you a full audit trail.

Calling the Funds Checking Module

The following table shows when and where activity related to supplies issues calls available funds checking:

SmartStream Activity	Action	Funds Checking Trigger
Direct Issue	Enter a direct stock issue	Save.
Print Picklist	Print picklist (with auto-confirm) for stock issues to requesters	Print Picklist action.
Confirm Picklist	Confirm picklist for stock issues to requesters	Save.
Return Receipt	Receive a return to stock from a requester.	Save.

Steps in the Funds Checking Process for Supplies Issues

Funds checking is called and the availability of funds is validated based on currently available funds and the expense amounts for the direct stock issue transaction. Funds checking gives a return code indicating the success or failure of the validation to the calling application.

The following table shows what happens to a supplies issue based on whether or not available funds checking was successful:

Funds Control Exceptions Detected	Available Funds Checking Successful
Online error message informing the user of the funds exception. The user receives a prompt about whether the exception can be overridden.	Commitment balance is decreased for any requisitions for which stock was picked, and the available balance is increased accordingly. The value to uncommit is calculated as follows: Picked quantity * Requisition Unit Price (Average Cost)
If the user decides to override the exception online, a Funds Control exception transaction with an Overridden status is inserted. This provides a full audit trail of stock issue exceptions that are overridden online. The available balance becomes negative.	A fund transaction is inserted to justify the update to the commitment balance of the fund account. This transaction can be extracted to SmartStream Ledger.
If the user decides not to override the exception, the stock issue cannot be saved, or the item is not confirmed for picking and does not print on the picklist.	Expense balance of the fund account is increased with the amount of the stock issue and the available balance is decreased accordingly. The value to expense is calculated as follows: Picked/Issued quantity * Average Cost
	A fund transaction is inserted to justify the update to the expense balance of the fund account. This transaction can be extracted to SmartStream Ledger.
	If available funds checking was successful because the exception was overridden, a negative available balance is allowed.

Unposted Journal

In Ledger, unposted journals represent either an expense or revenue. Unposted journals increase or decrease the expense balance based on whether the ledger account gets debited or credited. A debit increases the expense balance and reduces the available balance, and a credit decreases the expense balance and increases the available balance.

Any time an unposted journal is entered, changed, or deleted in SmartStream Ledger, the expense and available balances are maintained in Funds Control. All changes to the Funds Control balances are justified by a fund transaction, providing you a full audit trail.

Calling the Funds Checking Module

The following table shows when and where activity related to unposted journals calls available funds checking:

SmartStream Activity	Action	Funds Checking Trigger
Unposted Journal	Add an unposted journal when funds checking is at entry time or when funds checking is at approval time, but the journal does not require approval.	Save.
	Change an unposted journal. The following changes to an unposted journal trigger funds checking: accounting distribution, amount, currency, exchange rate.	Save.
	Delete an unposted journal	Delete option from the File menu.
Unposted Journal Approval Status	Approve an unposted journal when funds checking is at approval time and the journal requires approval. This applies to journals from the following journal sources: online Ledger entry, scheduled Ledger entry, Payroll journals, Receipt Accrual journals.	Approve and Save.
To Do Message	Approve an unposted journal from the workflow To Do message.	Approve button
Journal Load (FGLC0920)	Add new unposted journals with the scheduled Journal Load program.	Inserting a new unposted journal that has passed all validation checks.
Ledger Posting (FGLC0900)	Add the next sequence of a repeating journal	Inserting the posted journal after all validations have passed.
	Posting of a payroll journal from SmartStream Payroll.	Inserting the Posted Journal after all validations have passed.
	Receipt accrual journal	Inserting the posted journal after all validations have passed. Unencumbers and then expenses the purchase order receipt in the current ledger period.

SmartStream Activity	Action	Funds Checking Trigger
Ledger Posting (cont'd)	Receipt accrual reversal journal	Inserting the posted journal after all validations have passed. Encumbers again and then unexpenses the purchase order receipt in the next ledger period.

Steps in the Funds Checking Process for Unposted Journals

Funds checking is called and the availability of funds is validated based on currently available funds and the expense amounts for the journals. Funds checking gives a return code indicating the success or failure of the validation to the calling application.

The following table shows what happens to an unposted journal based on whether or not available funds checking was successful:

Funds Control Exceptions Detected	Available Funds Checking Successful
Online error message informing the user of the funds exception. It should be noted that SmartStream Payroll journals do not generate funds exceptions and are never rejected. They update the Funds Control balances even if that makes the available balance negative.	Expense balance of the fund account is increased or decreased (depending on whether a debit or a credit is processed) with the amount of the unposted journal lines and the available balance is decreased accordingly.
Funds Control exception transaction is inserted.	A fund transaction is inserted to justify the update to the expense balance of the fund account. This transaction can be extracted to SmartStream Ledger.
The entire unposted journal document gets a Failed Funds Checking status and the document cannot be posted to Ledger until the exception is resolved or overridden.	If available funds checking was successful because the exception was overridden, a negative available balance is allowed.
A visual cue is displayed on the Unposted Journal Main view to highlight the funds exception.	
The lines in exception are marked In Exception on the Line view.	
To Do workflow message sent to the fund manager of the fund account informing him of the exception. The To Do message takes the fund manager to the Funds Control Workbench activity where he can resolve or override the exception. After the exception has been resolved or overridden, a To Do workflow message is sent to the data entry clerk requesting him to check funds for the unposted journal again. Rechecking funds can be done by clicking the Check Funds action on the Unposted Journal window or by changing and resaving the unposted journal.	

Other Integration Touchpoints

SmartStream Activity	Funds Control Impact
Posted Journal Balance	Ability to drill down to the fund transactions from the Ledger Posted Journal Balance Details.

SmartStream Activity	Funds Control Impact
Ledger Posting Request	Ability to select a new origin for posting of Funds Control subledger journals.
Ledger Posting	Unposted journals with a funds exception are not posted during the scheduled Ledger Posting program. The funds exceptions must be resolved first.
Unposted Journal List	Unposted journals with a funds exception are not posted during online ledger posting. The funds exceptions must be resolved first.

Receivable Document

In Receivables, receivable documents represent a revenue. Receivable documents increase funds.

Any time a revenue is entered, changed, or deleted in Receivables the expense and available balances are maintained in Funds Control. All changes to the Funds Control balances are justified by a fund transaction, providing you a full audit trail.

Calling the Funds Checking Module

The following table shows when and where activity related to receivable documents calls available funds checking:

SmartStream Activity	Action	Funds Checking Trigger
Receivable Document	Add receivable document	Either ▪ Responding Yes to the Post Receivable Document prompt. ▪ Clicking Post Receivable action.
	Change a receivable document after receivable posting.	Save
	Write-off	Clicking the Write off Receivable action and saving the write-off.
Receivable Document Off-line Post (FARC0120)	Scheduled Receivable Document Posting.	Receivable Posting of newly added Receivable Documents.

Steps in the Funds Checking Process for Receivable Documents

Funds checking is called and the availability of funds is validated based on currently available funds and the revenue amounts for the receivable document. Funds

checking gives a return code indicating the success or failure of the validation to the calling application.

The following table shows what happens to a receivable document based on whether or not available funds checking was successful:

Funds Control Exceptions Detected	Available Funds Checking Successful
Online error message informing the user of the funds exception. A funds exception (insufficient funds) can only occur with credit memos and with write-offs because they reduce the available balance. The invoice type of receivable document increases available funds, and as such cannot generate funds exceptions.	The expense balance of the fund account is increased with the amount of the receivable document lines and the available balance is decreased accordingly.
Funds Control exception transaction is inserted.	A fund transaction is inserted to justify the update to the expense balance of the fund account. This transaction can be extracted to SmartStream Ledger.
The entire receivable document gets a Failed Funds Checking status, and the document cannot be allocated on a remittance or posted to Ledger until the exception is resolved or overridden.	If available funds checking was successful because the exception was overridden, a negative available balance is allowed.
A visual cue is displayed on the Receivable Document Main view to highlight the funds exception.	
The lines in exception are marked In Exception on the Accounting Distribution view.	
To Do workflow message are sent to the fund manager of the fund account informing him of the exception. The To Do message takes the fund manager to the Funds Control Workbench activity where he can resolve or override the exception. After the exception has been resolved or overridden, a To Do workflow message is sent to the user requesting him to check funds for the receivable document again. Rechecking funds can be done by reposting the receivable document.	

Payment

For payments in Payables, Funds Control provides for available cash checking at payment time. Available cash checking ensures that sufficient liquidity is available before making payments.

Any time a payment is generated or cancelled in SmartStream Payables, the paid expense balances for the fund structure are maintained in Funds Control if the Cash Checking Distribution option is Invoice Distributions. For the cash structure, the payment and available balances are maintained in Funds Control for either Cash Checking Distribution option. All changes to Funds Control balances are justified by a fund transaction, providing you a full audit trail.

Calling the Funds Checking Module

The following table shows when and where payment-related activity calls available funds checking:

SmartStream Activity	Action	Funds Checking Trigger
Scheduled Payments Process (FPYC0400)	Insert new payments with the off-line payments program.	Inserting a payment after all validations have been passed.
On Demand Payment	Generate an online payment.	Inserting a payment after all validations have been passed.
Payment Detail	Cancel a payment.	Cancel Payment action.

Steps in the Funds Checking Process for Payments

Funds checking is called and the availability of cash is validated based on currently available cash and the amounts being paid on the payment. Funds checking gives a return code indicating the success or failure of the validation to the calling application.

The following table shows what happens to a payment based on whether or not available funds checking was successful:

Funds Control Cash Exceptions Detected	Available Cash Checking Successful
An error message is printed on the Payment Register report to highlight the cash exception. For on demand payments an online error message is displayed for the user to inform him of the cash exception. The payment is not generated. No Funds Control exception transaction is inserted because there is no payment record to which the exception can be tied. An informational To Do workflow message is sent to the fund manager of the fund account informing him of the exception.	For the roll-up structure assigned as a funds structure: Payment balance of the fund account is increased with the amount of the payment. The available balance is not affected. For the funds structure, the purpose is to maintain a paid expense balance. For the roll-up structure assigned as a cash structure: Payment balance of the fund account is increased with the amount of the payment and the available balance is updated accordingly. A fund transaction is inserted to justify the update to the payment balance of the fund account of the funds structure. This transaction can be extracted to SmartStream Ledger. A fund transaction is inserted to justify the update to the expense balance of the fund account of the cash structure. This transaction can be extracted to SmartStream Ledger.

Funds Control Exceptions

This section lists the exception types possible in Funds Control and the actions that can be taken to deal with them. From the Funds Control Exception Handling and Funds Control Workbench windows, you can determine the type of exception, and you can zoom to all SmartStream activities necessary to deal with the exception.

Depending on the type of exception, double-clicking a Funds Control exception workflow message takes you to either the Funds Control Exception Handling window or the Funds Control Workbench window. The type of exception also determines whether you can override the exception or whether you have to resolve the exception before you can proceed.

Exception Type	Workflow Takes You To This Activity	Override Possible
Policy	Funds Control Exception Handling	No
Structure Policy	Funds Control Exception Handling	No
Account	Funds Control Exception Handling	Yes
Currency	Funds Control Exception Handling	No
Unit of Measure	Funds Control Exception Handling	No
Calendar	Funds Control Exception Handling	No
Date	Funds Control Exception Handling	No
Funds	Funds Control Workbench	Yes

Policy Exceptions

Funds Control searches for policy for the ledger entity and budget year to determine whether funds checking is required, and if it is required, which policy options apply. When funds checking does not find policy for a ledger entity and budget year, a policy exception occurs. To exclude an entire ledger entity from funds checking, you have to set up policy for the ledger entity and budget year and clear the Enable Funds Checking option.

A policy exception cannot be overriden from the Funds Control Exception Handling window.

The following actions can be taken to resolve the policy exception:

	Activity	Action
1	Funds Control Policy	If funds checking for the ledger entity and budget year is not required, set up policy for the ledger entity and budget year and clear the Enable Funds Checking option.
	***Document Entry* activity**	Recheck funds using the Check Funds action on the document entry activity. The document is accepted but available fund balances are not updated, because funds checking is not required.
2	All Funds Control setup activities	If funds checking is required and policy was not set up, you have to set up the ledger entity and budget year for funds checking from start to end. Besides Funds Control policy, this includes setting up of fund accounts, roll-up structures, budgets, and allotments.

***Document Entry* Activity**

The activity used to enter the document originally and where it was rejected because of a Funds Control exception. For instance, Requisition, Purchase Order, Invoice, and so on.

Structure Policy Exception

The structures to be funds or cash checked, or both, are assigned in the Funds Control policy for the ledger entity and budget year. If no structures are assigned in policy and funds checking is enabled, a structure policy exception occurs. Either disable funds checking for the ledger entity and budget year or assign at least one funds or cash structure.

A structure policy exception cannot be overriden from the Funds Control Exception Handling window.

The following actions can be taken to resolve the structure policy exception:

	Activity	Action
1	Funds Control Policy	If funds checking for the ledger entity and budget year is not required, clear the Enable Funds Checking option. If funds checking for the ledger entity and budget year is required, assign at least one strcuture (fund or cash) to Funds Control policy for the ledger entity and budget year.
	***Document Entry* activity**	Recheck funds using the Check Funds action on the document entry activity.

Account Exception

Funds Control checks for the relationship between a ledger account and a fund account in the Funds Control distribution table. The Funds Control distribution table stores the one-to-one relationship between each ledger account and the fund account subject to available funds checking.

If the Automatic Account Generation option is selected in the Funds Control policy and a distribution is not in the distribution table, funds checking attempts to generate the distribution by evaluating the ranges (or structures definitions) of the roll-up structure. If the account does not fit into a defined range (or structures definition), the distribution cannot be automatically added.

An account exception in Funds Control occurs when funds checking cannot determine or automatically generate the fund account from the distribution table, and the Ignore Account Exceptions option in Funds Control policy is not checked.

The following actions can be taken to resolve the account exception:

	Activity	Action
1	Funds Control Structure Definition	Define a range in which the ledger detail account rolls up to a fund account that requires funds checking or to a fund account that does not require funds checking. Define a SmartStream Structures data point that includes the detail account and that rolls up to a fund account that requires funds checking or to a fund account that does not require funds checking.
	Rollup Structure Explosion	Run the Roll-up Structure Explosion program (in either Update All or Update New mode) to generate distributions for the modified roll-up structure.
	***Document Entry* activity**	Recheck funds using the Check Funds action on the document entry activity.
2	Funds Control Distribution Maintenance	Set up the distribution between the ledger detail account and a fund account that requires funds checking or to a fund account that does not require funds checking.
	***Document Entry* activity**	Recheck funds using the Check Funds action on the document entry activity.
3	Funds Control Exception Handling or Funds Control Workbench	Override the exception by selecting the exception row and choosing the Override action on the Funds Control Exception Handling window or Funds Control Workbench. **Note:** You can use this action only if you have the proper activity, ledger entity, and fund account security access.
	***Document Entry* activity**	Recheck funds using the Check Funds action on the document entry activity. The document is accepted, but available fund balances are not updated because the fund account is unknown.
4	***Document Entry* activity**	If the ledger account on the document line in exception was incorrect, change the ledger account and save the document again.

Document Entry Activity

The activity used to enter the document originally and where it was rejected because of a Funds Control exception. For instance, Requisition, Purchase Order, Invoice, and so on.

Currency Exception

When the fund account currency (the currency in which your available fund amounts and balances are expressed and maintained) is different from the transaction currency, Funds Control has to perform a currency conversion. The rate entity, rate type, and transaction effective date are used to retrieve the exchange rate from Currency Management. If Funds Control fails to get a valid exchange rate back after passing those parameters to Currency Management, a currency exception occurs.

A currency exception cannot be overriden from the Funds Control Exception Handling window.

The following actions can be taken to resolve the currency exception:

	Activity	Action
1	Rate Entry by Transaction Currency (or any other Rate Entry activity)	For the rate entity, rate type in the Funds Control policy, enter a valid exchange rate between the fund account currency and the transaction currency for the transaction effective date.
	***Document Entry* activity**	Recheck funds using the Check Funds action on the document entry activity.

Unit of Measure Exception

If the unit of measure (UOM) conversion between the requisition UOM and the purchase Order UOM or the invoice UOM and the purchase order UOM cannot be determined, a unit of measure exception occurs.

A unit of measure exception cannot be overriden from the Funds Control Exception Handling window.

The following actions can be taken to resolve the unit of measure exception:

	Activity	Action
1	Unit of Measure Conversion	Enter the unit of measure conversion factor bewteen the two units of measure.
	***Document Entry* activity**	Recheck funds using the Check Funds action on the document entry activity.

Calendar Exception

Funds Control uses the calendar for the ledger entity to determine the budget year in which a transaction effective date falls. If the calendar cannot be found or is not set up for the year of the effective date, a calendar exception occurs.

A calendar exception cannot be overriden from the Funds Control Exception Handling window.

The following actions can be taken to resolve the calendar exception:

	Activity	Action
1	Periodic Calendar	Set up the calendar and calendar periods for the budget year being processed.
	***Document Entry* activity**	Recheck funds using the Check Funds action on the document entry activity.

Date Exception

Funds Control policy allows you to set up the allowable periods forward and backward for processing commitments and encumbrances. If the Funds Control effective date of a requisition or purchase order is outside the allowable range of effective dates, then the transaction is rejected with a date exception.

A date exception cannot be overriden from the Funds Control Exception Handling window.

The following actions can be taken to resolve the date exception:

	Activity	Action
1	Funds Control Policy	Change the allowable periods forward and backward.
	***Document Entry* activity**	Recheck funds using the Check Funds action on the document entry activity.
2	*Document Entry* activity	Change the Funds Control effective date to a date within the allowable date range and save the document again.

Funds Exception

Funds Control checks for the availability of funds or cash in the fund account to which the ledger account distribution from the document line is associated. The severity of the funds checking errors is determined by the Funds Control policy or the fund account. Policy settings for the fund account take priority over policy settings for the ledger entity and budget year.

Severity	What Happens in Funds Control
Fatal	A Funds Control exception is created, and the document cannot be processed any further until the exception is resolved or overridden.
Warning	A warning message is issued to highlight the Funds Control exception, but the document is accepted and can be processed in subsequent activities.
Update Only	Funds Control does not check for availability of funds but does update all Funds Control balances and creates fund transactions.

Available funds are checked using the available balance for the fund account.

Multilevel Roll-Up Structures

A roll-up structure in Funds Control can have multiple roll-up levels (see Funds Control Structure Definition). Available funds are checked at all levels of the roll-up structure, and funds can fail at any level of the structure. You can have sufficient funds at one level of the roll-up structure but insufficient funds at a higher level in the structure.

Exceptions can be generated at each level and can be overridden on that level. Because the fund manager can be different at each level of the structure, security to override exceptions can be granted to different users for the different levels of the structure.

Multiple Structures

Multiple structures can be assigned to a Funds Control policy record, and each can have multiple roll-up levels. If this is the case, you are checking funds on multiple dimensions. For instance, you are checking the transaction using a cost center and a capital budget. Available funds are checked for all assigned roll-up structures, and funds can fail on any of the structures. You can have sufficient funds in your cost center budget but insufficient funds in your capital budget.

Exceptions can be generated on each structure and can be overridden on that structure. Because the fund manager can be different for each structure, security to override exceptions can be granted to different users for the different structures.

Tolerances

For a fund account, you can set up percentage and amount tolerances. If both an amount and a percentage tolerance are defined, Funds Control always applies the more restrictive of the two. The tolerance percentage or amount is calculated on the allotment balance of the fund account and then added to the available balance before funds are checked. For example:

Budget	2,000
Release	1,000
Allotment	1,000
Commitment	100
Encumbrance	300
Expense	200
Available	400
Payment	0

If a tolerance of 10 percent applies to the fund account, then the transaction amount is checked for available funds against: 400 + (1,000 x 10%) = 500. If the transaction is for an amount over 500, it fails funds checking.

The following actions can be taken to resolve the funds exception:

	Activity	Action
1	Funds Control Budget Maintenance	Increase the budget for the fund account.
		Release the additional budget to the fund account.
	***Document Entry* activity**	Recheck funds by using the Check Funds action on the document entry activity.
2	Funds Control Transfer and Amendment	Transfer budget from another fund account into the fund account.
		Release the additional budget to the fund account.
	***Document Entry* activity**	Recheck funds by using the Check Funds action on the document entry activity.

	Activity	Action
3	Funds Control Workbench or Funds Control Exception Handling	Override the exception by selecting the exception row and choosing the Override action on the Funds Control Workbench or Funds Control Exception Handling window. **Note:** You can use this action only if you have the proper activity, ledger entity, and fund account security access.
	***Document Entry* activity**	Recheck funds using the Check Funds action on the document entry activity. The document is accepted, and available fund balances are updated resulting in a negative available balance.
4	*Document Entry* activity	If the ledger account on the document line in exception was incorrect, change the ledger account and save the document again. Decrease the amount of the transaction until it is within the available budget for the fund account, and then save the document again. For instance, reduce the number of items to be purchased.
5	Funds Control Distribution Maintenance	If the Ledger account is rolling up to an incorrect fund account, change the distribution between the Ledger detail account and the fund account.
	***Document Entry* activity**	Recheck funds using the Check Funds action on the document entry activity.

Document Entry Activity

The activity used to enter the document originally and where it was rejected because of a Funds Control exception. For instance, Requisition, Purchase Order, Invoice, and so on.

7 Managing Exceptions

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Managing Exceptions

Exceptions can occur in a number of cases. When requested funds exceed available funds, a funds exception occurs. When Funds Control cannot determine relationships between ledger and budget roll-up accounts, an account exception occurs. Exceptions also occur if information required for funds control processing (for example, exchange rates, policies, roll-up structures, or unit of measure conversion factors) is unavailable.

When a fatal exception occurs, further processing of related documents is blocked, and a workflow message is routed to individuals or workgroups for corrective action. Fund managers can respond to messages by amending budgets, updating policy, overriding exceptions, or cancelling or changing related documents. Once exceptions are resolved, saving the suspended document reassesses funds availability and enables processing to continue for the corrected documents.

When a funds exception occurs, fund managers have several means of positive response. If funds are available but insufficient, requested quantities or items can be changed to reduce cost to a level within budget. If funds are exhausted and the purchase deemed necessary, the exception can be overridden, existing funds amended, or budget transferred from another budget account. Otherwise, the request for funds can be rejected, and the corresponding item can be cancelled or deleted.

For an account exception, the budget manager first has to determine if the account requires funds checking. If not, the account should be excluded from future funds checking by one of the options described in Chapter 6, Available Funds Checking. If funds checking is required, the account needs to be added to the Funds Control structures.

If operational imperatives require documents to be processed before the necessary maintenance can be accomplished, the exception can be overridden. After the account is added to the Funds Control structure, further processing of overridden documents reinstates the correct level of available funds.

Exchange rate exceptions are resolved by updating currency codes and rates in the SmartStream Currency Management.

Although documents in exception are suspended from further processing, individual document lines that pass funds checking reserve funds at the time of initial funds checking. This function increases the accuracy of the available funds balance, prevents requested funds from being allocated to other uses, and streamlines processing after exceptions are resolved.

The following Funds Control activities provide you with the facility for managing exceptions:

- Funds Control Exception Handling
- Funds Control Workbench
- Funds Control Adjustment

Funds Control Exception Handling

The Funds Control Exception Handling activity provides fund managers with a powerful tool for analyzing and resolving exceptions. The activity displays all transactions in exception that are pertinent to the manager. To facilitate processing, transactions can be sorted and filtered. An exception can be overridden by an action that triggers a workflow message to the document owner to save the corrected document and enable further processing, or it can be rejected.

Note: Fund managers must have the proper activity, ledger entity, and fund account security access to use the override, undo override, reject, and undo reject actions.

When Funds Control funds checks transactions, six types of exceptions can occur:

- **Funds Exceptions**: When requested funds exceed available funds, a funds exception occurs. When a funds exception occurs, fund managers have several means of positive response. If funds are available but insufficient, requested quantities or items can be changed to reduce cost to a level within budget. If funds are exhausted and the purchase deemed necessary, the exception can be overridden, existing funds amended, or budget transferred from another fund account. Otherwise, the request for funds can be rejected, and the corresponding item cancelled or deleted

- **Account Exceptions**: When Funds Control cannot determine relationships between ledger and budget roll-up accounts, an account exception occurs. When an account exception occurs, the budget manager first has to determine if the account requires funds checking. If not, the account should be excluded from future funds checking. If funds checking is required, the account needs to be added to the Funds Control structures. An account exception can also be overridden. In this case, the transaction that caused the exception is accepted (without updating available funds balances), but all future transactions for the same account trigger an exception again.

- **Currency Exceptions**: When the primary currency is different from the fund account currency and the currency relationship has not been defined or an exchange rate cannot be determined, a currency exception occurs. Currency exceptions are resolved by updating currency codes and rates in the Currency Management. Currency exceptions cannot be overridden; they must be resolved before the transaction can be saved successfully.

- **Policy Exceptions**: Policy exceptions cannot be overridden, they must be resolved before the transaction can be saved successfully.

  – **Funds Policy Exception**: When no Funds Control policy is defined for the ledger entity and budget year, a funds policy exception occurs.

  – **Structure Policy Exception**: When no structures are assigned for either available funds or available cash checking, a structure policy exception occurs.

- **Unit of Measure Exceptions**: When the unit of measure on the funds_checking_work table row is different from the unit of measure on the fund_transactions table row, a unit of measure exception can occur. unit of measure exceptions cannot be overridden, they must be resolved before the transaction can be saved successfully.

- **Date Policy Exceptions**: When the effective date of the fund transaction is outside the date range established by the Funds Control date policy, a date policy exception or an associated document date policy exception occurs.

In all cases, further processing of related documents is blocked, and an exception message is routed to individuals or workgroups for remedial action. Fund managers with the proper security access can respond to messages by amending budgets, updating policy, overriding exceptions, or canceling or changing related documents. After exceptions are resolved, saving the suspended document reassesses funds availability and enables corrected documents to be further processed.

Although documents in exception are suspended from further processing, individual document lines that pass Funds Control processing reserve funds at the time of initial funds checking. This increases the accuracy of the available funds balance, prevents requested funds from being allocated to other uses, and streamlines processing after exceptions are resolved.

All documents that result in a policy, currency, or unit of measure exception are rejected until that exception is resolved.

On accessing the activity by selecting a workflow message, fund managers can perform the following tasks:

- View the account exception for a specific ledger account and document line combination and all other exception types for a specific fund account and document line combination.
- View the document detail that caused the exception.
- View the document to which the document detail belongs.

- Zoom to different activities allowing you to correct the origin of the exception. The Zoom action provides instant access to inquiry windows for analyzing funds balances. This feature also enables access to budget amendment activities, documents in exception, or policy to take remedial action:
  - Funds Control Account Maintenance - to view the detail of the fund account or to change the Funds Control tolerance percentages.
  - Funds Control Distribution Maintenance - to link an account in a Funds Control structure.
  - Funds Control Budget Maintenance - to release extra budget.
  - Funds Control Transfer and Amendment - to transfer or increase budgets.
  - Funds Control Balance - to investigate the different Funds Control balances for a specific account.
  - Rate Entry by Transaction Currency - to enter an exchange rate for the Funds Control effective date.
  - Unit of Measure Conversion - to enter a unit of measure conversion value in the case of a unit of measure conversion error.

- View other exceptions for the document to which the document line belongs.
- Approve (override) the exception. If operational imperatives require documents to be processed before the necessary maintenance can be accomplished, the exception can be overridden. Overriding an account exception is the same as not funds checking. Overriding a funds exception is the same as allowing the budget to be overspent.
- Notify the entry clerk, and the document owner in the case of purchase orders and requisitions, of the exception.
- Audit previous exceptions.
  - All Current Exceptions - displays a list of all exceptions that are currently active.
  - All Exceptions - displays a list of both current and previous exceptions.
  - All History Exceptions - displays a list containing only previous exceptions.

- Unapprove (undo override) previously approved exceptions. In case of error, you can unapprove previously approved exceptions that have an Active status and for which you are the owner. Exceptions approved by another member of the same workgroup cannot be unapproved.

- Reject a Funds Control exception. You can decide to reject a Funds Control exception and send workflow informing the document's originator of the rejection and requesting an action from that person, for example, cancelling the purchase order or the purchase order line.

- Review funds exception comments.
- Undo the rejection of a Funds Control exception.

If the activity is accessed directly through an activity list, fund managers can

- Generate a list of exceptions for a specific accounting distribution for all documents.
- Narrow down the list of exceptions for a specific accounting distribution, document, document line combination, using the Filter action.
- View all accounting distributions with exceptions for which they or their workgroup are responsible using File Open.

Funds Control Workbench

The Funds Control Workbench activity is a combination of the Funds Control Exception Handling activity and the Funds Control Balance activity. From this one activity, fund managers can obtain a complete overview of a fund account. They can

- View accounts in exception
- Maintain those accounts if they have the proper activity, ledger entity, and fund account security access
- Perform detailed inquiries on all Funds Control balances for a fund account in a budgetary roll-up structure.

The Funds Control Workbench activity provides a graphical representation of the Funds Control roll-up structures. You can use it to navigate through the roll-up structures and at the same time display all balance and exception information of the fund account on which you are positioned within the structure.

For more information on the two separate activities, see Funds Control Exception Handling and Funds Control Balances.

Funds Control Adjustments

Using the Funds Control Adjustments activity, you can make direct adjustments to Funds Control balances. Funds adjustments can be entered to correct a Funds Control balance if it is incorrect or to reserve funds in anticipation of a future transaction.

You can enter adjustments for the following types of fund amount classes:

- Commitment
- Encumbrance
- Expense
- Payment
- Budget

All adjustment transactions, except budget adjustments, trigger an available funds checking process like the one for procurement transactions. If the available funds checking completes successfully, the transaction is saved. If the available funds are insufficient, an exception occurs. In that case, resolve the exception and save the transaction again. You do not need to access the Funds Control Exception Handling activity to override an exception and continue with the adjustment transaction. This can be achieved using the Funds Adjustment activity.

After an adjustment transaction is saved and funds checked, it cannot be deleted or amended. If you want to readjust or reverse a saved adjustment transaction, you must enter a new transaction with an opposite sign.

Multiple ways of explaining or justifying an adjustment transaction are available:

- Reason codes: Set up a user-defined reason code to give a short description of the adjustment.
- Comments: Enter free-form text comments for any funds control adjustment and review the comments entered for them.
- Attachments: Attach documents (for example, spreadsheets, scanned documents, memos) to funds control adjustments and review the documents attached to them.

8 Periodic Processing

Chapter Contents

8-1 About Periodic Processing
8-2 Posting to SmartStream Ledger
8-4 Funds Control Year End Processing
8-11 Archiving and Purging Fund Transactions

About Periodic Processing

Periodic processing refers to those activities that are used only as needed. Depending up your company policies, these functions can be run daily, monthly, quarterly, or yearly. Some of the periodic Funds Control activities are

- Funds Control Journal Creation
- Funds Control Year End
- Archiving and Purging Fund Transactions.

Posting to SmartStream Ledger

Funds Control Journal Creation

The Funds Control Journal Creation process prepares Funds Control journals for posting to Ledger.

All Funds Control activity is stored in the SmartStream Funds Control database DBSfund. You might not want to post Funds Control activity Ledger; therefore, posting to Ledger and the type of Funds Control activity to post are options on the Funds Control Policy activity. Funds Control activity can be extracted into SmartStream Ledger based on the following policy settings:

- **Post to General Ledger option**: this option, on the Main tab of the Funds Control Policy activity, determines whether to extract Funds Control activity for a ledger entity and budget year to Ledger. If this option is not selected, no information is extracted from Funds Control into SmartStream Ledger.
- **Posting Rule**: these options, on each of the document type tabs on the Funds Control Policy activity, determine whether to extract activity for the document type (for example, requisitions) into SmartStream Ledger and specify the accounting rules to apply during the generation of Ledger journals.
- **Posting Rule Definition**: the Funds Control Posting Rule activity determines the journals that will be generated for fund transactions. You can have different accounting rules for each document type, and the accounting rule determines, among other things, the accounting distribution types to be debited and credited and the Ledger amount class.
- **Posting Rule Accounting Distributions**: the Posting Rule Accounting Distribution activity is used to enter accounting distributions for the accounting distribution types used by a posting rule. You can enter entire and current accounting distributions, or you can use the mask character (#), which substitutes characters based on the incoming fund or detail account.

Once you have set up posting rules and posting rule accounting distributions, use the Job Scheduler to run the Funds Control Journal Creation program to produce Ledger journals. The actual posting of these journals to Ledger accounts occurs during the Ledger Posting batch program. Set up a Ledger Posting Request with an origin of Funds Control, and run the Ledger Posting program to do the actual postings.

SmartStream provides the facility for you to

- Drill down from the account balance in SmartStream Ledger to the fund transaction that originated the posting in Funds Control
- Drill down from the fund transaction in Funds Control to the originating document.

Funds Control Year End Processing

Funds Control year end processing provides a powerful and flexible means for bringing funds-related balances forward into a new fiscal year.

Funds Control Account Relationship

If you change your chart of accounts from one fiscal year to the next, Funds Control takes accounting changes into account when performing year end processing.

Using the Funds Control Account Relationship activity you can define the relationships between accounting distributions in current and future fiscal years. Using ranges or masks can facilitate setting up relationships, eliminating the need to specify relationships on an individual basis for each accounting distribution.

Chart of account relationships are accessed when carrying forward budgets, commitments, and encumbrances to ensure that the opening financial position is stated according to the new year's chart of accounts. Selected balances in the current budget year will be processed and moved to the related accounting distributions in the new budget year.

Chart of accounts relationships apply to both Ledger detail accounts and fund accounts.

Detail Account

The relationship for a detail account is used when carrying forward commitments and encumbrances. Choosing the detail account type option disables the From Rollup Structure and the To Rollup Structure fields because a change to a detail account is always applicable to all Funds Control roll-up structures.

The year end process goes through the following steps when account relationships for Ledger detail accounts are used:

- Based on the account relationships, Funds Control determines the accounting distribution to use in the chart of accounts for the new year for the current Ledger commitment or encumbrance accounting distribution.
- That new Ledger accounting distribution is used to determine the fund account to which to move commitments or encumbrances. To determine the fund account, the year end process looks at the roll-up structure of the new year.

If Ledger detail account relationships are not established, it is assumed that the Ledger chart of accounts did not change.

Summary Account

The relationship for a summary account is used when carrying forward residual budgets only. If the name of the roll-up structure also changes from one year to the another, you can specify this when setting up summary account relationships.

Using the summary account relationships, the year end process determines whether to carry the residual budget forward to the same summary account or to another summary account in the new year.

If summary account relationships are not established, it is assumed that the Funds Control chart of accounts did not change.

Example

The user-defined accounting key (UDAK) for an enterprise consists of three elements: Cost Center, Account, and Year. In 1999, the enterprise had two cost centers, ADMIN and HR, but these will be merged into a single cost center in 2000.

A purchase order was entered in 1999 for the ADMIN - 52110 - 1999 expense fund account. In the Funds Control roll-up structure for 1999, this Ledger account rolled up to the ADMIN - SALARIES - 1999 fund account.

In 2000, however, the name of expense account is changed to FINANCE - 52110 - 2000 for the following reasons:

- The year changed.
- The two cost centers ADMIN and HR were merged into a single cost center (FINANCE), so the separate SALARIES budgets for the ADMIN and HR cost centers were merged into a single fund for the new FINANCE cost center.

At the end of the fiscal year 1999, the purchase order is still outstanding and has to be carried forward to the year 2000.

To accomplish this during the Funds Control year end processing, you have to set up account relationships for both detail and fund (summary) accounts.

Detail Account Relationships

	From	To	New
Cost Center	ADMIN	ADMIN	FINANCE
Account	0	ZZZZZZZZZZ	##########
Year	1999	1999	2000

Cost Center	HR	HR	FINANCE
Account	0	ZZZZZZZZZZ	##########
Year	1999	1999	2000

These relationships specify that all accounting distributions with 1999 in the Year accounting element and will have 2000 in the Year accounting element for the year 2000.

Fund (Summary) Account Relationships

	From	To	New
Cost Center	ADMIN	ADMIN	FINANCE
Account	0	ZZZZZZZZZZ	##########
Year	1999	1999	2000
Cost Center	HR	HR	FINANCE
Account	0	ZZZZZZZZZZ	##########
Year	1999	1999	2000

These relationships specify that all accounting distributions with a cost center of ADMIN or HR in the year 1999 will have a cost center of FINANCE for the year 2000.

When moving the residual budget, the year end process uses the summary account relationships to determine that the 1999 residual budget for the ADMIN - SALARIES - 1999 fund account must be moved to the FINANCE - SALARIES - 2000 fund account.

When moving the purchase order encumbrance, Funds Control

- Uses the detail account relationships to determine that the ADMIN - 52110 - 1999 expense account for the year 1999 is named FINANCE - 52110 - 2000 for the year 2000.

- Uses the roll-up structure definition in the new year to determine that the FINANCE - 52110 - 2000 account rolls up to the FINANCE - SALARIES - 2000 fund account in the new year.

- Moves the purchase order to the next year where it affects the budget for the FINANCE - SALARIES - 2000 fund account. The encumbrance balance of that fund account is increased by the outstanding amount of the purchase order. The available balance of that fund account is reduced by the outstanding amount of the purchase order. These balance updates are justified by a fund transaction with a reason code of Carry Forward Outstanding Encumbrance.

- The expense account for the purchase order is changed from ADMIN - 52110 - 1999 to FINANCE - 52110 - 2000.

- The Funds Control effective date for the purchase order will be set to the first day of budget year 2000.

Funds Control Year End Request

Using the Funds Control Year End Request activity you can set up the Year End Request parameters for the Funds Control Year End process. Based on the year end request criteria, the Job Scheduler runs the off-line year end process to perform the year end process of moving budgets, encumbrances, and commitments to the next year.

The key to the Year End Request is the Year End Request ID and the sequence number.

Use the Main tab to enter the year end criteria for budgets, encumbrances, and commitments.

Use the Account tab to build the Structured Query Language (SQL) criteria for the year end process based on the accounting elements and the Life To Date (LTD) indicator from the Fund Account table. To aid in defining the SQL criteria, the Account tab is divided into two areas, the Select Criteria area and the Selected Criteria area:

Select Criteria: This area contains the columns list to select a column from, the operator to use with the column, the value or values to use in the search, and the connector (if applicable).

Selected Criteria: This area contains the selected rows, displaying all the rows for the SQL criteria.

SQL Criteria

SQL criteria can be built using the accounting elements of the fund account and the LTD indicator as follows:

Column Name

The column in the Fund Account table for which you want to enter SQL criteria. The columns are

- The accounting elements that make up the accounting key for your enterprise
- LTD indicator.

Operator

The operator indicates the relationship between the column and the value. The following table shows examples of operators:

Operator	Description	Example
=	Is equal to	Ledger Entity = FR1
>=	Greater than or equal to	Ledger Entity > FR2
<=	Less than or equal to	Ledger Entity < FR3
sw	Starts with	Division **Starts With** A
cn	Contains	Component **Like** fin Finds records containing fin, such as infinity, finance, and financial.

Value (case sensitive)

Used with the operator and the entry in the To Value field, the value limits the data that Funds Control includes in the selection criteria.

If you select the Starts With operator, the value represents the beginning value.

Rule

Do not enclose this value in single quotation marks.

Connector

The Connector strings multiple expressions together. For example:

Connector	Description	Example
And	Both conditions are true.	Ledger Entity=FR1 AND Division starts with A
Or	One or both conditions are true.	Ledger Entity=FR1 OR Division=AA
Blank	Multiple expressions are not used.	Ledger Entity=FR1

Using Multiple Expressions with No Connector

If you use multiple expressions but do not enter a connector, Funds Control uses a default value of AND.

Rule

Define a connector only if you define more than one expression.

After building the SQL criteria on the Account tab, click either of the following buttons:

- The Add Button to add SQL criteria at the end of the list if no row is selected or to replace a selected row with the new SQL criteria
- The Delete Button to delete selected SQL criteria from the list.

Three categories of transactions that can be carried forward:

- Residual budgets
- Outstanding commitments
- Outstanding encumbrances

Carry Forward Residual Budgets

At the close of a fiscal year certain accounts can contain residual budgets. In such cases, some organizations have a policy of making outstanding budgets available for spending in the following fiscal year.

You can specify the budgets to carry forward using the Life to Date indicator for the fund account, user-defined SQL criteria for the accounting elements, or both. Outstanding budget is loaded as the opening balance (period zero) in the new fiscal year.

Because you can change your chart of accounts from one fiscal year to the next, you can use chart of accounts relationships to define the appropriate postings.

Carrying forward residual budgets is an optional step in the automated year-end process. Budgets at level 1 of the budgetary roll-up structure are carried forward. If you have additional budgets at higher levels of the budgetary roll-up structure, they are not carried forward to the new year.

If you choose to carry forward all residual budgets, you can carry forward either

- Positive budgets only: only positive residual budgets are brought forward to the new budget year.
- Negative budgets only: only negative budgets (overspendings of the prior year) are carried forward to the new budget year. This means that the new year's budget will be reduced for the overspendings in the prior year. Negative budgets are automatically released in the new year regardless of the setting of the release option.
- All budgets (both positive and negative budgets).

Carry Forward Outstanding Commitments

At the close of a fiscal year there might be unprocessed requisitions that constitute outstanding commitments from a Funds Control perspective.

You can cancel any requisitions that are no longer be valid using the current purchasing functionality. Others, however, might require fulfillment, and the corresponding commitment can be carried forward to the new fiscal year. You can select the accounts for which to carry forward commitments using the Life to Date indicator of the fund account, the user-defined SQL criteria for the accounting elements, or both.

When carrying forward commitments, you can also decide whether to bring forward the corresponding budget (to offset the commitment in the new budget year). If you do not select this option, commitments carried forward affect available funds from the new year's budget.

Carry Forward Outstanding Encumbrances

At the close of a fiscal year there might be unprocessed or undelivered purchase orders that constitute outstanding encumbrances from a Funds Control perspective.

You can cancel any purchase orders that are no longer be valid using the current purchasing functionality. Others, however, might require fulfillment, and the corresponding encumbrance can be carried forward to the new fiscal year. You can select the accounts for which to carry forward encumbrances Life to Date indicator of the fund account, user-defined SQL criteria for the accounting elements, or both.

When carrying forward encumbrances, you can also decide whether to bring forward the corresponding budget (to offset the encumbrance in the new budget year). If you do not select this option, encumbrances carried forward affect available funds from the new year's budget.

Archiving and Purging Fund Transactions

Using the archive and purge process, you can remove outdated fund transaction information from the database. You can archive the data before it is purged. Based on parameters you define, you can archive data to either a history table or a file that you can store on disk or tape before it is purged.

Purging without first archiving is not allowed.

For Funds Control, three sets of data can be archived:

- Fund transaction and related data
- Fund balance and related data
- Fund transaction audit data

The following table describes different ways to archive:

You can archive to a...	Description
History table on the server	Provides access to data for reporting purposes but keeps active tables smaller and more efficient
Disk	Retains the information for audit purposes when you no longer need to access the data
Disk from a history table	Retains the information for audit purposes when you no longer need to access the data

Archive and Purge Process

To purge and archive data, follow this process:

Stage	Description	Activity
1	Determine the data you want to purge and archive.	Archive/Purge Request
2	Determine the type of processing. You can preview the archive/purge information before changing the information on the tables. Run the archive/purge process.	Job Scheduler
	If you preview the data, review the information and make corrections, if necessary, and resubmit the job	Fund Transactions Archive/Purge report

9 Inquiries and Reporting

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Funds Control Balances

With the Funds Control Balance activity you can perform detailed inquiries on all Funds Control balances for a fund account in a budgetary roll-up structure. You can also inquire about the Funds Control balances for a detail (Ledger) account in a budgetary roll-up structure if Maintain Detail Account Balances option is selected on the Funds Control Policy activity. After selecting the required account, the activity displays first of all in the Main tab, which gives the annual balances for

- Budget
- Release
- Allotment
- Commitment
- Encumbrance
- Expense
- Available
- Payment.

This provides you with an up-to-date overview of budget, allotment, expenditure, available and paid expense balances for the selected account.

Because you can have a multi-level budget structure in Funds Control, the Funds Control Balances activity allows you to navigate up and down the budgetary roll-up structure and display summary balances at higher levels.

You can also inquire into the Periodic balances for each of the different balances by selecting the corresponding tab. The selected tab lists the balance by accounting period.

Using the Zoom to Transactions action, you can display the Funds Control transactions responsible for a specific periodic balance and the individual documents that created the transactions. The zoom facility is available when the following tabs are selected:

- For Ledger accounts
  - Commitment tab
  - Encumbrance tab
  - Expense tab
  - Payment tab

- For fund accounts
  - Available tab
  - Budget tab
  - Commitment tab
  - Encumbrance tab
  - Expense tab
  - Payment tab

The following actions are available on the Funds Control Balance window:

Choose this action...	To...
Go to Higher Level	Display a higher level of summary balances for the fund account.
Go to Lower Level	Display a lower level of summary balances for the fund account. If there are multiple lower-level fund accounts, the window lists these and prompts you to select the lower-level fund account for the balances you want to inquire about.

Choose this action...	To...
Go to Higher Level	Display a higher level of summary balances for the fund account.
Accounting Key Browse	Display the Select Chart of Accounts pop-up window allowing you to select either the Ledger chart of accounts or the Funds Control chart of accounts for the Accounting Key Browse action.
Zoom to Transactions	Display the Funds Balance Inquiry window when you want to display the different transactions responsible for a specific periodic balance and the individual documents that created the transactions.
Zoom to Open Transactions	Display the Funds Balance Inquiry window when you want to display the different transactions responsible for a specific periodic balance and the individual documents that created the transactions. Only outstanding transactions (for instance, all outstanding purchase orders from the encumbrance balance) are displayed. Matched, cancelled, or deleted purchase orders transactions are not shown.
Zoom to Funds Exceptions	Displays the Funds Control Exception Handling activity and lists all exceptions for the selected fund account.

After selecting a row, the following actions are available on the Funds Balance Inquiry window:

Choose this action...	To...
Back to Main	Return to the tab where you choose Zoom.
Filter	Set up a SQL statement in a Filter pop-up window to narrow down the displayed transactions. The Filter SQL criteria depends on the transaction category active and whether a fund account or a Ledger account is displayed.
Zoom to Document	Zoom to the individual source document. This label changes depending on the type of document selected, for example, Zoom to Remittance, Purchase Order, and so on.
Zoom to Document Line Detail	Zoom to the individual source document detail. Depending on the document type, this action displays an overview of the source document detail information that was the direct origin of the fund transaction. For some applications, in the absence of any detail information, the zoom goes directly to the source document.

Filter SQL Criteria

You can use the following the filter SQL criteria to narrow down the displayed transaction:

Field

The fields available for selection are as follows:

- Effective Date (not available for a budget list filter)
- Document Type (only available for expense, payment and available documents)
- User ID
- Transaction Amount in Fund Account Currency
- Transaction Currency Code
- Transaction Amount
- Detail accounting element fields (only available when a fund account is displayed)

Operator

The operator indicates the relationship between the entries in the Field and the Value fields. The following operators are available for selection:

- Equals
- Less than
- Greater than
- Less than or equal to
- Greater than or equal to

Value

Used with the operator and the selected field, the value limits the data that Funds Control includes in the displayed transaction. The values available for selection are as follows:

- Unposted Journals
- Payment Request
- Payment
- Purchase Order
- Receivable Document
- Remittance
- Requisition
- Direct Issue
- Issue to Requester
- Return to Stockroom
- Journal Voucher
- Funds Control

After building the SQL criteria on the Filter pop-up window, click any of the following buttons:

- Add to add SQL criteria to the list in the Show transactions that have list area
- Delete to delete selected SQL criteria from the list
- Filter to begin the filtering process

A running total of all selected transactions are displayed at the bottom of the window.

Funds Control Transaction Log

Fund transactions generated by the document funds checking process are stored in the Fund Transactions and the Fund Transactions Audit tables. On the Funds Control Transaction Log activity you can retrieve these fund transactions using the key fields of the document as the selection criteria.

Transactions for the following documents can be retrieved:

- Requisitions
- Receivable Documents
- Invoice
- Purchase Order
- Journal

Selecting a document type changes the data window and displays the corresponding document keys ready for data entry.

Retrieved transactions that have an associated document are highlighted in green. On this activity you can zoom forward and back in the associated document chain.

Examples

Purchase Order Fund Transaction: When you select a requisition document line with a reason code of UNCOMMIT, you can zoom to the purchase order line causing the uncommit adjustment. When you select a payment request document line and the associated document type is Purchase Order, you can zoom to the purchase order line associated with the payment request line.

Requisition Fund Transaction: When you select a purchase order document line and the associated document type is Requisition, you can zoom to the requisition line associated with the purchase order line.

Payment Request Fund Transaction: When you select a purchase order line with a reason code of UNENCUMBER, you can zoom to the payment request line causing the unencumber adjustment.

Funds Control Reporting

Reports generated from within a business process help you to verify that certain processes have occurred. The SmartStream Funds Control delivered reports are generated from information you enter during Funds Control processing. When you produce a report, you specify the parameters to use to meet the needs of your enterprise.

Use the Funds Control Reporting activity to run one of the following Funds Control delivered reports:

- Funds Control Account Audit
- Funds Control Available Fund Balances
- Funds Control Distribution
- Funds Control Off-line Process Errors
- Funds Control Policy Audit
- Funds Control Roll-up Structures
- Funds Control Transaction
- Funds Control Exceptions
- Funds Control Reconcile to Ledger
- Funds Control Reorganization Simulation
- Funds Control Reorganization Account Exception
- Funds Control Year End
- Funds Control Balance Archive/Purge
- Funds Control Transactions Archive/Purge
- Funds Control Transactions Audit Archive/Purge

Setup Tasks

Before using the Funds Control Reporting activity, you must perform the following setup tasks:

- Check the initialization files
- Establish the data connections
- Place report files on a local drive
- Change the accounting key on reports

Changing the Server Login Information (Utility)

The following table gives the procedure for Changing the Server Login Information:

Step	Action
1	Access the Server Login window by choosing Change Login from the Utilities menu.
2	Select the data source.
3	Enter a valid login ID and password.
4	If you want to save the password, select Save Password Locally.

Before you change the accounting key on the reports from the SmartStream-delivered accounting key to the accounting key defined for your enterprise, you must specify the language that you want the accounting key descriptions to appear in on the reports. Use the Change Language Code utility. The Language Code option also controls the language of the messages that are displayed on the Funds Control Error report.

Changing the Language Code (Utility)

To change the language code, complete this procedure:

Step	Action
1	Access the Language Code window by choosing Change Language Code from the Utilities menu.
2	Select the language code.

Changing the Accounting Key (Utility)

Before changing the SmartStream-delivered accounting key on reports to the accounting key for your enterprise, you must

- Change the delivered accounting key in tables, windows, and programs to your own accounting key
- Make a copy of the ffc32.mdb to save the original version of the reports
- Specify the language that you want the accounting key descriptions to appear in on the reports. Use the Change Language Code utility to do this.

To change the accounting key, complete this procedure:

Step	Action
1	Access the Modify User-Defined Accounting Key on Reports window by choosing Modify Accounting Key from the Utilities menu.
2	Choose Modify Accounting Key. **Result:** Funds Control Reporting changes the accounting key on the SmartStream-delivered reports to your accounting key.
3	Review the reports to confirm that the change was successful.

Funds Control Off-line Process Errors Purge (Utility)

Using this utility you can remove unnecessary or obsolete error messages from the Fund Error Messages table. You can specify the following selection criteria to limit the error messages being purged:

- Off-line Process: the Budget Upload, Budget Off-line Release, or Roll-up Explosion process for which you want to remove error messages.
- Date range: the from-to date range for which you want to remove error messages.

Producing Reports

To produce Funds Control reports, choose Funds Control Reporting from your activity list, then choose one of the reports from the Funds Control Reporting dialog box.

When you select a report, Funds Control Reporting displays the Report Parameters window. Report parameters are selection criteria you choose to specify the information you want to include in a report. You can

- Select an existing set of parameters
- Create a new set of parameters
- Change or delete a set of parameters
- Designate a parameter set as the default for a report.

The parameters that appear on this window are specific to the report you want to run.

All Funds Control reports can be scheduled to run in batch using the SmartStream Job Scheduler. For more information about scheduling Microsoft Access reports, see the Funds Control chapter in the SmartStream Technical Reference.

Funds Control Reports

Use the Funds Control Reporting activity to run one of the delivered Funds Control reports:

Funds Control Account Audit Report

This report provides a list of all changes to the Funds Control chart of accounts. You can list all changes made by authorized personnel to the Funds Control policy settings for the fund account. It tells you who made changes to policy settings and the date those changes became effective.

Funds Control Available Fund Balances Report

This report shows the following Funds Control balances for the selected fund accounts:

- Budget
- Release
- Allotment
- Commitment
- Encumbrance
- Expense
- Available
- Payment

Funds Control Roll-up Structures Report

This report provides a list of the Funds Control ranges or SmartStream structures defined in a budgetary roll-up structure for a ledger entity and budget year.

Funds Control Distribution Report

This report provides details about the Funds Control budgetary roll-up structure. Where the Funds Control Roll-up Structures Report lists the roll-up range definitions, this report shows the fund accounts and all of the detail accounts rolling-up to them as a result of the range definitions. It also shows the fund accounts that roll up to higher level fund accounts in the roll-up structure.

Funds Control Off-line Process Errors Report

This report provides a list of all the errors encountered during a Funds Control off-line process.

Funds Control Policy Audit Report

This report provides a list of all changes applied to the Funds Control Policy. You can list all changes made to the Funds Control Policy settings by authorized personnel. It tells you who made changes to policy settings and the date those changes became effective.

Funds Control Transaction Report

This report lists fund transaction details. The selection criteria include

- Ledger Entity ID
- Budget Year
- Roll-up Structure ID
- Fund Account (or Blank for all Fund Accounts)
- Fund Amount Class
- From/To Period range
- From/To Effective Date range.

Based on the selection criteria that were entered, the report shows you

- Current annual balance
- Beginning balance for the selected start date or period
- Transaction details including effective date, document type, source document, debit/credit indicator, transaction currency and amount and fund currency, and amount for all transactions within the selected date or period range
- Total transaction amount
- Ending balance for the selected end date or period
- Future balance of all transactions after the selected end date or period.

Funds Control Exceptions Report

This report lists Funds Control exception details. The selection criteria include

- Ledger entity
- Exception type: All exceptions, Fund Policy exceptions, Structure Policy exceptions, Unit of Measure exceptions, Currency exceptions, Funds exceptions, and Account exceptions
- Fund account (or blank for all fund accounts)

- Selection type: All current exceptions, all history exceptions, and all exceptions.

Based on the selection criteria entered, the report shows you

- Exception status
- Document type
- Transaction currency and amount
- Fund amount class
- Effective date
- Ledger detail account.

Funds Control Reconcile to Ledger Report

This report compares the Ledger account balance in SmartStream Ledger for a fund account with the fund account balance in Funds Control.

Selection criteria include

- Entity
- Budget year
- Roll-up structure
- Level number
- Period
- Commitment (Yes or No compare commitment balances)
- Commitment amount class (if comparing commitment balances, select the amount class type in SmartStream Ledger where commitment balances are stored)
- Encumbrance (Yes or No compare encumbrance balances)
- Encumbrance amount class (if comparing encumbrance balances, select the amount class type in SmartStream Ledger where encumbrance balances are stored)
- Expense (Yes or No compare expense balances)

- Expense amount class (if comparing expense balances, select the amount class type in SmartStream Ledger where expense balances are stored).

Based on the selection criteria entered, the report shows the following information for all selected amount classes:

- Account
- Account description
- Fund account currency
- Ledger balance: the account balance in SmartStream Ledger
- Fund balance: the account balance in SmartStream Funds Control
- Reserved balance: when a document (for example, a purchase order) has multiple distribution lines, and some distributions pass funds checking but others fail, the document gets a Failed Funds Checking status and cannot be posted to SmartStream Ledger until all Funds Control exceptions are resolved or overridden. For the lines that passed funds checking successfully, however, the Funds Control balance is updated to reserve the funds to prevent them from being taken by other documents while the exceptions on the document are being processed. The reserved balance is the total of funds reserved in the fund account for documents with exceptions.
- Difference: the difference between the balance in Ledger and the balance in Funds Control, calculated as Ledger balance (Fund Balance - Reserved Balance = Difference)
- Exception balance: the total of distribution lines with a Funds Control exception. These distribution lines updated neither the Fund balance nor the Ledger balance.

Funds Control Reorganization Simulation Report

This produces a report that simulates the Funds Control balances when a new budgetary roll-up structure is applied to all fund transactions currently in Funds Control. All fund transactions are mapped to the new roll-up structure and commitment, encumbrance, expense, available and payment balances are recalculated. Be sure to design the new roll-up structure for the simulation to reflect how you want your current structure reorganized. This is just a simulation and the actual balances are not affected.

Run this report to verify that the reorganization produces the expected results. If the results are satisfactory, then the reorganization can be effectively processed by running the Roll-up Structure Explosion program in Create mode with the reorganized roll-up structure definitions. The results of the simulation are stored in a temporary table that you can use to produce reports.

Selection criteria include

- Entity
- Budget year
- Previous roll-up structure: the roll-up structure that is currently in use
- New roll-up structure: the reorganized roll-up structure to use to map all transactions that have already been processed using the previous roll-up structure
- Report only: if this option is selected, the balances are not recalculated, you are simply printing the results of the previous reorganization simulation from the temporary table. If you do not select this option, the temporary table is truncated and all balances are recalculated.

The report shows all recalculated balances for each fund account and the new roll-up structure.

Funds Control Reorganization Account Exception Report

This report lists all Ledger accounts that had a roll-up and updated balances in the previous roll-up structure but not in the new roll-up structure. These would produce account exceptions for the new roll-up structure if you started using this structure.

Selection criteria include

- Entity
- Budget year
- Previous roll-up structure
- New roll-up structure.

Funds Control Year End Report

This report lists all fund transactions carried forward during the year end carry forward process. The selection criteria include

- Ledger entity
- Budget year
- Roll-up structure
- Fund account (or blank for all fund accounts)
- Fund amount class: budget, commitment, encumbrance (or blank for all three fund amount classes).

Based on the selection criteria entered, the report shows you

- The fund amount class
- The document type
- Transaction details including document type, source document, debit/credit indicator, transaction currency and amount and fund currency, and amount for all transactions within the selected criteria
- Reason code
- Total fund amount.

Funds Control Balance Archive/Purge Report

This report lists all the Funds Control balance rows processed by the Archive/Purge program. These balance rows were archived to a historical table or disk and purged from Funds Control.

To archive Funds Control balance rows, use the Archive/Purge Request activity.

Run this report after the Archive/Purge program has been run in Preview mode.

Funds Control Transactions Archive/Purge Report

This report lists all the fund transaction rows processed by the Archive/Purge program. These balance rows were archived to a historical table or to disk and purged from Funds Control.

To archive fund transaction rows, use the Archive/Purge Request activity.

Run this report after the Archive/Purge program has been run in Preview mode.

Funds Control Transactions Audit Archive/Purge Report

This report lists all the fund transaction audit rows processed by the Archive/Purge program. These balance rows were archived to a historical table or disk and purged from Funds Control.

To archive fund transaction audit rows, use the Archive/Purge Request activity.

Run this report after the Archive/Purge program has been run in Preview mode.

SMARTStream®

Shared Components
General Enterprise Setup

Version 6.5

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1 Setting Up Enterprise Calendars

Chapter Contents

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About Enterprise Calendars

You can set up two types of calendars for your enterprise: Day Calendars and Periodic Calendars.

- A Day Calendar is a record of work days. You specify, by month, which days your enterprise or site has designated as work days. Any day not specified as a work day becomes a non-work day.
- A Periodic Calendar divides a calendar year into months, quarters, or other periods used by your enterprise.

Day Calendars

SmartStream provides two types of Day Calendars:

- Enterprise
- Site

Enterprise Day Calendars

An Enterprise Day Calendar is the default calendar for all sites. When you create an Enterprise Day Calendar, the information in it can be used by each site in your enterprise.

Site Day Calendars

If the information in the Enterprise Day Calendar is not appropriate for a site, you can define a Site Day Calendar for the site. The information in the Site Day Calendar overrides information in the Enterprise Day Calendar.

It is possible to tailor Enterprise Day Calendars into Site Day Calendars by using the Copy Enterprise Calendar action in the Day Calendar window. This action copies the Enterprise Day Calendar to your site so that you can tailor it as required.

Setting Up Day Calendars

Use the following windows to implement the concepts discussed in this section.

For more information, see the Enterprise, Site, and Item online Help for each window.

To define...	Use this window...
Enterprise Day Calendar	Day Calendar window, using an asterisk (*) to denote an enterprise rather than a specific site.
Site Day Calendar	Day Calendar window, selecting a site from the drop-down list.

Periodic Calendars

A Periodic Calendar is similar to a traditional calendar (one divided into cycles of twelve months), except that the enterprise can determine the number and length of cycles.

SmartStream Products That Use Periodic Calendars

This table shows which SmartStream products use periodic calendars and why:

This product	Uses these calendars to…
Asset Management	▪ Convert asset dates to fiscal year and period for calculations and edits. ▪ Determine depreciation taken in the year of acquisition and retirement for proration methods.
Consolidations	Determine accounting periods for updating balances by period.
Credit Management	Allow maximum flexibility in viewing account activity statistics.
Ledger	Determine accounting periods for updating balances by period. Calendars must be set up for **three** years: the processing year, the prior year, and the year after the processing year.
Payables	Determine the accrual effective date for payment requests.
Receivables	Validate processing with Ledger.

Types of Periodic Calendars

An enterprise can set up three types of Periodic Calendars. This table briefly describes each type.

Periodic Calendar Basis	Description
Fiscal year	This calendar is divided into periods corresponding to a fiscal year.
Months	This calendar is divided into the traditional twelve-month year (January 1 through December 31).
Business cycle	This calendar is divided into a natural business year: one beginning at the natural low point in business activity or at the end of the season. A year based on the business cycle may have more than or fewer than 365 days.

Flexibility of the Periodic Calendar

You have broad control over your Periodic Calendars.

You can

- Set up any number of periods in a calendar year
- Set up any number of Periodic Calendars in a year.

For example, you can have three Periodic Calendars composed of 12 periods each and a fourth with 15 periods.

You can also

- Extend Periodic Calendars beyond the usual 12-month cycle
- Compress Periodic Calendars within the 12-month cycle.

For example, you can create one Periodic Calendar running for several years and another running for nine months.

Coordinating Calendars

Because many SmartStream products share calendar information, planning and coordination is essential. You must determine who controls the types of calendar information and how to notify affected areas when changes occur. For example, an enterprise can decide that the accounting department is responsible for the accounting period information, but any change to this information usually affects many other areas using it.

Security

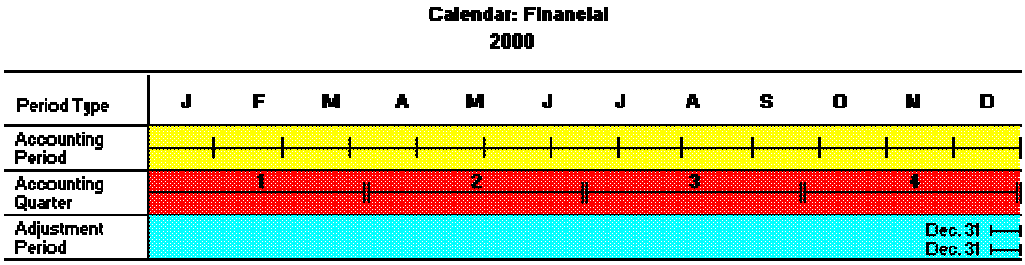
The calendar identifier controls security access to this activity. For more information, see Stage 4: Assigning Activity Security to Security Groups and Users in the *SmartStream Administration* guide or your SmartStream administrator.

Calendar Periods

A *period* is an arbitrary division of a calendar year. As an enterprise, you determine how you want to divide the year into periods for financial and management reporting. You can define periods as calendar months, weeks, quarters, halves, or any division useful to your enterprise.

Example

The 2000 financial calendar for an enterprise looks like this:



Each of the 12 accounting periods corresponds to a month. Also, two adjustment periods are defined: a preliminary adjustment period (December 31) and a final adjustment period (also December 31).

Period Types

A *period type* is a set of periods in a calendar. Calendars can have four types of periods. The most commonly used period type is the accounting period. This table describes the four period types.

Use this type of period…	To...
Accounting Period	Tie the period type to the way you define the periods for Ledger balances.
Accounting Quarter	Relate groups of accounting periods to a quarter for reporting purposes.
Adjustment Period	Adjust ledger balances at the end of a period, quarter, or fiscal year. The amounts posted to adjustment periods are kept separate from amounts posted to accounting periods.
Vendor Statistics Period	Decide how you want to review vendor payment history.

Continuous and Noncontinuous Periods

Most periods, such as accounting periods and accounting quarters, are *continuous*: the periods follow one after the other with no gaps or overlaps. Other period types, such as adjustment periods, are *noncontinuous* and allow for gaps and overlaps. You can define both continuous and noncontinuous periods for any calendar.

Setting Up Periodic Calendars

When you are setting up a Periodic Calendar, first define its general purpose. This purpose determines the way that SmartStream products record period information.

For example, if your enterprise needs financial information and tax information based on different begin dates, you would define two Periodic Calendars: one for financial and the other for taxes.

Calendar Years

A Periodic Calendar can contain one or more calendar years. You specify a date range for each calendar year that forms the boundaries for all periods defined for that year. Each calendar year must include

- Year begin date
- Year end date
- Number of days in the year.

The beginning and ending dates for a calendar year must be continuous: the ending date of one calendar year and the beginning date of the next calendar year can have no gaps or overlaps.

Changing Beginning and Ending Dates

You can change the beginning and ending dates for a calendar year if you

- Delete all the periods for the year
- Redefine the year beginning and ending dates
- Add or generate all the periods you deleted.

If you defined future years, you must delete the future years before deleting the current year.

Defining Periods

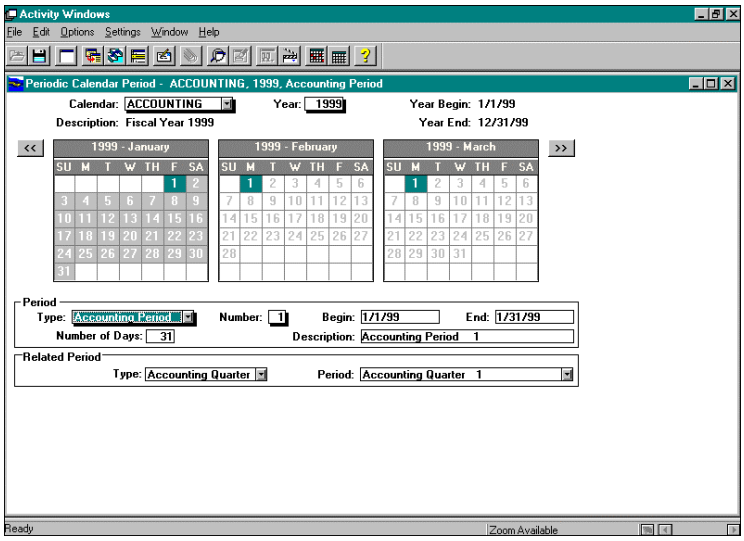
After you define calendar and year information, you define periods. You can define periods either manually or automatically.

Manually Entering Periods

Enter calendars and periods manually if this is the first calendar you are adding or if the calendars and periods you are adding do not follow a standard configuration.

Adding Continuous Periods Manually

When you add a calendar for a new year and select Accounting Periods as the period type on the Periodic Calendar window, all the days in the year are treated as one period. The calendar uses the year begin date as the default for the period 1 begin date, as shown on the following window.



After you enter the actual end date for the first period, the calendar automatically adds the second period. The second period begins the day after the end date of the first period. The second period end date is now, by default, the year-end date.

When you enter the end date for the second period, the calendar automatically adds the third period, and so on, until you define the last period for the year, whose end date becomes the year-end date.

Adding Noncontinuous Periods Manually

For the same calendar and year, you can assign two adjustment periods: one as a preliminary adjustment period (December 31) and one as a final adjustment period (also December 31). Adjustment periods are usually noncontinuous because multiple periods can contain the same date.

Noncontinuous periods, such as adjustment periods, need not start with the first day of the year and end with the last day of the year, nor do they have to be defined in order.

Automatically Generating Periods

You can generate periods automatically if you already have set up calendars and years or if you use a standard configuration for periods. The following table describes each standard configuration.

Standard Configuration	Description
12 Monthly Periods	Each period in the calendar is equivalent to a month; for example, period 1 is July, period 2 is August, period 3 is September, and so on.
Fixed Number of Days per Period	Each period in the calendar has the same number of days; for example, if you want to set up 13 even accounting periods using 28 days per period.
12 Periods (4-4-5 Pattern)	Each set of three periods follows a 4-4-5 pattern: the first and second periods have 4 weeks, and the third period has 5 weeks.
12 Periods (5-4-4 Pattern)	Each set of three periods follows a 5-4-4 pattern: the first period has 5 weeks, and the second and third periods have 4 weeks.
Copy Model Year	With this option you can copy all the existing period types from an existing year. This option also allows you to copy the existing period types in the model calendar year to a new calendar year.

Relating Periods

You can relate one type of calendar period to another type of calendar period. For example, for quarterly reporting in Ledger and Asset Management, you must relate specific accounting periods to accounting quarters.

Setting Up Periodic Calendar Information

Use the following windows to implement the concepts discussed in this section.

To define...	Use this window...
General calendar year information	Periodic Calendar Year
Detailed periodic information after you define the calendar year	Periodic Calendar Period
Period types, such as accounting periods, quarters, or adjustment periods	Period Type

Periodic Calendar History

For tax or other purposes, you need to retain a calendar for a certain number of years before deleting the calendar year. Consult with the system administrator for policy guidelines.

Examples

In Ledger and Projects, calendar years must be defined for each year that you maintain balances.

In Asset Management, you must define a calendar year for all past, current, and projected years associated with your assets.

Deleting Calendars

Before deleting a calendar, consider that multiple SmartStream products set up calendars. Make sure another SmartStream product is not using or retaining the calendar, year, and period information.

You can delete calendars only if deleting them does not cause a gap between two calendar years.

2 Setting Up Dun and Bradstreet Information

Chapter Contents

2-1 About Dun and Bradstreet Information

About Dun and Bradstreet Information

Statistics provided by Dun and Bradstreet Information Services can be integrated with your SmartStream Financials products to help you manage your credit and vendor accounts.

The Dun and Bradstreet Information window provides quick access to concise financial data for many U.S. and international business corporations. This information can assist

- Credit Management
- Purchasing.

How Credit Management Uses Dun and Bradstreet Information

For each enterprise identified by a Dun and Bradstreet Universal Numbering System (DUNS) number, you can review information to predict how credit-worthy an enterprise may be. This prediction helps you choose to approve or reject credit applications and set appropriate credit limits on those you approve.

Credit Management also uses Dun and Bradstreet Information to reveal an enterprise's position in a corporate hierarchy. This can indicate an enterprise's relative financial security or possible alternatives to pursue when trying to collect overdue or delinquent accounts. It would also help analyze your total financial exposure to a single multilevel corporation.

How Purchasing Uses Dun and Bradstreet Information

Purchasing can use Dun and Bradstreet Information to help select vendors, leverage purchasing power, or reduce the number of vendors with whom you deal. Status

indicators also help you quickly identify vendors that deserve special treatment because of criteria such as minority ownership, small business designation, bankruptcy, and classifications such as disadvantaged or high risk.

Setting Up Dun and Bradstreet Information Tables

You must acquire information from Dun and Bradstreet Information Services, which supplies printed data for the specific category of enterprises you request. Then enter the data into the SmartStream Financials product through a two-step process that creates

- A table containing a DUNS number and name for each enterprise
- A record of each enterprise's financial information.

Entering Dun and Bradstreet Information and DUNS Name Data

Use the following windows to enter Dun and Bradstreet information:

To define...	Use this window...
The enterprises for which you want to maintain financial information	DUNS Number.
The data for each listing in the DUNS name table	Dun and Bradstreet Information.

3 Establishing Enterprise Policy

Chapter Contents

3-1 About the Enterprise
3-2 Establishing Enterprise Policies
3-4 Relationship Between Enterprise Policy and SmartStream Products
3-6 General View
3-9 Printing View
3-11 Setting Up Enterprise Policy

About the Enterprise

An *enterprise* is the highest level of your company or organization. You use enterprise policy to record decisions about

- Defaults common to all SmartStream products
- Options for SmartStream products
- Defaults for specific SmartStream products such as Asset Management, Ledger, and Budget.

In many cases you can override the defaults and processing controls using other policies or override them in the activities that use them. This ensures maximum flexibility and consistency across the products used by your enterprise.

Establishing Enterprise Policies

Enterprise policies based on the enterprise model are established on the Enterprise Policy window. The following table contains brief descriptions of all the views making up enterprise policy.

View	Description
Asset Management	Contains options for generating activity records for Asset Management.
Available Products	Identifies the SmartStream products that you have installed.
Benefits	Contains information about how you want SmartStream Human Resources to generate the participant and dependent identifiers for Benefits.
Billing	Contains information about whether control groups are required and whether documents in unbalanced control groups are processed.
Budget	Displays the accounting key and maximum number of periods you defined when structuring the accounting key for your enterprise. It also contains the number of budget periods, the spread method, and the whole number budgeting option.
Canadian Payroll	Contains information to set up the electronic funds transfer (EFT) destination and origin.
Credit Management	Contains credit management information including statistics policy, periodic calendar, period type, and dunning policy.
Currency	Contains currency information including currency option, rate date option, rate entity, rate type, booking currency, and transaction currency.
Display Names	Contains the default name format used for SmartStream Human Resources.
Funds Control	Contains options for performng available funds checking and available cash checking.
General	Contains the enterprise name, general formatting defaults, and voucher numbering options.
HR Display and Report Languages	Identifies language options for displaying and printing information in Human Resources.
Ledger	Displays the accounting key and maximum number of periods you defined when structuring the accounting key for your enterprise. It also displays several of the user-defined accounting key controls.
Payables	Contains options for processing payment request control groups and grouping payments.
Personnel	Contains information about how you want SmartStream Human Resources to generate the employee and applicant identifiers for Personnel.
Printing	Contains default printing information for printed reports including language, amount separators, and date format.
Receivables	Contains information including whether control groups are required, documents in unbalanced control groups are processed, tax rules are validated, and tax summaries are generated. The view also contains the write-off type, maximum tolerance currency, maximum tolerance amounts, and percentage of remittance.
U.S. Payroll	Contains information to set up automated clearing house (ACH) destination and origin.

View	Description
Vendor	Contains options to control generation of and changes to vendor information. It also specifies the type of periodic calendar to use in accounting.

Relationship Between Enterprise Policy and SmartStream Products

The following table lists each view making up the Enterprise Policy window, the policies that must be set up before you can define the Enterprise Policy view, and the SmartStream products that use defaults and options set up on the Enterprise Policy view.

Enterprise Policy View	Prerequisites	Products
Asset Management	None	Asset Management
Available Products	None	All SmartStream Financials products All SmartStream Human Resources products
Benefits	None	Benefits
Billing	None	Billing
Budget	Configure the user-defined accounting key	Budget
Canadian Payroll	None	Payroll
Credit Management	Account Activity Statistics Calendar (periodic calendar, period type) Dunning	Credit Management Receivables
Currency	Currency (rate entities, rate type, booking currency)	Bank Credit Management Vendor All SmartStream Financials products All SmartStream Human Resources products
Display Names	None	All SmartStream Human Resources products
Funds Control	None	Funds Control
General	Country codes	Bank Credit Management Vendor Asset Management Payables Purchasing Projects Receivables All SmartStream Human Resources products

Enterprise Policy View	Prerequisites	Products
HR Display and Report Languages	Select languages using the Language Selection window	All SmartStream Human Resources products
Ledger	Configure the user-defined accounting key using udak.exe	Bank Vendor Asset Management Payables Projects Purchasing Receivables All SmartStream Human Resources products
Payables	None	Vendor Payables
Personnel	None	All SmartStream Human Resources products
Printing	None	Bank Credit Management Vendor All SmartStream Financials products All SmartStream Human Resources products
Receivables	Write-Off Types Maximum Tolerances Currency	Receivables
U.S. Payroll	None	Payroll
Vendor	Periodic Calendar	Vendor Payables Purchasing

General View

The following table provides an overview of the options in the General view of enterprise policy. The information given for each option is the

- Possibility of overriding the option using other policies
- Products where you can override the option
- Names of the windows or views on which you can override the option.

Options	Override?	Where?	On what window or view?
Enterprise Name	No		
Country	Yes	Bank	Bank: Address
		Benefits	Benefit Plan
		Billing	Billing Document Billing Customer Ship-To Address
		Credit Management	Credit Account: Address Credit Account: General Information
		Ledger	Ledger Entity Policy
		Payroll	Payroll Run Type & Schedule
		Personnel	Employer Pay Element
		Receivables	Receivable Entity Policy: Address Receivable Account: Address Receivable Account Bank Account: Address
		Purchasing	Country Commodity
		Tax	Tax Rule Policy
		Vendor	Vendor Location
Address Format	Yes	Bank	Bank: Address
		Benefits	Benefit Plan
		Billing	Billing Document Billing Customer Ship-To Address
		Credit Management	Credit Account: Address
		Payables	Payable Entity Policy: Address
		Personnel	Affiliation Business and Professional Entity Employer Health and Safety Incident Recruiting Source

Options	Override?	Where?	On what window or view?
		Receivables	Receivable Entity Policy: Address Receivable Account: Address Receivable Account Bank Account: Address
		Purchasing	Deliver-To Address
		Ship-To Address	Ship-To Address
		Vendor	Vendor Location: Remit-To Address Vendor Location: Order-From Address Vendor Location: Return-To Address
Phone Format	Yes	Bank	Bank Contacts
		Benefits	Benefit Plan
		Credit Management	Credit Account Contact Account Contact Credit Account: Reporting
		Personnel	Affiliation Business and Professional Entity Employer Health and Safety Incident Health and Safety Inspection Recruiting Source
		Receivables	Receivable Account: Reporting
		Purchasing	Purchase Entity
		Buyer	Buyer
		Requester	Requester
		Vendor	Vendor Contact
		Credit Management	Credit Account: Reporting
Phone Number Separator	Yes	Benefits	Benefit Plan
		Personnel	Affiliation Business and Professional Entity Employer Health and Safety Incident Health and Safety Inspection Recruiting Source
		Receivables	Receivable Account: Reporting
		Purchasing	Purchase Entity
		Buyer	Buyer

Options	Override?	Where?	On what window or view?
		Requester	Requester
Voucher Numbering	Yes	Asset Management	Asset Entity Policy Ledger Options
		Ledger	Ledger Entity Policy
		Payables	Payable Entity Policy: Options

Note: These options serve as defaults on the window or view listed in the last column.

Printing View

The following table provides an overview of the options in the Printing view of enterprise policy. The information given for each option is the

- Possibility of overriding the option using other policies
- Products where you can override the option
- Names of the windows or views where you can override the option.

Options	Override?	Where?	On what window or view?
Language	Yes	Bank	Bank Account: Print Settings
		Credit Management	Credit Account: Reporting
		Purchasing	Remote Processing Server Login
		Receivables	Receivable Account: Reporting Receivable Account Bank Account: Print Settings
		Vendor	Vendor Location: Print Settings
Amount Separators	Yes	Asset Management	Microsoft Access Report Options
		Bank	Bank Account: Print Settings Microsoft Access Report Options
		Budget	Microsoft Access Report Options
		Credit Management	Credit Account: Reporting Microsoft Access Report Options
		Ledger	Ledger/Journal/Currency Reporting
		Payables	Microsoft Access Report Options
		Purchasing	Purchasing Reports: Report Parameters
		Receivables	Receivable Account: Reporting Receivable Account Bank Account: Print Settings Microsoft Access Report Options
		Vendor	Vendor Location: Vendor Print Settings
Date Format	Yes	Asset Management	Microsoft Access Report Options
		Bank	Bank Account: Print Settings Microsoft Access Report Options
		Budget	Microsoft Access Report Options

Options	Override?	Where?	On what window or view?
		Credit Management	Credit Account: Reporting Microsoft Access Report Options
		Ledger	Ledger/Journal/Currency Reporting
		Payables	Microsoft Access Report Options
		Purchasing	Purchasing Reports: Report Parameters
		Receivables	Receivable Account: Reporting Receivable Account Bank Account: Print Settings Microsoft Access Report Options
		Vendor	Vendor Location: Print Settings

Note: These options serve as defaults on the window or view listed in the last column.

Setting Up Enterprise Policy

The views that are available on the Enterprise Policy window vary depending on the activity you use to access the window. The following list shows all the activities that access the Enterprise Policy window and the views that are available using that activity:

Window	Available Views
Asset Management Enterprise Policy	Asset Management
Billing Enterprise Policy	Billing
Budget Enterprise Policy	Budget
Credit Management Enterprise Policy	Credit Management
Enterprise Policy	All views of the Enterprise Policy window
Funds Control Enterprise Policy	Funds Control
Ledger Enterprise Policy	Ledger
Human Resources Enterprise Policy	Benefits Canadian Payroll Display Names HR Display and Report Languages Personnel U.S. Payroll
Payable Enterprise Policy	Payables Vendor
Receivable Enterprise Policy	Receivables

4 Setting Up Next Available Numbers

Chapter Contents

4-1 About Next Available Numbers

About Next Available Numbers

Using the Next Available Number feature, you can automatically generate sequential numbers for a particular field. You can predefine as many number series as you need. Each series of numbers is available to you when you generate the number.

Next Available Number Security

Before creating a number series, you must define security for Next Available Number column IDs. Use the Activity Security window to secure Next Available Number columns by site, order group, or project entity. The following table lists the Next Available Number Database columns that must be secured.

Column ID	Column Name	Column Label	Security Entity	Distribution Entity	Product
1080	vendor_id	Vendor Identifier	N/A	N/A	Payables, Purchasing
2105	ctrl_grp_id	Control Group	Site	Site	Receivables
12575	project_ID	Project	Project Entity	Project Entity	Projects
12576	project_jrnl_id	Journal ID	Project Entity	Project Entity	Projects
12831	proj_vou_nbr	Voucher	Project Entity	Project Entity	Projects
15054	blanket_order_id	Blanket Order Identifier	Site	Site	Purchasing
15568	purchase_order_nbr	Purchase Order Number	Site	Site	Purchasing

Column ID	Column Name	Column Label	Security Entity	Distribution Entity	Product
15493	req_id	Requisition Identifier	Site	Site	Purchasing
24215	deposit_slip_nbr	Deposit Slip Number	N/A	N/A	Receivables
24325 (See the note following the table.)	jrnl_vou	Journal Voucher	Project Entity	Project Entity	Projects
24342	last_statement_nbr	Last Statement Number	N/A	N/A	Receivables
25078	last_dunning_letter_nbr	Last Dunning Letter Number	N/A	N/A	Receivables
25151	recv_draft_vou_nbr	Receivable Draft Voucher Number	N/A	N/A	Receivables
25634	new_recv_doc_id	New Receivable Document	N/A	N/A	Receivables
26153	dunning_last_letter_nbr	Dunning Letter Number	N/A	N/A	Receivables
26226	vou_nbr	Remittance Voucher Number	N/A	N/A	Receivables
26227	vou_nbr	Receivable Voucher Number	N/A	N/A	Receivables
26830	draft_nbr	Receivable Draft Number	N/A	N/A	Receivables
26205	pmt_rqst_vou_nbr	Payment Request Voucher Number	N/A	N/A	Payables
26784	draft_vou_nbr	Draft Voucher Number	N/A	N/A	Payables
27227	finance_chrg_notice_id	Finance Charge Notice	N/A	N/A	Receivables
457851	billing_doc_id	Billing Document	N/A	N/A	Billing

Note: Projects' Capitalization scheduled process automatically generates the voucher number if your enterprise policy specifies the Automatically Generate Voucher Number option. Next available number security is based on the SmartStream user ID for the user submitting the job.

Setting Up Next Available Numbers

Use the Next Available Number window to manage your number series. Using this window you can add, update and delete number series.

5 Adding Remit-To Information

Chapter Contents

5-1 About Remit-To Information

About Remit-To Information

You assign remit-to information to describe where you want customers to send remittances. If you want to produce statements and other reports, you must first define a remit-to address and associate it with the appropriate receivable account or credit account.

SmartStream displays remit-to information on statements, dunning correspondence, and invoices you send to your customers.

Components of Remit-To Information

When you set up remit-to information, you include the following information:

- Unique identifier and description
- Address format
- Remit-to address
- Format of the remit-to facsimile (fax) and telephone numbers
- Remit-to telephone and facsimile numbers

Entering Remit-To Information

After you determine how you want to define your receivable accounts, receivable entities, and credit accounts, determine where you want remittances sent. Use the Remit-To window to enter remit-to information.

Before you assign your remit-to information, consider the following questions:

- How many remit-to locations do you use?
- What brief description can you use for each?

Changing Remit-To Information

You can perform these maintenance activities for remit-to information:

- Add or change information about a remit-to location
- Display information about a remit-to location
- Inactivate an active remit-to location
- Reactivate an inactive remit-to location

6 Adding Terms Policy

Chapter Contents

6-1 About Terms Policy
6-4 Identifying Terms
6-5 Selecting Origin and Due Date Options
6-9 Handling Terms Discounts

About Terms Policy

The word *terms* refers to the conditions you stipulate for the payment of a specific credit customer's bill. *Terms policy* is the set of rules that establishes those conditions for your receivable documents, payment requests, or order groups. These rules designate

- Final payment due dates
- Discount due dates
- Discount amounts
- Adjusted discount dates.

Components of Terms Policy

When you set up terms policy, you must identify the terms you currently use when processing remittances, paying your vendors, and generating invoices, debit memos, and credit memos. Each policy includes the following information:

- Identifier and description
- Type
- Final payment due date option
- Origin date option

If the terms allow discounts, you also include the following information:

- Discount percentage
- Length of discount period
- Discount due date
- Number of grace days, if applicable
- Discount basis

Using Terms as Defaults

When you set up your vendors, payable entities, receivable accounts, receivable entities, and order groups, you can specify terms you defined in terms policy as defaults. When you process documents, SmartStream uses default terms in a particular sequence

Receivables Default Options

The following table summarizes your options for setting up default terms for Receivables:

If you want to use...	Then set up default terms for the receivable...	Then Receivables...	You can override default terms when adding a...
The same terms to process receivable documents from all or most of the receivable accounts	Entity	Determines if default terms exist for the receivable account or document type. If not, it uses the receivable entity's default terms.	Receivable document.
Different terms to process receivable documents from various receivable accounts for a receivable entity	Account	Uses the account's default terms.	Receivable document type or receivable document.
Different terms to process individual receivable documents types	Document type	Uses the default terms for document type.	Receivable document.
Different terms to process individual receivable documents	Document	Uses the document's default terms.	

Payables Default Options

The following table summarizes your options for setting up default terms for Payables:

If you want to use...	Then set up default terms in...	And when you process payment requests...	You can override default terms when entering a...
The same set of terms to process payment requests from all or most of your vendors	Payable entity policy	Payables determines if default terms exist for the vendor. If not, it uses the payable entity's default terms.	Payment request.
Different terms to process payment requests from various vendors	Vendor policy	Payables uses the vendors' default terms.	Payment request.

Billing Default Options The following table summarizes your options for setting up default terms for Billing:

If you want to use...	Then set up default terms for the...	Then Billing...	You can override default terms when adding a...
The same terms to process billing documents from all or most of the receivable accounts	Receivable entity	Determines if default terms exist for the receivable account or document type. If not, it uses the receivable entity's default terms.	Billing document.
Different terms to process billing documents from various receivable accounts for a receivable entity	Receivable account	Uses the account's default terms.	Receivable document type or billing document.
Different terms to process individual receivable document types	Receivable document type	Uses the default terms for the document type.	Billing document.
Different terms to process individual billing documents	Billing document	Uses the document's default terms.	

Inactivating Terms Policy

You cannot delete a terms policy, but you can inactivate it.

You can reactivate the information later if you need to use it again.

If you try to specify an inactive terms policy, SmartStream displays an error message.

Entering Terms Information

Use the Terms Policy window to implement the concepts discussed in this section.

For more information, see the Terms Policy online Help.

Identifying Terms

After you determine the terms you need, assign each one an identifier and a description and specify its type.

Policy Decisions

When you identify your terms, consider the following questions:

- How many different terms do you need?
- What is a brief identifier for each of the terms?
- Do the terms allow you to take a discount?

Identifiers and Descriptions

Define a unique identifier for each of the terms and a name or title to describe the identifier. The following table contains some representative examples of terms identifiers and descriptions.

Terms Identifier	Description
N30EOM	Net due 30 days after the end of the month
N60	Net due in 60 days
2/10EOM N30	2% discount within 10 days of EOM, net in 30 days
2/10N30	2% discount within 10 days, net in 30 days

Types of Terms

Use the type option to specify whether the terms allow discounts. You have two choices:

Discount Allowed	Payables	Receivables
Yes	Take a discount if you pay a payment request before or on a particular date	Allow a discount for a remittance received before or on a particular date
No	Pay the full amount of all payment requests by their calculated payment due dates	The full amount of all receivable documents by their calculated payment due dates

For information on setting up options for discount terms, see Handling Terms Discounts.

Selecting Origin and Due Date Options

SmartStream uses the date you specify for the origin and due date to calculate the final payment due date and the discount due date, if necessary. This section lists the choices for date options and shows examples of how SmartStream uses these options for calculating due dates.

Options for Origin

The option you select as the origin determines the starting point for calculating due dates.

If you select this option...	Then the starting point for calculating due dates is...
Document date	The date when the receivable document, billing document, payment request, or invoice was created.
End of month	The last day of the current month, or of the month in which the receivable document, billing document, payment request, or invoice was created.

Options for Due Date

The option you select for due date determines how SmartStream calculates the due dates.

If you select this option...	Then the due date will occur on...
Days	The last day of the user-specified interval following the origin date of the receivable document, billing document, payment request, or invoice.
Day of month	The date you specify (first through thirty-first day of the month).

Using Document Date as Origin

When you use this product...	SmartStream calculates the due date beginning at the date you record as the...
Receivables	Document date.
Billing	Document date.
Payables	Payable request date.

Due Date Is a Number of Days

For Receivables and Billing, you can designate a final payment due date that is a specific number of days following the date of the receivable document or Billing document.

For Payables, you can pay a payment request within a specific number of days following the payment request date.

Example

For those documents or payment requests dated June 10, you want remittances by July 10, so you specify these options:

- Document date is the origin
- For due date, the number of days is 30

Due Date Is a Day of the Month

For Receivables and Billing, you can designate a final payment due date as a specific day of the month.

For Payables, you can pay a payment request on a specific day of the month.

The final payment due date is calculated as the specified day of either

- The current month, if the specified day is the same as or later than the day the receivable document, billing document, payment request, or invoice was created.
- The following month, if the specified day is earlier than the day the receivable document, billing document, payment request, or invoice was created.

Example 1

This example shows the due date calculated if the origin is **Document Date** and the due date is a **Day of Month**.

You want to assign July 30 as the final payment due date for a receivable document, billing document, payment request, or invoice that was dated July 10, so you specify these options:

- Origin is document date
- For due date, the day of the month is 30

Example 2

This example shows how SmartStream obtains a final payment due date if the calculated due date is earlier than the document date.

You send a receivable document, billing document, payment request, or invoice dated June 15 and select the following options:

- Origin is document date
- For due date, the day of the month is 10

SmartStream first calculates the final payment due date as June 10. Because this date is **earlier** than the date of the receivable document, billing document, payment

request, or invoice, SmartStream adjusts the final payment due date to July 10, the tenth of the **following** month.

Using End of Month as Origin

If you specify the end of the month (EOM) as the origin, SmartStream begins at the last day of the month in which the document date falls to calculate due dates for the receivable document, billing document, payment request, or invoice.

Due Date Is a Number of Days

To have the due date occur within a given number of days after the end of the month, specify end of the month as the origin and enter a number between 1 and 31 in the **Days** field of the **Due Date** group.

Example

You want to assign July 30 as the final payment due date for a receivable document, billing document, payment request, or invoice dated June 10, so you specify these options:

- Origin is end of month
- For due date, the number of days is 30

Due Date Is a Day of the Month

To have the due date occur on a certain day of the month following the month in which the document date falls, specify **End of Month** as the origin and enter a number between 1 and 31 in the **Day of Month** field of the **Due Date** group.

If SmartStream calculates a day of the month as the due date and that date is not valid for a particular month, SmartStream assigns the last day of the month in question as the final payment due date.

Example 1

You want to assign July 30 as the final payment due date for a receivable document, billing document, payment request, or invoice dated June 15, so you specify these options:

- Origin is end of month
- For the due date, the day of the month is 30

Example 2

You want to assign the 31st of the month following the month in which the receivable document, billing document, payment request, or invoice date falls as the final payment due date for a receivable document, payment request, or invoice, so you specify these options:

- Origin is end of month
- For due date, day of the month is 31

For a receivable document, billing document, payment request, or invoice dated May 15, the final payment due date is June 30 because June has only 30 days.

Options Summary

The following table summarizes your options for the origin and due date when you specify how to calculate the final payment due date and discount due date (if applicable):

If you want the due date to be...	Select this option for origin...	And enter a value in this field...
A certain day within the month in which the document date falls	Document date	Day of Month
Within a certain number of days	Document Date	Days
A certain day within the month following the month in which the document date falls	End of Month	Day of Month
Within a certain number of days after the end of the month in which the document date falls	End of Month	Days

Handling Terms Discounts

If the terms allow you to grant discounts, you must specify how you want SmartStream to handle discounts.

Discount Percentage

If you want to grant or receive a discount, you must define the percentage to use when calculating a discount amount for your receivable documents, payment requests, or invoices.

Discount Due Date

Define the period during which you grant or receive a discount according to one of the following criteria:

- Number of days past the origin
- A particular date or day of the month

Grace Period

The *grace period* is the amount of time following the discount due date during which a discount is still allowed. If you receive a remittance (or pay a payment request or invoice) during the grace period, you can still grant (or receive) the discount.

Discount Basis

The discount basis is the amount on which discounts are calculated. When you define terms, you can also specify which, if any, of the following amounts to include with the goods and services amount for a receivable document, payment request, or invoice to calculate the discount basis:

- Tax
- Freight
- Miscellaneous charges

By including taxes in the discount basis, you can process invoices using a tax rule, such as French value-added tax, that allows you to adjust the amount of tax when a discount is calculated. If your tax policy permits a tax discount adjustment, SmartStream generates journal entries to reflect the tax discount.

Example 1

This example shows how SmartStream uses a specific terms policy to calculate the discount due date and the final payment due date.

Receivables

You want to grant a 2% discount if you receive remittance within 10 days of the receivable document date. Otherwise, the full amount of the receivable document is

due within 30 days of the end of the month in which the receivable document date falls. No grace period is allowed.

The receivable document is dated November 15. If you receive the remittance by November 25, the customer can take the 2% discount. Otherwise, the customer must remit the full amount by December 30.

Payables

Your vendor allows a 2% discount if you send payment within 10 days of the payment request date. Otherwise, you must pay the full amount of the payment request within 30 days of the end of the month in which the payment request date falls. No grace period is allowed.

On November 17, you enter a payment request and record the date of the request as November 15. If you pay the vendor by November 25, you can take the 2% discount. Otherwise, you must remit the full amount by December 30.

Example 2

This example shows how SmartStream uses a specific terms policy to calculate the discount due date, discount amount, and the final payment due date. In this example, the discount basis includes only the cost of the goods.

The terms grant a 2% discount if remittance is received within 10 days of the receivable document, payment request, or invoice date. The net amount of a receivable document, payment request, or invoice is due 30 days after the document date.

Amounts are in Canadian dollars (CAD).

The receivable document, payment request, or invoice is dated July 9 and includes the following charges:

Cost of goods	Freight charge	Miscellaneous charges	Total Due
200	15	10	225

The remittance, paid on July 19, is for 196 CAD.

SmartStream calculates the discount amount as follows:

Discount amount = (Goods and services) x (Discount percentage)

4 = 200 x 2%

SmartStream then calculates the net total due as follows:

Net total due = Discounted goods and services + Freight + Miscellaneous charges

221 = 196 + 15 + 10

SmartStream does not consider the receivable document, payment request, or invoice paid in full because the remittance does not include the freight and miscellaneous charges.

Example 3

In this example, your discount basis includes freight and miscellaneous charges. The terms grant a 2% discount if a customer pays within 10 days of the end of the month in which the receivable document, payment request, or invoice date falls. The net total is due at the end of the following month.

Amounts are in Canadian dollars (CAD).

The receivable document, payment request, or invoice is dated July 23 and includes the following charges:

Cost of goods	Freight charge	Miscellaneous charges	Total Due
550	7	9	566

SmartStream calculates the discount amount as follows:

Discount amount = (Goods and services + Freight + Miscellaneous charges) x Discount percentage

11.32 = (550 + 7 + 9) x 2%

SmartStream then calculates the net total due as follows:

Net Total Due = Receivable document or payment request total – Discount amount

554.68 = 566 – 11.32

The customer remits (or you pay) 554.68 CAD on August 1 and SmartStream considers the document paid in full.

Posting Discount Amounts

Each SmartStream product posts discount amounts differently.

Receivables

Receivables posts calculated discount amounts to the Allowed Discounts account in your ledger. Depending on your tax rule policies, you can also reflect tax discount adjustments by posting a debit to the tax liability distribution.

When you set up a receivable entity, set up the default distribution for discount allowed.

Payables

Payables generates journal entries for calculated discount amounts, and SmartStream Ledger posts the amounts to one of the following types of accounting distributions, depending on your discount method and whether or not you take a discount:

- Discount earned
- Discount lost

Payables also generates journal entries for the amount of a tax discount adjustment. Ledger posts this amount to the tax expense account and an offset of the amount to the discount account.

7 Setting Up the Approval Process

Chapter Contents

7-1 About Conditional Approvals
7-2 Approval Policy Decisions
7-4 Setting Up Approval Policy

About Conditional Approvals

If your policy requires the approval of billing documents, journal entries, payment requests, or requisitions, you can have these documents automatically sent through an approval process based on the conditions you define in an approval workflow.

When you define your approval policy, you

- Determine the list of approvers who must approve the documents
- Create a workflow to match the approval process you want to use
- Define the conditions for which approval is required.

Who Uses Conditional Approvals?

The following SmartStream products use conditional approvals:

- Billing
- Ledger
- Payables
- Purchasing

Approval Policy Decisions

When you set up approval policy, consider the following questions:

Billing

- Do you want to require specific users or workgroups, or both, to approve some or all billing documents before printing?
- Do billing documents for one or more receivable accounts require approval by different approvers or groups of approvers?
- Do billing documents for one or more receivable entities require approval by different approvers or groups of approvers?
- Does a specific person have to approve billing documents, or can any member of a workgroup approve them?
- Can billing documents with a billable balance below a certain amount be excluded from the billing document approval process?

Ledger

- Do you want to require specific users or workgroups, or both, to approve unposted journal entries before the posting process?
- Do journal entries for one or more ledger entities require approval by different approvers or groups of approvers?
- Does a specific person have to approve journal entries, or can any member of a workgroup approve the journal entry?
- Do you want to require supervisory approval of journals?
- Do you want to require approval of journals over a specific amount?

Payables

- Do you want to require specific users or workgroups, or both, to approve some or all payment requests before payment?
- Do payment requests from one or more vendors require approval by different approvers or groups of approvers?
- Does a specific person have to approve a payment request, or can any member of a workgroup approve the payment request?
- Do matched invoices need to be approved, or is the matching process sufficient for approval? If you want matched invoices to be approved, set up approval workflow for invoices with a payment request match line count above zero. (If the count is above zero, the invoice is considered matched.) If matched invoices need to be approved, Payables sends them to the designated approvers after the matching scheduled process has run and all exceptions are resolved.

Purchasing

- Do you want to require specific users or workgroups, or both, to approve some or all requisitions before sending them to a buyer or stockroom manager?
- Can requisitions for one or more requesters be approved by the same approvers, or are different approvers or groups of approvers necessary?

For All Products

- Do you want more than one user or workgroup in an approval list to receive a request for approval simultaneously?
- Do you want users or workgroups in an approval list to receive a request for approval in a particular order?

Setting Up Approval Policy

Use the following process to set up approval policy:

Stage	Description	Windows
1	Identify the users or workgroups that will approve billing documents, journal entries, payment requests, or requisitions.	Approval Lists
2	Identify substitute approvers.	Substitutes Administration My Substitutes
3	Map the approval workflow, assign the approval list, and identify the conditions to use to determine whether the billing documents, journal entries, payment requests, or requisitions require approval.	Workflow Workbench
4	If implementing approvals for journal entries, ensure that the journal policy specifies that approval is required.	Ledger Policy: Defaults View

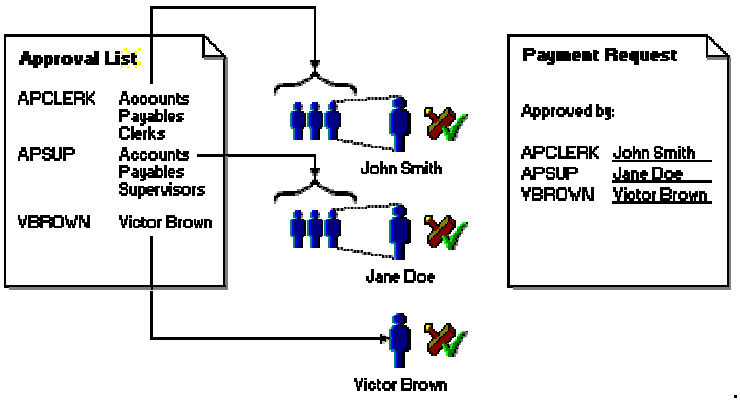
Setting Up the Approval List

An *approval list* is a list of users or workgroups that receive requests for approval of billing documents, journal entries, payment requests, or requisitions. You can create as many approval lists as you need. However, you can assign only one approval list at a time to a step in an approval workflow. Use the Approval Lists window to set up approval lists.

Types of Approvers

If a specific person must approve a document, add this person to the approval list. If you want an entire workgroup to receive a request for approval, add the workgroup to the list.

SmartStream sends approval requests to the To Do Lists of the users or the workgroups on the approval list. When a workgroup receives a request for approval, only one member of the workgroup needs to approve the document.



Placing Priorities on Approval Reviews

SmartStream sends requests for approval simultaneously or sequentially depending on the level numbers you assign to the approvers on the approval list.

If you want...	Then...
More than one user or group to receive the approval request simultaneously	Use the same level number to identify all users or groups.
Users or groups to receive the approval request sequentially	Assign the level numbers in the order you want the approval request to be received. Approvals are sent from the lowest to the highest number.

Example Approval Review Flow

The following example illustrates how SmartStream uses the level numbers assigned to the approvers on an approval list to direct a requisition through the approval process.

Level Number	User or Workgroup	Action
-1 (system generated)	Originator of the requisition	The originator saves the requisition. If the requisition meets the approval conditions set up in workflow, SmartStream forwards it for approval.

(continued)

Level Number	User or Workgroup	Action
10 10	Cathy Sam	Cathy and Sam receive requests in their To Do Lists to approve the requisition at the same time. ▪ If either Cathy or Sam rejects the requisition, its status changes to Rejected and no other approver on the list receives the request for approval. SmartStream returns it to the requester. ▪ If Cathy and Sam both approve the requisition, SmartStream sends a request for approval to Victor.
20	Victor	▪ If Victor rejects the requisition, its status changes to Rejected and no other approver on the list receives the request for approval. SmartStream returns it to the requester. ▪ If Victor approves the requisition, SmartStream sends a request for approval to the purchasing supervisors.
30	Purchasing supervisors	▪ If one person in the workgroup rejects the requisition, its status changes to Rejected and no other approver on the list receives the request for approval. SmartStream returns it to the requester. ▪ If one person in the group approves the requisition, SmartStream sends a request for approval to Fran.
99	Fran	▪ If Fran rejects the requisition, its status changes to Rejected and SmartStream returns it to the originator. ▪ If Fran approves the requisition, its status changes to Approved and SmartStream sends the requisition to a buyer or stockroom manager.

Adding an Approver to a List

If you need to submit a particular document to a person or workgroup that usually does not review that kind of document, you can use the appropriate Approval Status window in Ledger, Payables, or Purchasing to add the approver to a list.

The additional approver applies **only** to that particular document, and the original approval list does not change.

For more information on creating approval lists, see the Approval List window Help.

Assigning Substitute Approvers

Because approvers are not always available to approve a document or transaction, you can assign a *substitute approver* for each approver. A substitute approver is a user who approves billing documents, journal entries, payment requests, or requisitions when the regular approver cannot.

A SmartStream administrator can set up substitutes for any approvers using the Substitutes Administration window. An approver can set up his or her own substitute using the My Substitute window.

Activating a Substitute Approver

A substitute does not have authority to approve billing documents, journal entries, payment requests, or requisitions until the substitute is activated. When you activate a substitute approver, SmartStream directs any new requests for approval to the substitute instead of the usual approver on the list.

For more information on assigning substitute approvers, see the Substitutes Administration window Help.

Setting Up the Approval Workflow

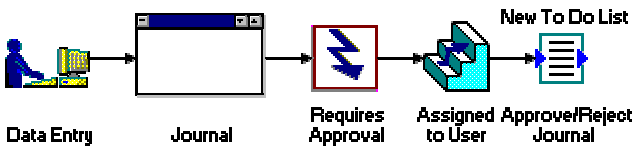
In SmartStream, a workflow consists of a series of steps that drive a business procedure within an enterprise. Each workflow has a beginning and ending point and solves a business need that is specific to a department or division at your company.

When you set up an approval workflow, you map the approval process, you define the conditions that determine when approval is required, and you assign the approval list. Use the Workflow Workbench to set up the approval workflow. Note that you can specify only one set of conditions and one approval list for each step in an approval workflow.

The Approval Process

When you save a billing document, journal entry, payment request, or requisition, SmartStream checks the approval conditions defined in the workflow. If the document meets the conditions, SmartStream routes the document to the assigned person or workgroup for approval.

The following graphic shows the journal approval process.



If a...	Meets the conditions for approval, it must be approved before...
Billing document	You can print it.
Journal entry	You can post it.
Payment request	You can pay it.
Requisition	You can place it on a purchase order or issue it from a stockroom.

For more information on setting up an approval workflow, see Approval Process in the *SmartStream Administration* guide.

SMARTStream®

Financials
Ledger

Version 6.5

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1 Overview

Chapter Contents

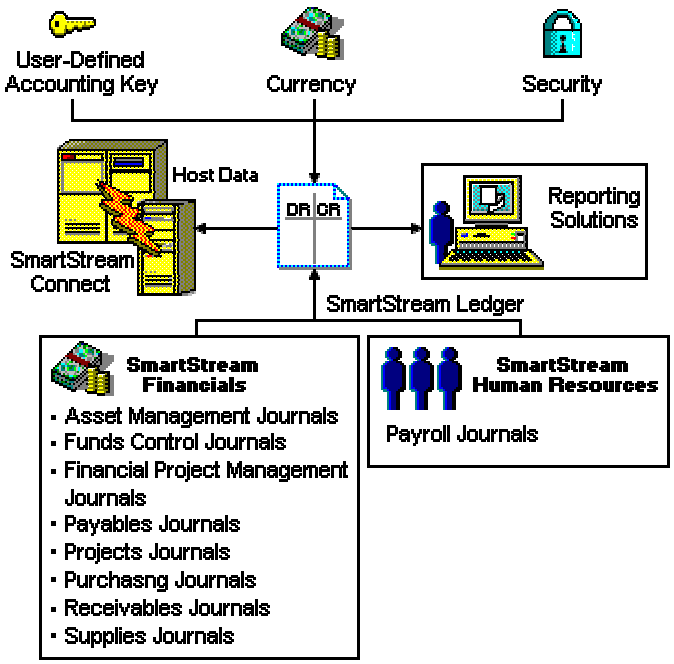
1-1 Integrating SmartStream Ledger With Your Other Business Functions
1-4 Before You Use Ledger

Integrating SmartStream Ledger With Your Other Business Functions

SmartStream represents the entire platform of products available for managing your enterprise. An enterprise is the entire business structure with a focus on the way it conducts business and performs tasks. SmartStream was developed by examining the enterprise as a whole and analyzing its components.

SmartStream Financials represents a core of integrated business processes for an enterprise. Anyone from the chief financial officer to department managers to regional sales analysts can use Financials to monitor important financial information across the enterprise.

Ledger is the central repository of financial information about an enterprise. It is also a source of information for reporting the results of operations to management and outside interests. The following diagram illustrates how an enterprise can use Ledger to meet its business needs:



Ledger Components

Ledger comprises the business processes that you use to manage your enterprise's financial operations. It enables you to set up policies and controls in a central location and access and use them throughout the enterprise. This eliminates the need to enter repetitive data, making the management of your financial information an efficient and structured process.

Ledger has two business functions: holding information for reporting on the financial health of the enterprise and capturing that information.

Ledger Policies

During implementation you define ledger policies that help you efficiently manage and report on financial information. *Ledger policies* are a set of rules that control the processing of information in Ledger.

Ledger maintains the chart of accounts and the balances associated with those accounts. Financials uses ledger entities to store this information.

Tasks you perform to define ledger processing for your enterprise include

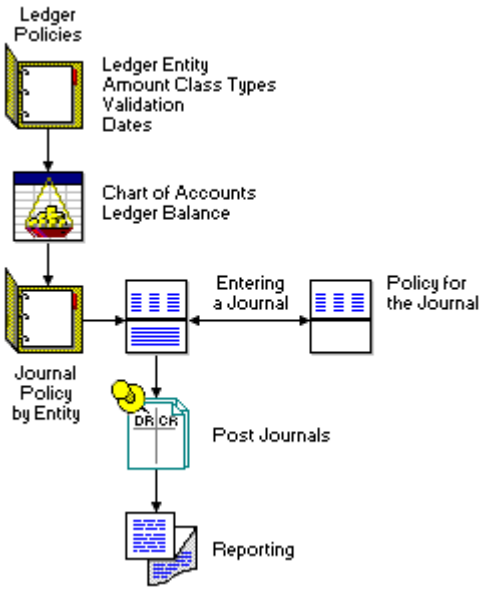
- Determining the number of entities that your enterprise needs
- Defining entities to Ledger
- Establishing the chart of accounts.

Journals

Journals store transactions at the lowest level of processing within Ledger and transfer the debits and credits of the business to Ledger. Tasks you perform to define journal processing for your enterprise include

- Establishing journal processing parameters
- Defining and entering business transactions
- Posting journals.

The following diagram shows the components of Ledger:



Before You Use Ledger

Before you can use Ledger, you define the structure of financial information for your enterprise:

- Determine the configuration of the user-defined accounting key includes decisions about
  - The user-defined accounting key structure
  - Security controls for accessing ledger balances
  - Automatic accounting key generation controls
  - The maximum number of periods you require.
- Decide to be a single or multiple currency user.
- Determine the setup of your fiscal calendars.
- Decide whether or not your enterprise uses Average Balances.

2 Setting Up SmartStream Ledger

Chapter Contents

2-1 About Setting Up Ledger Entity Policies
2-3 Determining the Number of Entities
2-4 Determining Ledger Entity Policies
2-5 General Policy Considerations
2-9 Ledger Amount Class Types
2-11 Define Validation Policies
2-16 Journal and Reporting Dates
2-18 Process for Defining Your Ledger Entities

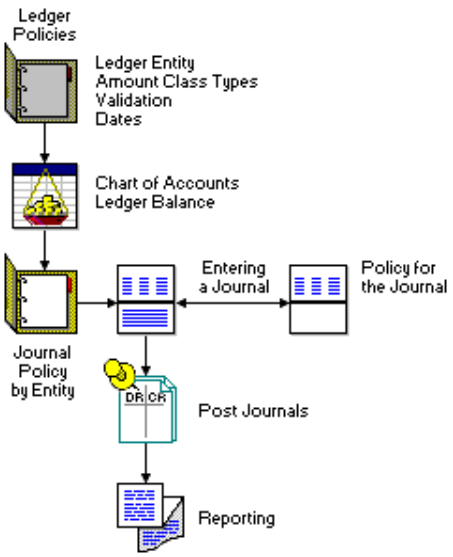
About Setting Up Ledger Entity Policies

When you set up ledger entity policies, you define the rules for processing financial information in Ledger.

Tasks you perform to define ledger entity policies for your enterprise include

- Determining the number of ledger entities your enterprise needs
- Determining ledger entity policies
- Defining ledger entities to SmartStream Ledger.

The following diagram highlights the components of Ledger that are discussed in this chapter:


Ledger Policies
Ledger Entity
Amount Class Types
Validation
Dates
Chart of Accounts
Ledger Balance
Entering a Journal
Policy for the Journal
Journal Policy by Entity
DR CR
Post Journals
Reporting

Determining the Number of Entities

Determining the number of entities for your enterprise requires you to analyze the basic functions of your business. In general, define an entity when your business needs to keep separate books or have different accounting practices, or both.

Because each part of your business structure can have its own business practices, you can set up an entity to satisfy a different set of requirements for each part.

Policy Considerations

If you answer yes to any of the following questions, consider defining separate ledger entities within your business structure:

Do different parts of your enterprise

- Require a balanced set of books?
- Use different accounting periods?
- Open and close periods on different schedules?
- Post journals on different schedules?
- Have different security requirements?
- Use different methods of validating charts of accounts?
- Use the Average Balances module?
- Keep books in more than one currency?

Currency

If you plan to keep your books in more than one currency, and if you answer yes to either of the following additional questions, consider defining separate ledger entities within your business structure.

Do different parts of your enterprise use

- Rates stored in different rate entities?
- Different book currencies?

Determining Ledger Entity Policies

Setting up policies at the ledger entity level allows you to set up policies for one set of books and a different set of polices for another set of books. For example, the business requirements of a manufacturing subsidiary may differ from the business requirements of a consulting subsidiary, so the two subsidiaries have different sets of policies. When processing journals, you can override some policies you set up at the ledger level.

You can set up ledger entity policies in the following categories:

- General policy considerations
- Amount class types
- Validation and automatic account generation
- Journal and reporting dates
- Journal Defaults
- Average balances

Note: If your enterprise uses Funds Control, ensure that Funds Control policy is established for your ledger entities. For more information see, Funds Control Policy.

General Policy Considerations

As you set up ledger entities, you can use controls that ensure the consistent application of policy for each entity. You make decisions for the following areas:

- Currency
- Consolidated reporting

Currency Decisions

If you are a multiple-currency user, the decisions made at the ledger entity level affect the size of the balance table. The size increases based upon whether you use both primary and secondary books and if you store book balances.

How Many Books?

All multiple-currency entities must use a primary currency for storing their amounts. By deciding to use a secondary book, you can report directly from your ledger in another currency. For example, by using Canadian dollars as the primary book and United States dollars as the secondary book, you can produce reports for the United States corporate headquarters in United States dollars as well as Canadian dollars.

Store Book Balances?

To speed the reporting of information, you can elect to store book balances. When you store book balances, Ledger maintains summarized totals in the books.

Example

Your multiple-currency entity is set up to process both primary (Pounds sterling-GBP) and secondary (United States dollars-USD) book balances. Transactions are posted to your sales account in two currencies, deutsche marks (DEM) and Belgian francs (BEF), and Ledger supports both transaction and equivalent balance rows for each currency.

Without storing book balances, the following sales account:

Entity	Division	Account	Department	Product
UK3	Area1	41130	Sales	Cons

Has balance rows organized as follows:

Year	Amount Class Type	Currency Type	Currency	Period X Amount
1994	Actual	Transaction	DEM	400
1994	Actual	Transaction	BEF	2500
1994	Actual	Primary Equivalent	DEM	160
1994	Actual	Secondary Equivalent	DEM	240
1994	Actual	Primary Equivalent	BEF	50

Year	Amount Class Type	Currency Type	Currency	Period X Amount
1994	Actual	Secondary Equivalent	BEF	75

To calculate the primary book (GBP) or secondary book (USD) balance for your sales account, you sum the corresponding equivalent rows. For example, the GBP balance for your sales account for Period X is the sum of the primary equivalents: (160 + 50) = 210.

The USD balance for your sales account for Period X is the sum of the secondary equivalents: (240 + 75) = 315.

If you store book balances, Ledger maintains the primary and secondary book balances during the posting process and stores them as separate rows in the balance table. Using the same example:

Entity	Division	Account	Department	Product
UK3	Area1	41130	Sales	Cons

Your balance table would have the following rows:

Year	Amount Class Type	Currency Type	Currency	Period X Amount
1994	Actual	Transaction	DEM	400
1994	Actual	Transaction	BEF	2500
1994	Actual	Primary Equivalent	DEM	160
1994	Actual	Secondary Equivalent	DEM	240
1994	Actual	Primary Equivalent	BEF	50
1994	Actual	Secondary Equivalent	BEF	75
1994	**Actual**	**Primary Book**	**GBP**	**210**
1994	**Actual**	**Secondary Book**	**USD**	**315**

If you choose to store the book balances, the primary and secondary balances are available for immediate query, and **each** accounting key contains book balance rows.

Consolidated Reporting

To use Management Reporter for consolidated reporting, you must add a ledger entity named **ALL**. This allows Management Reporter to generate reports for every ledger entity in the enterprise. To create the ledger entity named **ALL**, you set up

- Ledger entity policies using Ledger Policy: Main View

- Date policies using Ledger Policy: Dates View.

Note: When using consolidated reporting, the Ledger entities must have the same primary or secondary book.

Example

Given the following ledger entities and primary and secondary books:

Ledger Entity	Primary Book	Secondary Book
AU1	AUD	USD
UK1	GBP	USD
UK2	GBP	USD
US1	USD	GBP

You can prepare reports for

- UK1 and UK2 for either the primary or secondary books **or**
- AU1, UK1, and UK2 for secondary books only.

Questionnaire

Use the following questionnaire to determine your general policy considerations for **each** ledger entity.

Question	Answer
What name and description will be used for the ledger entity?	*UK3* *United Kingdom Manufacturing*
Do you need to change the country and language names? If so, to what?	*Yes* *United Kingdom*
Do you want to record changes that are made to the chart of accounts or ledger balances?	*Yes*
When can accounts be deleted from the chart of accounts? When actual amounts are zero When all amounts are zero Regardless of balances Account deletions not allowed	*When actual amounts are zero*

If you plan to establish currency ledger entities, answer these additional questions:

Question	Answer
What will be my source for rates?	*User-defined name: SDIRA*
What currency will be used for the	
Primary book?	*Pounds sterling*
Secondary book?	*United States dollars*
Do you want to store book balances?	*Yes*

Ledger Amount Class Types

In SmartStream Financials, amount information is stored by amount class type.

Example

In the following table, the amount class types are Actual, Budget, and Miscellaneous:

Accounting Key	Year	Amount Class Type
ABC	2000	Actual
ABC	1999	Actual
ABC	2000	Budget
ABC	2000	Misc
XYZ	2000	Actual
XYZ	1999	Actual
XYZ	2000	Budget

Defining Amount Class Types

Before any amount class type is available to a ledger entity, it must first be defined for the enterprise. You select amount class types for each ledger entity from those that are defined for the enterprise. For more information about defining amount class types for the enterprise, see online Help.

When you define amount class types for your ledger, you

- Decide how to update amount class types:
  - By creating journal entries only
  - By updating the balance table directly
  - By doing both
- Add one row to the balance table for each accounting key and currency code if you elect to store debits and credits separately.

Questionnaire

Use the following questionnaire to specify which amount class types each ledger entity will use.

Question	Answer
Which amount class types are needed for the enterprise?	*Actual amounts* *Forecast amounts* *Plan amounts* *Miscellaneous amounts* *Call Volume* *Head Count* *Training Days* *Usage Hours*
Which amount class types do you want to use for this entity?	*Actual amounts* *Plan amounts* *Miscellaneous amounts*
How will you maintain your amount class types?	*Journals for actual amounts* *Balance maintenance for plan amounts* *All activities for miscellaneous*
Which amount class types need to have debits and credits in balance?	*Actual amounts*
Do you want to store debit and credit amounts separately? If so, which amount class types?	*No*

Define Validation Policies

You can validate accounting keys and generate them automatically to help manage your chart of accounts. You use the validation process to verify the values in the individual elements of an accounting key by matching them with a list of values that you define. After validating the accounting key elements, you can elect to automatically add accounting keys to the chart of accounts (accounting key generation).

Example: Using Validation

This example shows how you can use the validation process with the accounting key generation process to manage your chart of accounts. The accounting key is Division, Account, Department, Product, and Project.

Note: Because the Product and Project codes do not have a strong relationship to the other elements, they are not in the example.

The following values are valid for the accounting key elements:

Division	Account	Department
ADMIN	11110	LEGAL
PLANT1	11210	IS
PLANT2	41110	MANUF
AREA1	52130	ACCTG
AREA2	62010	SERVC

The following table illustrates how SmartStream automatically generates accounting keys based on the accounting key element values you enter:

Enter these accounting keys...			Generate these accounting keys...
ADMIN	11110	IS	✓
PLANT1	41110	MANUF	✓
PLANT2	11111	SERVC	
AREA1	62010	LEGAL	✓

The accounting key PLANT2 11111 SERVC is not added because the account 11111 is not listed as a valid account.

What Is Combination Validation?

Combination validation, an optional part of the validation process, provides more control over automatically generated accounting keys. Combination validation prevents the generation of combinations of accounting key elements that are not logical. For example, you can establish a rule that balance sheet accounts cannot be used in combination with sales departments.

Benefits of Using Validation with Combination Validation

By using the validation process with the combination validation you can

- Control the size of the chart of accounts
- Reduce the time spent managing the chart of accounts
- Prevent the generation of invalid groupings of elements
- Reduce posting errors resulting from invalid accounting keys.

Example: Using Validation with Combination Validation

To further control the addition of accounting keys to the chart of accounts, you define the following combinations of accounting key element values as valid for your entity. Each block of Division, Account, and Department represents valid element combinations.

Divisions	Accounts	Departments
ADMIN	*	ACCTG LEGAL
PLANT1 PLANT2	41110 42110 47110 52110 52120 52130	ENGIN MANUF
PLANT1 PLANT2	11110 11210 13110	ENGIN MANUF
AREA1 AREA2	*	All departments

Note: When you define combinations on the Combination view of the Ledger Policy window, you can use an asterisk (*) to select all the values on an element's structure. For example, the combination ADMIN * ACCTG/LEGAL in the preceding table allows all data points on the account structure to be used with data points in the ADMIN and the ACCTG/LEGAL layers. Leaving an element blank (no spaces) indicates that all the structure's values not associated with a layer are acceptable.

The following table shows the generated accounting keys for these combination validation rules:

Enter the same accounting keys with combination validation rules...			Then SmartStream generates these accounting keys...
ADMIN	11110	IS	
PLANT1	41110	MANUF	✓
PLANT2	11111	SERVC	
AREA1	15422	LEGAL	✓

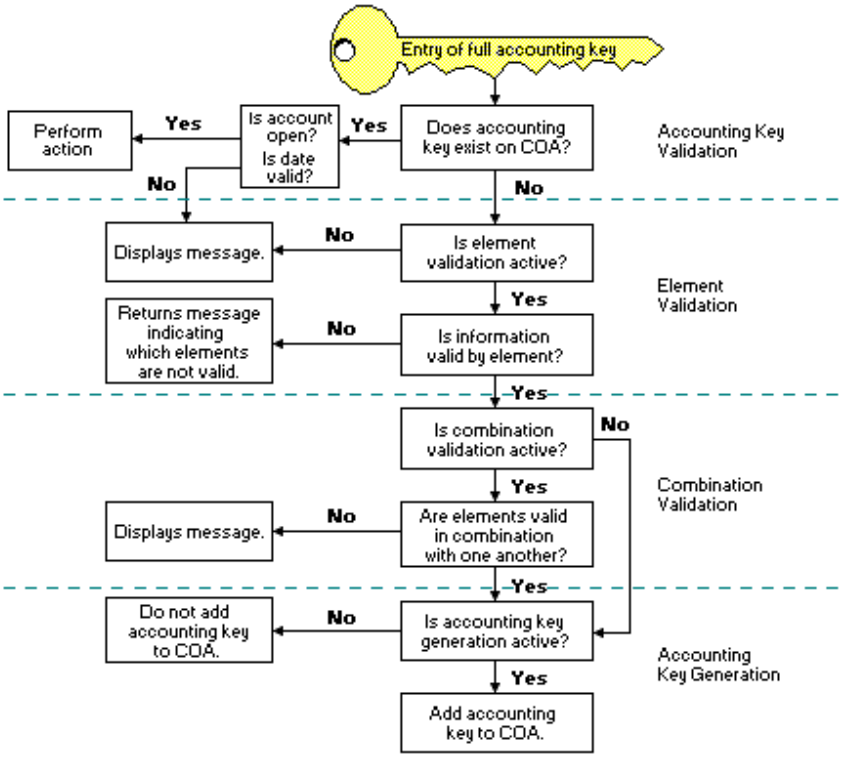
The accounting keys ADMIN 11110 IS and PLANT2 11111 SERVC are not valid combinations of elements and therefore are not automatically generated.

Which Accounting Key Elements Should I Use?

The decision about which accounting key elements to validate as a combination relates to their relationships to other elements. If all element values are interchangeable, you might not need to use combination validation. If the elements are related, use combination validation to combine elements into logical groupings.

The Validation Process

The following diagram shows the process of validation, combination validation, and automatic accounting key generation when entering a full accounting key:



Using the Validation Process

If you use all the validation features, you must perform extensive up-front planning to determine which elements can be grouped to form a valid accounting key. The following table explains some of the ways you can use validation, combination validation, and automatic accounting key generation:

If you choose...	The validation process...	Use the option if you...
Element validation off/ combination validation off/ accounting key generation off	Verifies that the accounting key is on the chart of accounts. If not, no further processing takes place.	Do not want additions to the chart of accounts. Do not want to maintain validation structures.
Element validation on/ combination validation off/ accounting key generation off	Verifies that the accounting key is on the chart of accounts. If not, validates the selected elements, but does not generate the accounting key.	Want to control which accounting keys are added to the chart of accounts. Do not want to maintain combination validation structures.
Element validation on/ combination validation off/ accounting key generation on	Validates the selected elements only and generates the accounting key.	Determine the relationships between the elements is not significant and does not warrant validating element combinations.

If you choose...	The validation process...	Use the option if you...
Element validation on/ combination validation on/ accounting key generation off	Validates the selected elements and their combination names, but does not generate the accounting key.	Want to manually add the accounting keys to the chart of accounts. Want to ensure the accounting keys are valid in combination with one another.
Element validation on/ combination validation on/ accounting key generation on	Validates the selected elements and their combination names. If they are valid, the process adds the accounting key to the chart of accounts.	Want to allow immediate access to accounting keys. Want to allow the addition of accounting keys using journal processing and chart of accounts maintenance.

Note: You can use various combinations of validation, combination validation, and accounting key generation to meet the validation requirements of your enterprise.

For SmartStream to determine valid accounting key values, you need to specify user-defined criteria called validation structures. You define structures to allow the use of layers, then use them when establishing combination names. These combination names are associated with data points, which can be linked to form valid element combinations.

Setting up all validation policies at the same time is more efficient. If you set up combination validation after you set up your validation policies, you must return to the validation structures and define layers for each of the data points used. For more information about structures, refer to Structures online Help.

Questionnaire

Use the following questionnaire to enter your decisions about validation policy.

Question	Answer
Which, if any, elements do you want to validate?	*Division* *Account* *Department*
Do you want to ensure that element groupings are logical?	*Yes*
Do you want to automatically add accounting keys to the chart of accounts?	*Yes*

Journal and Reporting Dates

Entering date information falls into three categories:

- Setting up your periodic calendars
- Determining your fiscal year
- Establishing date parameters

Setting Up Your Periodic Calendars

For Ledger, you must set up calendars for three years:

- The year before the current processsing year
- The current processing year
- The year after the current processing year.

You set up the calendars in enterprise policy before defining your ledger entity. For more information, see Enterprise Calendars.

Fiscal Years

Each entity can use a different calendar to define its fiscal year and accounting periods. You set up a calendar for your entity by processing year. After you enter the processing year, you select a calendar that meets your needs for adjustment and accounting periods.

For example, an entity that keeps its books by month and has two adjustment periods selects a calendar with 12 accounting periods and 2 adjustment periods.

Establishing Date Parameters

You set up date parameters when you enter the processing year and select the calendar for your entity. These date parameters, which serve as defaults on the Date Policy window, define

- Your current accounting period. You must manually change this date as you move from one accounting period to another.
- A default effective date for your unposted journals
- The reporting period, which determines the current reporting period for FRx
- The reporting year used by the Formula Resolution scheduled process, which is used to determine average balances.

After you define the effective date for journal processing, you can further qualify this date, which enables posting in different periods. For example, you can close your books for one period while you post them in another period. The following table explains how to use date ranges:

If you want to...	Then use...	Example
Restrict your dates based on an **absolute** time frame	Restrict by date.	To allow for posting on a week-to-week basis, you set a date each week, for example March 12 to March 19.
Restrict your dates based on a **relative** time frame	Restrict by period.	To allow for month-end adjustments to the prior period, the Periods Back option is set to 1.

Questionnaire

Use the following questionnaire to enter the decisions made about date policy.

Question	Answer
Which fiscal year will this ledger entity be using?	*2003*
How many accounting and adjustment periods are needed?	*12 accounting* *2 adjustment*
Which calendar reflects these requirements?	*Accounting*
What are your restrictions for journal processing dates?	*Allow posting one period prior to as well as the current period*
Are reporting dates different from journal processing dates?	*No*

For a blank Ledger policies questionnaire, see Ledger Entity Policy Questionnaire.

Process for Defining Your Ledger Entities

The following table describes the activities you complete to define ledger entities:

Stage	Description	Ledger Policy Window View
1	Define entity policy parameters: ▪ Define the entity. ▪ Select currency parameters.	Main
2	Define entity policy options: ▪ Determine when accounts should be deleted. **Note:** When Ledger calculates amounts to determine whether it can delete an account, it uses absolute values. ▪ Define Average Balance policies, if desired.	Options
3	Define amount class types: ▪ Select the amount class types for the entity.	Classes
4	Define journal processing and reporting dates: ▪ Select the processing year and calendar. ▪ Refine date parameters. These dates are used to determine valid journal processing dates. ▪ Select reporting dates.	Dates
5	Define validation policies: ▪ Indicate which elements to validate or to validate as a combination. ▪ Enter decision about automatically generating accounting keys.	Validation
	Define combination validation policies, if desired.	Combinations

If you are planning on using SmartStream Euro Currency, see

- Booking Currency Conversion
- Transition Period Functionality.

To define your journal policies, see the Entering Your Business Transactions chapter in this guide.

Verifying Entity Level Decisions

After you define your ledger entities, use the following reports to verify the results:

- Validation Structures
- Entity Policy Listing

3 Managing Charts of Accounts and Balances

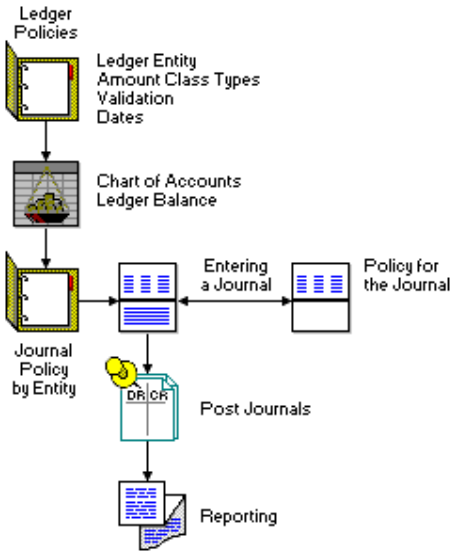
Chapter Contents

3-1 About Your Chart of Accounts
3-3 Establishing Your Chart of Accounts
3-4 Loading Ledger Balances
3-5 Verifying Accounting Keys and Balances

About Your Chart of Accounts

The *chart of accounts* is the repository for the types of accounts a business uses to track and report on its financial condition. When you establish your accounting keys you are establishing your charts of accounts. Ledger entities may use the same chart of accounts, or there may be several charts of accounts for an enterprise.

The following diagram indicates the components of Ledger that are discussed in this chapter:



Establishing Your Chart of Accounts

The chart of accounts holds all the accounting keys for the ledger. The following table lists the ways you can set up the chart of accounts:

If you want to...	Then...
Add a few accounting keys to your chart of accounts	Choose the Chart of Accounts window from your SmartStream desktop. (Not recommended when initially loading your chart of accounts.) For information about how to use this activity, see Ledger online Help.
Add many accounting keys	Use data saved as a tab- or comma-delimited ASCII file. Choose the Ledger Load Request window from your SmartStream desktop.
Automatically generate your chart of accounts	While loading initial balances through ledger posting or through a load to the balance table, you can use automatic account generation to add accounting keys.

Note: To summarize your accounting keys when posting, select the Summarize field on the Chart of Accounts window.

Loading Ledger Balances

You can set up initial and historical balances either through journal entries or through balance maintenance.

The process of loading balance amounts is discussed here although you can also update account balances through the journal posting process. The following table lists ways that you can enter account balances:

If you want to...	Then...
Add a few ledger balances	Select the Account Balance window from your SmartStream desktop. For information about how to use this activity, see Ledger online Help.
Add many ledger balances	Use data saved in a tab- or comma-delimited ASCII file. Select the Ledger Load Request activity from your SmartStream desktop. To load amounts through journals see the Entering Your Journal Transactions.

Note: To set up beginning balances (for balance sheet accounts), use either the Account Balance window or the balance load process.

Verifying Accounting Keys and Balances

After you define your chart of accounts and load balances, verify the results using the following reports:

Type of Information	Report
Entering chart of accounts	Chart of Accounts Listing
	Chart of Accounts Maintenance
Loading ledger balances	Budget Analysis
	Budget Variance
	Account Balance Maintenance

You can also verify and analyze account balances using the following windows:

- Account Balance
- Account Balance List
- Account Balance Inquiry

For more information, see the online Help for these windows.

4 Entering Your Business Transactions

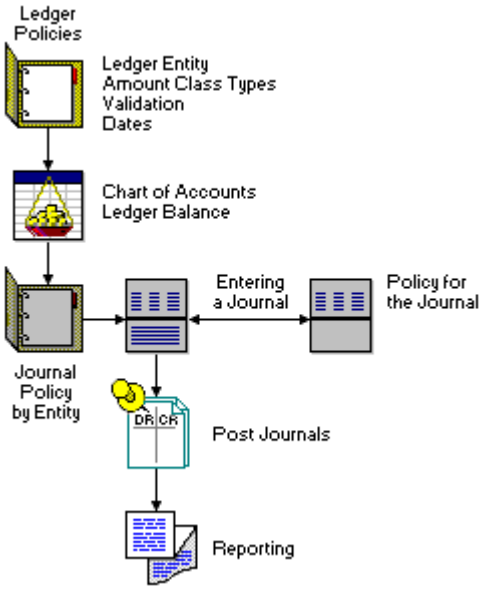
Chapter Contents

4-1 About Journal Policies
4-4 Entity-Level Journal Policies
4-15 Setting Up Journal Defaults
4-16 Journal-Level Journal Policies
4-18 Entering Journal Transactions

About Journal Policies

Transaction-level processing consists of the lowest level of detail in SmartStream Ledger: entering the debit and credit amounts into journals.

The following diagram highlights the journal policies associated with entering debit and credit amounts into journals discussed in this chapter:



Policy Considerations

To facilitate journal entry, you make a series of decisions to control how Ledger processes journals.

- What amount class types to use for journals? For example, you select four amount class types for an entity but enter only actual amounts.
- Do you usually enter multiple entities in one journal? For example, most of your journals cross-charge expenses between ledger entities.
- How do you process journals that are in error? For example, you can force Ledger to create an entry to balance a journal or you can recycle the journal without posting.
- Do you have a standard process for approving journals before posting? For example, a supervisor must approve all journals before posting.

The following tables indicate the types of policies you can use to control journal processing for single- and multiple-currency entities. It also lists the activities used to set up the policy. The final column indicates whether you can override the policy for an individual journal. A check (✓) indicates it can be changed; an x means it cannot.

If you want to…	Use this Ledger Policy window view…	And use this activity…	To…	Change on journal?
Specify the amount class type	Defaults		Specify up to two amount classes.	✓
Generate balancing entries for journals in error	Defaults		Indicate suspense error handing.	✓
		Ledger Balancing Accounts: Suspense View	Set up suspense accounts for error handling.	
Reject journals in error	Defaults		Indicate error recycle error handling.	✓
Approve journals before posting	Defaults		Activate approval processing.	**X**
		Approval windows	Set up list of approvers and substitutes.	
		Workflow Workbench	Map approval workflow and identify conditions for journal approval.	
Allow multiple entities in a single journal	Defaults		Specify interentity balancing	✓
		Ledger Balancing Accounts: Interentity View	Set up the **due-to** and **due-from** accounts.	

If you want to…	Use this Ledger Policy window view…	And use this activity…	To…	Change on journal?
Control your voucher numbering scheme	Defaults		Activate voucher number generation options.	✓

Currency Entities

If you are a multiple-currency user, the following controls are available:

If you want to...	Use this Ledger Policy view...	To...	Change on journal?
Specify default currency information for journals	Defaults	Specify the rate entity, rate type, and transaction currency for the entity.	✓
Specify which date the reversing entry will use to find the exchange rate	Defaults	Indicate whether the conversion rate is based on the accrual or reversal effective date.	X

Entity-Level Journal Policies

Just as you established policies to control ledger entities, you can also set up policies to control processing of ledger journals. By deciding which policies to use, you can simplify data entry and correction of journals.

Policy decisions about journal processing can apply to all journals created for a ledger entity. The ledger is also flexible enough to allow you to change policies for an individual journal.

The following journal features require additional setup:

- Error handling
- Interentity balancing
- Approval processing
- Currency balancing
- Intraentity Balancing
- Journal Translation

Error-Handling Decisions

The type of error handling you select determines how Ledger processes journals with errors.

If you choose...	Then...	Correct the journal using the...
Error recycle	Any journal containing errors does not post.	Unposted Journal window.
Suspense	The posting process forces the journal to balance by creating a suspense transaction and generating the clearing journal for correction.	Unposted Journal window.

Picking the Right Error Handling Type

This decision depends on each ledger entity's policy. Some companies require that all journals are correct before they post. Other companies, with many journal transactions, want to assure that posting takes place. They therefore allow balancing entries to be made to Ledger.

Example

If the following journal lines are entered, the resulting journal is out of balance by 200:

Accounting Key		Debit	Credit
Plant1	**52710**	**300**	
Admin	21120		100

The following table explains how the error handling process works:

If you selected...	Then...			And...		
Error recycle	Journal does not post.			None of the journal lines are processed by Ledger.		
Suspense	Ledger creates the following journal line entry using the designated suspense balancing accounting key:			Ledger generates the following clearing journal line for correction at a later date:		
	Accounting Key	**Debit**	**Credit**	**Accounting Key**	**Debit**	**Credit**
	Admin 39110		200	Admin 39110	200	

What Happens If You Change Your Mind?

You can change the error handling option at the journal level.

Verifying the Results

To get a listing of all the suspense balancing accounts, run the Suspense ID and Account Listing report.

Interentity Balancing

If you want to allow journal entries between entities, you need to establish interentity balancing accounts within each entity.

Interentity balancing generates **due-to** and **due-from** entries in a journal that contains multiple entities. Using the interentity balancing process allows you to enter a journal with one side of the entry for each ledger entity. The interentity processing generates the offsetting due-to and due-from entries based on interentity balancing accounts that you define.

Each entity that allows interentity transactions must set up interentity balancing accounts. Interentity balancing accounts are a pair of due-to and due-from accounts.

You define the due-to and due-from accounts for each entity. You can choose to use the same clearing account for the due to and due from accounts for each entity, or you can choose to use unique accounts for each due-to and due-from account.

Example

The U.S.A. Headquarters (US1) of an enterprise provides legal services to the Manufacturing subsidiary (US2). The following table shows the journal entry. The controlling entity transaction is in bold; the line entities are in italics.

Entity	Division	Account	Department	Debit	Credit
US1	**ADMIN**	**23252**			**10000**
US2	*ADMIN*	*65020*		*10000*	

Although the journal is in balance, the ledger entities are out of balance. Ledger uses the interentity accounts defined for each of the entities that are out of balance to create the offsetting entries. The interentity accounts that were previously defined are shown in the following tables:

For US1:

Entity	Type	Division	Account
US2	From	ADMIN	13252
US2	To	ADMIN	23252

For US2:

Entity	Type	Division	Account
US1	From	ADMIN	13251
US1	To	ADMIN	23251

Ledger uses the interentity accounts to generate entries that balance each ledger entity in the journal. The following table shows the updated journal:

Entity	Division	Account	Debit	Credit	Comment
US1	ADMIN	23252		10000	Original entry
US1	*ADMIN*	*13252*	*10000*		*Generated entry -Due from US2*
US2	ADMIN	65020	10000		Original entry
US2	*ADMIN*	*23251*		*10000*	*Generated entry-Due to US1*

Rules

The following rules apply when using interentity balancing:

- Each entity in an interentity journal must use the same
  - Amount class type 1
  - Transaction currency
- Each entity can have one pair of due-to and due-from accounting keys for another entity.

What Happens If You Change Your Mind?

You can change the interentity balancing option at the journal level.

Verifying the Results

To get a listing of all the interentity balancing accounts, run the Interentity Accounts Listing report.

Approvals

If your policy requires the approval of journal entries, you can elect to send the journals automatically to the person or persons responsible for approving the journal. If a journal is submitted for approval review, it cannot be posted until each approver on the list reviews and approves it.

The approval policy you define controls the approval process. Tasks you perform to define approval policy include

- Determining the list of approvers who must approve the documents
- Creating a workflow to match the approval process you want to use
- Establishing the conditions for which approval is required
- Activating the approval process.

For more information on setting up approval policy, see About Conditional Approvals.

Currency Balancing

Ledger uses currency balancing when a multiple currency journal's converted amounts are out of balance. This can occur due to rounding errors or when different conversion rates are used within the journal.

Use the Ledger Balancing Accounts: Currency View to set up the account for holding rounding errors. If you do not set up an account, Ledger processes these errors as it does with any other journal, requiring correcting entries that could be processed more efficiently by currency balancing.

An enterprise set up separate balancing accounts for United States dollars, pounds sterling, and an account to process all other currencies. Your enterprise can choose to set up one balancing account for all currency transactions.

Verifying the Results

To get a listing of all the currency balancing accounts, run the Currency Balancing Accounts Listing report.

Intraentity Balancing

The Intraentity balancing process balances journals by accounting element or elements within an entity. In a journal that contains multiple values for the balancing accounting element or elements, intraentity balancing can generate balancing (one-sided) entries or balancing and offsetting (two-sided) entries for these values. Intraentity processing generates these balancing and offsetting entries based on the intraentity balancing control and rules you define.

For each entity with amount classes using one-sided intraentity balancing, you must define intraentity balancing rules to determine how SmartStream generates the balancing entries that balance the credits and debits in journals subject to intraentity balancing. For two-sided intraentity balancing, you define balancing rules and controls for generating both balancing and offsetting entries.

Example 1: One-sided Intraentity Balancing

Your enterprise needs to balance by the third element of your accounting key: Division, Account, **Product**). All balancing entries are distributed to one account. The following table shows a typical journal entry:

Division	Account	Product	Debit	Credit
001	13252	270	30000	
002	23252	270	26000	
003	13251	380		30000
004	23251	380		26000

Although the journal is in balance, the products are out of balance. Ledger uses the intraentity balancing rule associated with the journal to generate the balancing entries for the out-of-balance products. The intraentity balancing journal entries rule for all products, debits, and credits is shown in the following table:

Division	Account	Product
00100	43355	<product>

Ledger uses the intraentity balancing journal entries rule to generate entries that balance the journal by product. The following table shows the updated journal:

Division	Account	Product	Debit	Credit	Comment
001	13252	270	30000		Original entry
002	23252	270	26000		Original entry
003	13251	380		30000	Original entry
004	23251	380		26000	Original entry

Division	Account	Product	Debit	Credit	Comment
00100	43355	270		56000	Generated balancing entry
00100	43355	380	56000		Generated balancing entry

Example 2: Two-sided Intraentity Balancing

Your enterprise needs to balance by the third element of your accounting key: Division, Account, **Product**). The following table shows a typical journal entry. The value of the controlling balancing element (the element that you are balancing by) is in bold:

Division	Account	Product	Debit	Credit
01	0100	**21110**	10000	
01	3200	11120		10000

Although the journal is in balance, the products are out of balance. Ledger uses the intraentity balancing control and rules associated with the journal to generate the appropriate balancing and offsetting entries. These intraentity balancing rules for all products are shown in the following table:

Control	Debit or Credit	Division	Account	Product
Yes	Debit	03	0131	<Control>
Yes	Credit	03	1011	<Control>
No	Debit	03	0130	<Product>
No	Credit	03	1010	<Product>

Ledger generates a balancing entry to balance debits and credits for the out-of-balance product and an offset entry for the controlling product. The following table shows the updated journal:

Division	Account	Product	Debit	Credit	Comment
01	0100	21110	10000		Original entry
01	3200	11120		10000	Original entry
03	0130	11120	10000		Generated balancing entry
03	1011	21110		10000	Generated offset entry

Considerations

Consider the following information when you use intraentity balancing:

The intraentity balancing process does not perform

- Control total balancing
- Funds checking.

Setting Up Intraentity Balancing

Before you can use intraentity balancing, you need to establish intraentity balancing policy on the following windows:

- Enterprise Policy: Ledger view
- Ledger Policy: Classes view
- Intraentity Balancing Control
- Intraentity Balancing Rule
- Intraentity Balancing Rule Association

User Exits

To provide greater flexibility, Ledger delivers two user exits that you can use to enhance the standard method for assigning values for balancing elements and for balancing and offsetting rules.

These user exits are stored procedures residing in the dbms\glep directory of the file server that you tailor to meet the intraentity balancing needs of your enterprise. If you want to use one or both of these user exits, you should discuss this with your SmartStream database administrator.

For information about tailoring the sample user exits delivered with Ledger, see Tailoring Sample User Exits in the Ledger chapter of the *Financials Technical Reference*.

Verifying the Results

You can produce the following reports to verify your intraentity policies:

- Intraentity Control Accounts
- Intraentity Control Accounts by Entity
- Intraentity Balancing Rules
- Intraentity Balancing Rules by Entity

What Happens If You Change Your Mind

If you decide to turn intraentity balancing off for your enterprise after you set it up, you must turn intraentity balancing off for all amount class types of all ledger entities that have it turned on, and then you can clear the Intraentity Balancing option on the Ledger view of the Enterprise Policy window.

Overriding Intraentity Balancing for a Specific Journal

When intraentity balancing is selected for the amount class type of the ledger entity associated with a journal, if you have the proper activity security, you can turn off intraentity balancing at the journal level on the Additional Control view of the Unposted Journals window. You can also change the associated intraentity balancing control and rules at the journal level regardless of your security permissions.

Journal Translation

The Journal Translation process is an optional step in the posting process. It translates selected journal entries into journal entries that meet another need using the translation rules you set up for your enterprise and associate with the appropriate ledger entities and journal sources. These translation rules define the selection criteria, generation specifications, and processing options to use to control journal translation.

Depending on the needs of your enterprise, the translation process can retain both the original entry and the translated entry or discard the original entry and retain only the translated entry. It can generate a single translated line from the original journal line or split the original journal line into many translated lines, including balancing and rounding lines. It can add translated lines to the original journal or generate them in a separate journal. Values for the translated journal fields can come directly from the original line, you can enter them, or the translation process can derive them using various numeric and alphanumeric specifications you define. The translated journals are also funds checked if funds checking is turned on for the translation rule.

Example

Your enterprise needs to begin using proration to accommodate a new accounting requirement.

You set up the following journal translation rules:

Rule	Criteria	Specifications	Processing Options
R1	Accounting distribution = B	Type: Multiplication; Rate: 1; Reverse Dr/Cr: Selected; Accounting distribution AA Type: Offset output; Accounting distribution BB	Keep original line selected; Separate journal **not** selected
R2	Accounting distribution = D	Type: Multiplication; Rate: 0.3; Accounting distribution DD1 Type: Multiplication; Rate: 0.5; Accounting distribution DD2 Type: Balancing; Accounting distribution DD3	Keep original line **not** selected; Separate journal **not** selected
R2	Accounting distribution = D	Type: Multiplication; Rate: 0.5; Accounting distribution DD1 Type: Multiplication; Rate: 0.5; Accounting distribution DD2	Keep original line **not** selected; Separate journal **not** selected

You set up the following journal translation rule associations:

Rule	Ledger Entity	Journal Source	Beginning Effective Date	Ending Effective Date
R1	01	Receivables	March 9, 2003	December 31, 2099
R2	01	Receivables	March 1, 2003	March 19, 2003
R3	01	Receivables	March 20, 2003	December 31, 2099

The following journals and journal lines generated by Receivables are ready for posting:

Controlling Ledger Entity	Journal ID	Journal Line	Effective Date	Accounting Distribution	Debit Amount	Credit Amount
01	A	1	March 10, 2003	B	300	
01	A	2	March 10, 2003	C		200
01	A	3	March 10, 2003	D		100
01	B	1	March 5, 2003	B	300	
01	B	2	March 5, 2003	C		300
01	C	1	March 21, 2003	B	300	
01	C	2	March 21, 2003	C		200
01	C	3	March 21, 2003	D		100

When you run Ledger Posting, you define Journal Translation as the first step. Journal Translation processing detects the translation rules associated with Receivables, analyzes the associations and effective dates of the journals ready for posting, and applies the translation rules as follows:

Controlling Ledger Entity	Journal ID	Rule
01	A	R1
01	A	R2
01	B	R2
01	C	R1
01	C	R3

The Journal Translation process generates the following translated journal for Journal A using R1 and R2 (the first two lines are the original lines):

Controlling Ledger Entity	Journal ID	Journal Line	Effective Date	Accounting Distribution	Debit Amount	Credit Amount
01	A	1	March 10, 2003	B	300	
01	A	2	March 10, 2003	C		200
01	A	3	March 10, 2003	AA		300
01	A	4	March 10, 2003	BB	300	
01	A	5	March 10, 2003	DD1		30
01	A	6	March 10, 2003	DD2		50
01	A	7	March 10, 2003	DD3		20

When the Journal Translation process comes to Journal B using R2, no match is found; therefore, it does not generate new journal lines. The original journal posts as is.

The Journal Translation process generates the following translated journal for Journal C using R1 and R3 (the first two lines are the original lines):

Controlling Ledger Entity	Journal ID	Journal Line	Effective Date	Accounting Distribution	Debit Amount	Credit Amount
01	C	1	March 21, 2003	B	300	
01	C	2	March 21, 2003	C		200
01	C	3	March 21, 2003	AA		300
01	C	4	March 21, 2003	BB	300	
01	C	5	March 21, 2003	DD1		50
01	C	6	March 21, 2003	DD2		50

Setting Up Journal Translation Policy

Before you can use the journal translation process, you need to set up journal translation policy on the following windows:

- Journal Translation Rule
- Journal Translation Rule Association

If you want to distribute any differences between original journals and the translated journals to rounding balancing accounts, you must also define the appropriate rounding balancing accounts for your ledger entities on the Rounding view of the Ledger Balancing Accounts window.

User Exits

To provide greater flexibility, Ledger delivers two user exits that you can use to enhance the standard method for assigning values for

- Selecting journal controls and lines to process
- Deriving translation specifications.

These user exits are stored procedures residing in the dbms\glep directory of the file server that you tailor to meet the journal translation needs of your enterprise. If you want to use one or both of these user exits, you should discuss this with your SmartStream database administrator.

For information about tailoring the sample user exits delivered with Ledger, see Tailoring Sample User Exits in the Ledger chapter of the *Financials Technical Reference*.

Verifying the Results

You can produce the following reports to verify your journal translation policies:

- Ledger Journal Translation Rules
- Ledger Journal Translation Rules by Entity

Also, various Ledger windows provide extensive audit and drill-down capabilities that you can use to manage your translated journals. To review the details of a journal translation run, you can

- Display the translated journals or journal lines for a selected journal or journal line
- Drill-down to the source journal or journal line from a translated journal or journal line
- Start from an unposted or posted original journal and display the translated journals and journal lines generated from it.

Setting Up Journal Defaults

Journal default set up is explained in the following table:

To Set Up This Option	Complete This Task	Using This Activity
Error handling	Select the Error Recycle field, if using the error recycle option.	Ledger Policy: Defaults View
	If using the suspense option, set up the suspense balancing accounts.	Ledger Balancing Accounts: Suspense View
	Select the Suspense field and choose the suspense ID that identifies the suspense balancing account.	Ledger Policy: Defaults View
Interentity	Set up interentity balancing accounting keys. If activated, automatic accounting key generation can help set up these accounts.	Ledger Balancing Accounts: Interentity View
	Select interentity balancing.	Ledger Policy: Defaults View
	Enter the interentity transactions in the appropriate journal.	Unposted Journals: Main view
Approvals	Select the Use Approval field.	Ledger Policy: Defaults View
	Set up an approval list.	Journal Entry Approval List
	Set up an alternate list of approvers, if desired.	Journal Entry Approver Substitutes
Currency balancing	Set up currency balancing accounts.	Ledger Balancing Accounts: Currency View
Intraentity Balancing	Set up intraentity balancing for your enterprise.	Enterprise Policy: Ledger view
	Specify the intraentity balancing option for the amount class types of a ledger entity and the range of dates during which it is in effect	Ledger Policy: Classes view
	Set up the control accounts to balance to for two-sided intraentity balancing, the ledger entity and journal origin to which they apply, and when these associations are in effect	Intraentity Balancing Control
	Set up intraentity balancing rules.	Intraentity Balancing Rule
	Associate intraentity balancing rules with the appropriate ledger entities and journal origins and specify when these associations are in effect.	Intraentity Balancing Rule Association
Journal Translation	Set up journal translation rules.	Journal Translation Rule
	Associate the journal translation rules with the appropriate ledger entities and journal sources and specify when these associations are in effect	Journal Translation Rule Association
	If using the Post to Rounding Account option, set up the rounding balancing accounts.	Ledger Balancing Accounts: Rounding view

Journal-Level Journal Policies

Some of the decisions you made about journals at the entity level may need to be different for some journals. You can change the parameters for a particular journal on the Additional Control view of the Unposted Journals window.

You can change these parameters after you enter the key journal information on the Unposted Journals window and then select the Additional Control view. These options are

- Changing amount class types
- Changing currency defaults
- Changing error handling method or suspense ID
- Changing interentity balancing.

You can enter other options for the first time for a specific journal only. These options are

- Entering an adjustment journal
- Specifying control totals for the second amount class type
- Preventing a journal from posting by activating the lock indicator.

Why Change Values?

Some reasons for changing journal controls are shown in the following table.

Field	Typical Reasons to Change or Specify Additional Controls
Amount Class Types	To enter journals with statistical values only. Change Amount Class 1 to Miscellaneous.
Error Handling	A unique suspense account was set up for a project. This ID would be entered here.
Interentity Balancing	This option is activated to enter cross charges between entities in the same journal.
Currency Defaults	Normally, journal entries are entered in the booking currency. To enter a journal for another currency, change the transaction currency.

Specifying Additional Journal Controls

Additional journal controls can also be defined on a journal-by-journal basis. These controls are listed in the following table:

Use...	To...
Amount Class 2 Control Totals	Establish control totals for this amount class.
Adjustment Period	Select adjustment period when making entries to an adjustment period (for example, year end entries).
Lock Indicator	Prevent a journal from posting. You must clear the Lock Indicator field when you want the journal to post.

To change previously established journal default policies or specify new ones, use the Additional Control view of the Unposted Journals window.

Entering Journal Transactions

SmartStream provides three methods for entering journal transactions:

- Unposted Journals window
- Microsoft Access Local Journal Line Entry window
- Loading journal transactions from an external file

Which Journal Entry Method Should You Use?

The following table compares the different methods for entering journals by various categories. You can use any or all of these methods to enter your journals.

Category	Unposted Journals Window	Local Journal Line Entry Window	External File
Entering data	You enter data using Ledger Unposted Journals window. Choose it from the SmartStream desktop.	A journal entry window similar to the journal entry window in Ledger.	Create a comma- or tab-delimited file containing the column names from the Unposted Journal Lines table.
Editing data	Full editing is available when the journal is saved.	Checks to ensure that all required fields (single-currency entities) are entered when the journal is saved. Edits accounting key element length when entered.	No editing for data entry.
Loading the data	When journal is saved and in postable status, it is ready for posting in Ledger.	File is created in proper tab-delimited format for Load program. After Load program is run, journal is ready for posting.	No checks for file format before requesting load processing. After Load program is run, journal is ready for posting.
Error handling	Journal should post without errors unless there has been a change in Ledger. For example, an accounting key is deleted after a journal is saved and before it is posted. Any journals in error are handled according to your user-defined journal policies	Journal editing occurs during Posting program processing. Any journals in error are processed according to your user-defined journal policies.	Journal editing occurs during Posting program processing. Any journals in error are handled according to your user-defined journal policies.

Repeating Journals

Use repeating journals to post transactions on a regularly scheduled interval. When using repeating journals,

- And approval processing, only the original repeating journal is subject to approval. Once approved, the subsequent journals are generated as approved.

- Only repeating journals for entities entered on the posting request are processed.
- The repeating journal is released as the first step in the posting process, allowing repeating journals to be available for post processing.
- Make sure validation is selected as one of the posting steps, ensuring that the repeating journal is edited for posting.
- You cannot load repeating journals to the journal table. They can only be entered online.

Entering Repeating Journals

To enter repeating journals, use the Repeating Journal View of the Unposted Journals window.

SmartStream Euro Currency and Journals

When you use SmartStream Euro Currency you need to synchronize your journals during the transition period. For more information, see SmartStream Euro Currency and Ledger journals.

Verifying Journals

To get a listing of all the unposted journals, run the Unposted Journal Detail report.

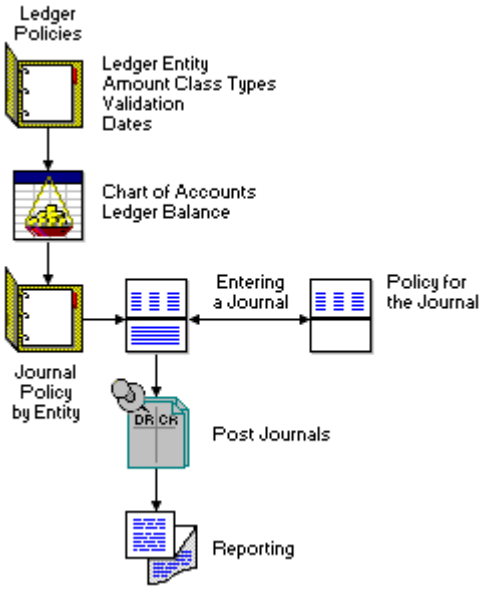
5 Posting Your Journals

Chapter Contents

5-1 About Posting Journals
5-2 Journal Sources
5-3 Scheduled Posting Process
5-8 Tasks for Posting Journals
5-9 Verifying the Posting Process
5-13 Reviewing Account Balances
5-15 Correcting Journals

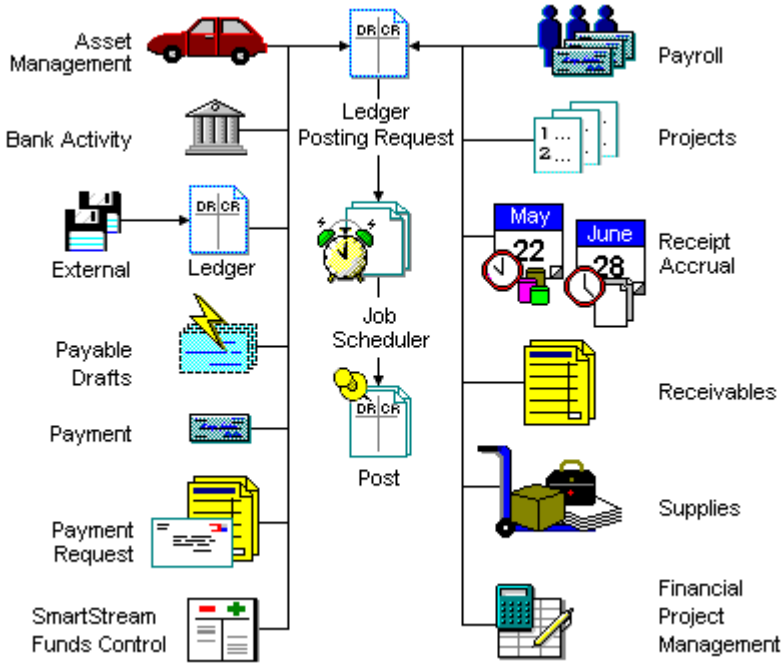
About Posting Journals

After entering journals, you update the ledger balance amounts by posting the journals. The following diagram highlights the SmartStream Ledger process discussed in this chapter:



Journal Sources

The SmartStream business processes generate journal entries and pass them to Ledger for posting. The following diagram illustrates the origin of the journals and how Ledger posts them:



Ways to Post

You can post journals using either an online or scheduled process.

Type Of Post	Purpose
Online	For small numbers of journals, for example adjusting entries.
	By entering data on the Unposted Journal List window.
Scheduled processing	For large numbers of journals.
	If you want to use multi-threaded processing.

Scheduled Posting Process

The Ledger scheduled posting process contains the following steps:

- Translation
- Summarization
- Validation
- Update

You can process the steps individually, in combination with another step, or all at the same time. Your business requirements determine how you structure the posting process. Each step is described in the following table:

Step	The posting process...
Translation translates selected journals using translation rules set up for your enterprise and associated with the appropriate ledger entities and journal sources. These translation rules define the selection criteria, generation specifications, and processing options to use to control journal translation.	▪ Detects the translation rules associated with the ledger entity and journal source ▪ Analyzes the associations and effective dates of the journals ready for posting ▪ Applies the translation rules ▪ Generates the translated journals and journal lines according to the translation rules
Summarization consolidates journals (including translated journals) to post in Ledger, leaving the detailed journals in the business processes that generated the journal entries, such as Payment Request. **Note:** When you summarize Ledger journals, Ledger keeps only the summarized journal entries.	▪ Verifies that this account can be summarized and does not summarize journals posting to a nonsummarized accounting key ▪ Does not allow an automatically generated accounting key to be summarized if an accounting key does not exist ▪ Ensures that an interentity journal is not summarized with a noninterentity journal.

Step	The posting process...
Validation ensures that ▪ Each journal amount is posted to an existing accounting key or one that you allow to be generated ▪ Journal errors are handled according to user-defined policies ▪ The journal is in balance.	▪ Validates the accounting key and automatically generates accounts according to policy ▪ Verifies currency conversion information and performs the conversion ▪ Balances the journal by using – Interentity balancing accounts – Suspense balancing accounts – Currency balancing accounts – Intraentity balancing control accounts (if two-sided intraentity balancing is required) – Intraentity balancing rules – Journal translation rounding accounts.
Update occurs when Ledger posts the journal amount to the Ledger Balance table. If you run validation as a separate step, when *update* is run, Ledger checks for changes. If no changes occurred, balances are posted. If changes occurred, the journal must be revalidated before balances are posted. **Note:** For information about updating average balances, see Establishing Average Balances.	▪ Creates accrual reversal journals ▪ Updates the Ledger Balance table with the journal amount ▪ Moves the journal information to the posted journal tables.

Program Parameters for Job Scheduler

Job Scheduler requires you to enter specific program parameters on the Job Scheduler window when you schedule the posting process to run.

The following table explains the parameters:

If you..	Then...	In Job Scheduler enter...
Translate your journals		**M** for Translate
Summarize your journals	Select Summarize on the posting request.	**S** for Summarization. Ledger summarizes journals only if you enter **S** or leave the field blank.
Check your journals for accuracy and balance them before you post	Validate and correct your journals before updating amounts on the balance table	**V** for Validation.
Need to update balances	You must have previously run Validation.	**P** for Update.
Want to translate, summarize, edit, and update your journals	Request the entire posting process.	**M S V P** for all steps or leave the field blank.

For information about completing the Job Scheduler window, see Scheduling Ledger Processes.

Benefits of Summarizing Journals

Summarization allows you to

- Display many journal line entries as one entry
- Reduce the volume of posted journal history stored in Ledger and minimize the amount of redundant data stored in SmartStream Financials
- Improve reporting times for reports that need information from the posted history table, such as trial balances
- Decrease network traffic by reducing the number of journal transactions posted in Ledger

Summarization Options

Summarization consolidates journal entries by ledger entity within the business process that generated them. Journals with the same accounting key, effective date, and currency (if your enterprise uses multiple currencies) are summarized. You can optionally summarize by journal ID and net the debits and credits.

When you summarize by...	Then...	And...
Ledger entity, business process, accounting key, journal effective date, and currency	All journals by ledger entity within a business process are summarized	Multiple journals with the same effective date and multiple lines with the same accounting key are summarized.
Ledger entity, business process, accounting key, journal effective date, currency, and journal ID	All transactions with the same accounting key within the same journal ID are summarized	No summarization occurs across journals.
Ledger entity, business process, accounting key, journal effective date, currency, and net debits and credits	Debit and credit amounts that have the same accounting key are totalled	Debits and credits appear as consolidated entries.

Selecting Summarization

To summarize journal entries for your accounting keys, select the Summarize option on the Chart of Accounts window.

Summarization Examples

The following examples illustrate the summarization process. They summarize two invoices. The data for all examples is supplied by the following two journals. All journals have the same effective date.

Journal ID	Line Entity	Division	Account	Description	Debit	Credit
Pay1	UK3	ADMIN	54210	Office Supplies	100.00	
Pay1	UK3	ADMIN	54210	Office Supplies	170.00	
Pay1	UK3	ADMIN	54110	Telephone	32.00	
Pay1	UK3	ADMIN	54110	Telephone	10.00	
Pay1	UK3	PLANT1	54210	Office Supplies	143.00	
Pay1	UK3	ADMIN	21110	Accounts Payable		435.00
Pay1	UK3	ADMIN	54210	Office Supplies		20.00

Journal ID	Line Entity	Division	Account	Description	Debit	Credit
Pay2	UK3	PLANT2	54210	Office Supplies	90.00	
Pay2	UK3	PLANT2	54210	Office Supplies	125.00	
Pay2	UK3	PLANT2	54110	Telephone	12.00	
Pay2	UK3	ADMIN	54110	Telephone	14.00	
Pay2	UK3	PLANT1	54210	Office Supplies	210.00	
Pay2	UK3	ADMIN	21110	Accounts Payable		451.00

Example 1

The following summarized journal entries are generated when the XYZ Company summarized without selecting the By Journal ID option. The journal ID is created using the prefix you assign on the posting request and the date and time. For example these journals, with a process date of November 1, 1994, will have a journal ID of SUMM 110194134256021.

Journal Prefix	Line Entity	Division	Account	Description	Debit	Credit
SUMM	UK3	ADMIN	54210	Summarized	270.00	
SUMM	UK3	ADMIN	54110	Summarized	56.00	
SUMM	UK3	PLANT1	54210	Summarized	353.00	
SUMM	UK3	PLANT2	54210	Summarized	215.00	
SUMM	UK3	PLANT2	54110	Summarized	12.00	
SUMM	UK3	ADMIN	21110	Summarized		886.00
SUMM	UK3	ADMIN	54210	Summarized		20.00

Example 2

In this example, the following two journals are generated when the XYZ Company summarized by journal ID. Notice that only like entries within each journal are consolidated.

Journal ID	Line Entity	Division	Account	Description	Debit	Credit
Pay1	UK3	ADMIN	54210	Office Supplies	270.00	
Pay1	UK3	ADMIN	54110	Telephone	42.00	
Pay1	UK3	PLANT1	54210	Office Supplies	143.00	
Pay1	UK3	ADMIN	21110	Accounts Payable		435.00
Pay1	UK3	ADMIN	54210	Office Supplies		20.00

Journal ID	Line Entity	Division	Account	Description	Debit	Credit
Pay2	UK3	PLANT2	54210	Office Supplies	215.00	
Pay2	UK3	PLANT2	54110	Telephone	12.00	
Pay	UK3	ADMIN	54110	Telephone	14.00	
Pay2	UK3	PLANT1	54210	Office Supplies	210.00	
Pay2	UK3	ADMIN	21110	Accounts Payable		451.00

Example 3

In this example, the following summarized journal is generated when the XYZ Company summarized across journals and netted debits and credits.

Journal Prefix	Line Entity	Division	Account	Description	Debit	Credit
SUMM	UK3	ADMIN	54210	Summarized	250.00	
SUMM	UK3	ADMIN	54110	Summarized	56.00	
SUMM	UK3	PLANT1	54210	Summarized	353.00	
SUMM	UK3	PLANT2	54210	Summarized	215.00	
SUMM	UK3	PLANT2	54110	Summarized	12.00	
SUMM	UK3	ADMIN	21110	Summarized		886.00

Should I Summarize Journals?

When you summarize across journals, Ledger matches a number of additional columns, not only the accounting key, effective date, and currency information. For example, if the error handling option is Error Recycle on one journal and Suspense on another, Ledger does not summarize the journals.

Before you decide to summarize journals, see the list of columns that must match for Ledger to consolidate journals.

Tasks for Posting Journals

To post journals

- Online
  - Use the Unposted Journal List window
- Using scheduled processing
  - Submit a posting request
  - Schedule the job.

Posting Request

When you enter a posting request, Ledger processes all entries that have a postable status for the specified business process, such as Asset Management. If the journal contains any errors, Ledger processes them according to the journal default criteria specified on either the Ledger Policy: Defaults View or the Additional Control view of the Unposted Journals window.

Schedule the Job

Use Job Scheduler to submit the job and specify the posting steps. For more information, see Using the Job Scheduler.

Verifying the Posting Process

To verify the results of the posting process, check the following sources:

- Unposted Journals window
- SmartStream reports
- Summarization Control report
- Posted Journals window

Note: Ensure that the proper activity and data control security have been granted to use the online drill-down features. For example, if the source document for a balance is an invoice, you need activity as well as data access for the Invoice window.

Unposted Journals Window

Check the Journal Status field on this window for results from the posting process.

If you specified this program parameter in Job Scheduler...	And the following journal status appears...	Then...
Summarization	Complete	You schedule Validation and Update using Job Scheduler.
Validation	Suspendable In error Validated	You can correct the error before updating. The journal posts when you enter a program parameter of P (update) or leave the field blank.
Update or all steps*	In error	You correct errors and run Validation and Update.
	Awaiting Translation	Translation rules apply to the journal. It cannot be summarized or validated before it is processed by Translation. You schedule Translation using Job Scheduler.
Note: You must run validation at least once before you can update balance amounts.	Waiting	Journals with this status remain on the unposted journal tables until the date criteria are met.

* If you specify this program parameter in Job Scheduler but the journal does not appear on this window, the journal was posted.

Reports

SmartStream delivers several reports you should run after the journals are posted. These reports are

- Accounting Keys Generated from Posting
- Journal Error
- Ledger Balance Detail
- Ledger Balance Summary
- Posted Journal Detail
- Posted Journal Summary.

For more information about producing these reports, see Ledger Reporting online Help.

Verifying Summarization

A Summarization Control report is produced when the Summarization step of the posting process is complete. This report is mailed to the person who ran the job and people specified in Job Scheduler. This report, which you can display using Microsoft Mail, includes information about the

- Number of unposted journals processed and summarized journals created
- Total debit and credit amounts of unposted and summarized journals.

Displaying Posted Journals Using a Ledger Window

You can also display the posted journals using the Posted Journals window.

Reviewing Translation Results

After posting is complete, you can review the results of the Translation step using

- Processing messages
- Ledger windows.

Journal Processing Messages

Translation processing generates messages about the number of journal lines generated and deleted (when the original lines are not kept). When new journals are added, processing messages list the number of new journals generated and the journal ID for each. All new journals have the same journal ID with a sequential sequence number starting at 1. Processing messages also note when the original journal is deleted because all its lines are dropped.

Ledger Windows

Using various Ledger windows, you can move from original journals to review details about translated journals and journal lines as the following table shows.

From...	To translated journals or journal lines on the...
Unposted journals and journal lines (before the Update step is run)	Translated Journals window Translated Journal Lines window.
Posted journals and journal lines (after the Update step is run)	Translated Journals window Translated Journal Lines window.
Journal lines making up a posted journal balance (on the Posted Journal Balance window or the [Business Process] Journal Detail window)	Translated Journal Lines window Translated Journal Detail window Journal Line Detail window (only if the translated line is summarized).
Journal lines on the Translated Journal Line Source window	Translated Journal Lines window Journal Line Detail window (only if the translated line is summarized).

You can move from translated journals and journal lines to the original journals and journal lines as the following table shows.

From...	To original journals or journal lines on the...
Translated journals	Unposted Journals window Posted Journals window.
Translated journal lines	Unposted Journals window Posted Journals window Translated Journal Line Source window Journal Line Detail window
Translated journal lines making up a posted journal balance (on the Posted Journal Balance window or the [Business Process] Journal Detail window)	Translated Journal Line Source window.

You can move from the source of a translated journal line to more detail as the following table shows:

From...	To original journals or journal lines on the...
Journal lines on the Translated Journal Line Source window or the [Business Process] Journal Detail window	Unposted Journals window Posted Journals window Source window in another application Journal Line Detail window (lines dropped during translation).

You can also move between translated journal lines summarized during posting and the underlying detail using the following windows:

- Unposted Journals
- Posted Journals
- Posted Journal Balance
- Translated Journal Line Source
- Translation Journal Detail
- Journal Line Detail

During your review, you can even zoom to the appropriate translation rule from a journal line on the following windows:

- Translated Journal Lines
- Translated Journal Line Source window.

Reviewing Account Balances

After posting is complete, you can review your ledger balances using the following reports:

- Ledger Balance Detail
- Ledger Balance Summary
- Trial Balance
- Account Balance Maintenance

You can also review your updated ledger balances using SmartStream and supported third-party reporting tools.

Reviewing Information Using Ledger Windows

Ledger allows you to review the details of a ledger balance. Starting from the ledger balance (summarized or not), you can drill down to review an individual entry, using the account balance activities. Using the drill-down feature you can select an account balance and review the specific journals associated with that balance, such as invoices and fixed assets acquisitions.

How Long Are Documents Available?

Access to source documents is available only as long as the data is retained by other business processes such as SmartStream Asset Management, SmartStream Receivables, and SmartStream Payables. When the business processes remove the records, the source documents are no longer available. Therefore, you must coordinate archiving or purging activities among related business processes.

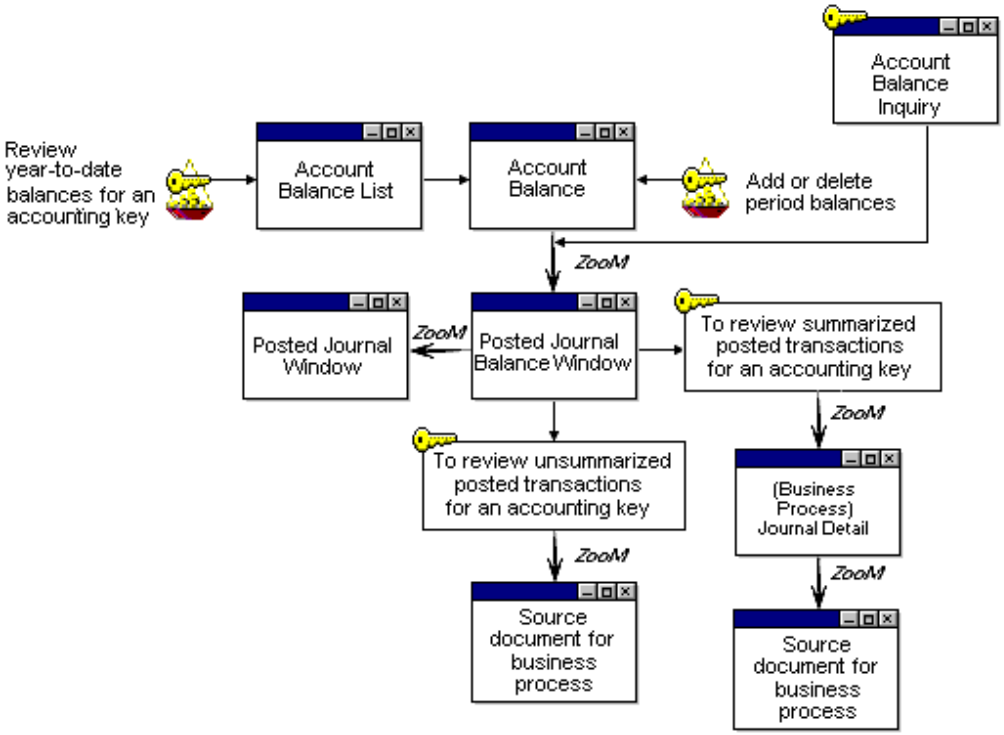
Security Access to Drill-Down Information

Before you use the drill-down feature from the account balance windows, you must have the proper security access. Make sure that the proper activity and data control security access has been granted. For example, if the source document for a balance includes an Invoice window, you must have SmartStream access to the activity and data access for the window.

Using the Account Balance Windows

The following diagram shows how to review balance information using windows. You can begin this process using different activities and then branch when you reach the Posted Journal Balance window. For instance, you can begin your inquiry from the Account Balance List, Account Balance, or Account Balance Inquiry window. Depending on the information you want to view, you can drill down using Account Balance or the Account Balance Inquiry window to either of the following sources:

- Posted journal
- Source document


Account Balance Inquiry
Review year-to-date balances for an accounting key
Account Balance List
Account Balance
Add or delete period balances
ZooM
Posted Journal Window
ZooM
Posted Journal Balance Window
To review summarized posted transactions for an accounting key
ZooM
To review unsummarized posted transactions for an accounting key
(Business Process) Journal Detail
ZooM
ZooM
Source document for business process
Source document for business process

Correcting Journals

During the posting process, errors can occur in the journals as a result of

- An out-of-balance journal
- A closed account
- An invalid accounting key.

You correct the journal according to the type of error processing you selected when defining journal default policy.

If you selected...	Then...
Error recycle	Correct the original unposted journal.
Suspense balancing	Complete the suspense-clearing journal.

6 Periodic Processing

Chapter Contents

6-1 About Periodic Processing
6-2 Changing Accounting Periods
6-3 Ledger Maintenance
6-5 Revaluation Process
6-9 Archiving and Purging Posted Journals
6-10 Year-End Maintenance
6-12 Reversal and Transfer Utility
6-13 SmartStream Euro Currency and Ledger Journals

About Periodic Processing

Periodic processing refers to those activities that are used only as needed. Dependent upon company policies these functions can be run daily, monthly, quarterly, or yearly. Some of the periodic Ledger activities are

- Changing your accounting periods
- Making high-volume changes to your Ledger
- Revaluing account balances held in foreign currencies
- Archiving and purging posted journals
- Closing your year
- Managing transaction and balance information

Changing Accounting Periods

Changing your accounting periods moves your processing periods from one accounting period to the next. To ensure the greatest control over your data, Ledger requires you to change the accounting period each time you want to move it forward.

When moving to your next accounting period, you can change your journal processing and reporting dates

- One entity at a time (Ledger Policy: Dates View activity)
- Several entities at a time (Multiple Entity Period Close activity).

Ledger Maintenance

Ledger maintenance allows you to update a large number of rows on a table at one time. The following table lists types of maintenance:

Table	Type of Maintenance
Ledger Account Balance	**Archive** allows you to move amount class rows from this table to a history table. When the rows from the ledger account balance table are moved, they are deleted. **Update** amounts only. **Delete** entire amount classes for a ledger entity.
Ledger Account	**Update** any nonkey information. **Delete** rows from the table.
User Fields	**Insert** rows to the table.

Conditions

When using a Ledger Maintenance Request you

- Cannot enter more than one maintenance request action (archive, update, or delete) per ledger maintenance request. For example, you cannot enter an update and delete action on the same ledger maintenance request.
- Cannot enter more than one delete or archive action on a ledger maintenance request.
- Can enter more than one update action on a single ledger maintenance request.
- Cannot delete an actual amount class that is later than or the same as the current processing year.

Use the Ledger Maintenance Request window to maintain information on the chart of accounts or the ledger balance tables. For more information about completing the Ledger Maintenance Request window, refer to Ledger online Help.

Using Ledger Maintenance

To perform maintenance, use the following process:

Stage	Description	Activity
1	Complete the parameters for the request.	Ledger Maintenance Request
2	Initiate the maintenance request	Job Scheduler
3	Check the messages on the Maintenance Error report.	Ledger/Journal/Currency Reporting

Revaluation Process

The revaluation process allows businesses transacting in multiple currencies to recalculate account balances denominated in foreign currencies. The revaluation process accounts for fluctuations in exchange rates between primary, secondary, and transaction currencies. Gains and losses that result from this fluctuation can

- Be posted to predefined realized or unrealized accounts in journal entry form
- Directly update the balance table.

The revaluation process has two steps:

- Revaluation calculates gains and losses due to rate changes from transaction currencies to the primary book.
- Restatement calculates gains and losses due to fluctuations between the primary book and the secondary book.

To use the revaluation process, we recommend that you define your primary book as your functional currency and your secondary book as your reporting currency.

Using Revaluation

You can revalue (transaction currency to functional currency) amounts with month-end rates and track the gains and losses to appropriate accounts. You can then restate (functional currency to reporting currency) these amounts; at a different point in time, using a different rate, to report results to a parent company. For an example of a revaluation calculation, click here.

Tracking Changes

SmartStream gives you flexibility in determining the audit trail for Revaluation program processing. The following table describes the different revaluation process outputs and considerations for using each type:

Output Type	Revaluation Program…	Considerations
Direct update of amounts	Only updates the balance table (audit report automatically created)	Eliminates the need to run the posting program Review results using the Revaluation/Restatement Direct Update report
Unposted journal transactions	Updates unposted journal (unposted_jrnl_ctrl and unposted_jrnl_line) transactions	Review entries before running the Posting program
Posted journal transactions with direct update of amounts	Updates the balance (ldr_acct_bal) and the posted journal (posted_jrnl_ctrl and posted_jrnl_line) tables.	Balances are directly updated Audit trail is still maintained

Output Type	Revaluation Program…	Considerations
Audit reports only	Simulates results of revaluation processing without changing Ledger tables	Preview currency fluctuations using a "What if" scenario

Revaluation Process Considerations

When the Revaluation program runs, it checks the chart of accounts parameters for that specific accounting key. If values exist, they override the information on the Revaluation/Restatement Request window.

Example

During processing, values for Revaluation and Restatement rate type and date come from the Chart of Accounts window. If values are entered for these fields on the Revaluation/Restatement Request window, they will only be used if either or both of these values are blank on the chart of accounts:

Accounting Key	Chart of Accounts Window Values	Revaluation/Request Window Values
ADMIN 52110 MKTG	Revaluation Rate Date = 06/01/1999 Revaluation Rate Type = P	Rate Date = 06/30/1999 Rate Type = A
ADMIN 52110 LEGAL	Revaluation Rate Date = Revaluation Rate Type = P	Rate Date = 06/30/1999 Rate Type = A
ADMIN 52110 HR	Revaluation Rate Date = Revaluation Rate Type =	Rate Date = 06/30/1999 Rate Type = A
ADMIN 52110 SERVC	Revaluation Rate Date = 06/15/1999 Revaluation Rate Type =	Rate Date = 06/30/1999 Rate Type = A

During processing, the system uses the following values:

Accounting Key	Uses…	And these values…
ADMIN 52110 MKTG	The chart of accounts data	Rate date of 06/01/1999 Rate type of P.
ADMIN 52110 LEGAL	A mixture of the chart of accounts and the revaluation request data.	Rate date of 06/30/1999 Rate type of P.
ADMIN 52110 HR	The revaluation request data.	Rate date of 06/30/1999 Rate type of A.
ADMIN 52110 SERVC	A mixture of the chart of accounts and the revaluation request data.	Rate date of 06/15/1999 Rate type of A.

This allows you to enter fewer Revaluation/Restatement Requests.

Setting Up the Revaluation Process

To set up revaluation, use the following activities:

Stage	Description	Activity
1	Set up SmartStream Currency Management.	
2	Ensure that the ledger entity is multiple-currency and that currency parameters have been set up.	Ledger Policy: Main View
3	Set up the offset accounts.	Ledger Balancing Accounts: Gain/Loss View
4	Turn on revaluation and/or restatement option and add the revaluation and restatement parameters.	Chart of Accounts: Currency View
	Note: If using automatic accounting key generation, you can activate Revaluation and/or Restatement using SmartStream Structures.	Point Properties
	You can see the associated Key IDs and accounts by displaying the Key IDs and Gain/Loss Accounts Listing.	Ledger/Journal/Currency Reporting
5	Set up the parameters for running the revaluation process. You can run Revaluation and Restatement separately or both at the same time.	Revaluation/Restatement Request
6	Initiate the request.	Job Scheduler
7	Verify the successful completion of the revaluation process.	Ledger/Journal/Currency Reporting: Revaluation/Restatement Audit Revaluation/Restatement Direct Update Revaluation/Restatement Journal Revaluation/Restatement Results

For information about the reports and how to run them, see Ledger Reporting online Help.

Revaluation Calculation Example

In this example, the revaluation process updates the primary book using one rate and offsets to a gain or loss account (Unrealized or Realized Gain/Loss Account) which is as an income statement account. The secondary book adjustment uses another rate with offsets to a gain or loss account, which is a balance sheet account.

Policy Parameters

Primary book currency is CAD (E1)	Revaluation rate is .912
Secondary book currency is USD (E2)	Restatement rate is .701
Transaction currency is AUD (T)	

Current Balances

AUD (T)	CAD (E1)	USD (E2)
100000.00	91100.00	63770.00

Rate Calculation

Revaluation step	Calculation
transaction x revaluation rate (T to E1) = new E1 amount	100000.00 * 0.912= 91200.00
new E1 amount – old E1 amount = E1 transaction adjustment	91200.00 – 91100.00 = 100.00
Restatement step	**Calculation**
new E1 amount x restatement rate (E1 to E2) = new E2 amount	91200.00 * 0.701 = 63931.20
new E2 amount – old E2 amount = E2 transaction adjustment	63931.20 – 63770.00 = 161.20

Resulting Journal Entries:

Journal Entry Output	AUD (T)	CAD (E1)	USD (E2)
Original Account	0.00	100.00	161.20
Revaluation offset to unrealized or realized gain/loss account	0.00	100.00	0.00
Restatement offset to unrealized or realized gain/loss account	0.00	0.00	-161.20

Balances After Journal Post:

AUD (T)	CAD (E1)	USD (E2)
100000.00	91200.00	63931.20

Archiving and Purging Posted Journals

Using thehe archive and purge process, you can remove outdated posted journal information. You can archive the data before it is purged. Based on parameters you define, you can archive data to either a history table or to a file that you can store on disk or tape, before it is purged.

The following table describes different ways to archive:

You can archive to a...	Description
History table on the server	Have access to data for reporting purposes, but keeps active tables smaller and more efficient
Disk	Have no further need to access the data but retain the information for audit purposes
Disk from a history table	No longer need to access the data but want to retain the information for audit purposes

Archive and Purge Process

To purge and archive posted journals, follow this process:

Stage	Description	Activity
1	Determine the data you want to purge and/or archive.	Archive/Purge Request
2	Determine the type of processing. You can preview the archive/purge information before changing the information on the tables. Run the archive/purge process.	Job Scheduler
	If you preview the data, review the information and make corrections, if necessary, and resubmit the job	Posted Journal Archive/Purge report

Year-End Maintenance

When your enterprise ends its fiscal year, close the ledger for the current year, open a new year, and optionally archive amount classes.

There are two types of year-end maintenance. One type allows you to open your amount classes for future posting (interim year open), the other moves you to the new year (complete year end).

Use...	To...
Interim year open	Open only selected amount classes for the future year without advancing to the new year. For example, you might want to open amount classes during the year that were not opened at year's end.
Complete year end	Calculate ending balances, adjust beginning balances for the new year, and roll the processing year forward.

Complete Year-End Processing

Year-end processing closes out the old year and opens the new year. Before closing the old year and opening the new year, complete the following tasks:

Tasks	Description
Make sure Ledger is ready for the year end.	Notify all administrators of Financial products (SmartStream Payables, SmartStream Asset Management, etc.) that the fiscal year will be changing so that any final distributions are made. If there are multiple currency entities, ensure that the final revaluation was run. Post all final accounting transactions for the current fiscal year. Clear all suspense accounts and correct anything in error recycle.
Roll the net income (loss) for the year into retained earnings.	Ensure that Ledger is in balance. Run the Ledger Balance Summary report. Create journal entries for retained earnings and income summary accounts. Post the journal and run the Ledger Balance Summary report again to ensure that Ledger is in balance.
Verify the calendar.	Verify that the calendar includes the new future year. For example, if you are closing 1997 and opening 1998 there must be a calendar for 1997, 1998, and 1999.

Tasks	Description
Verify amount class types dates.	Verify that the ledger amount class types will be accurate for the new year. These dates can begin and end in the same year or the begin and end dates can be many years apart, which indicates that the amount class type is valid for a long period of time. Only the prior year, current year, and future year (based on the current processing year) can be posted to at any time. If you add additional amount classes, add them using the Amount Class Types and Ledger Policy: Classes View windows.
Verify accounting and adjustment periods	Verify that all required accounting and adjustment periods are set up for both the new year and the new future year. If adjustment periods are required, you need to set these up **before** running Ledger year-end processing because adjustment periods added to the calendar after year end are not added to Ledger policy or account balances.

Closing the Year

When the tasks in the list are complete, you are ready to begin closing the year. To close the year, complete the following process:

Stage	Description	Activity
1	Enter parameters for year-end processing.	Year End Request
2	Initiate the request by entering the parameters for year end.	Job Scheduler **Note:** This can be the first step on this window.
3	Archive prior year balances, if desired.	Ledger Maintenance Request **Note:** This can be the second step in Job Scheduler.

Reversal and Transfer Utility

The reversal and transfer utility provides an automated method of managing transaction and balance information in Ledger. You use the utility to

- Reverse posted journal entries
- Transfer or copy amount classes
- Reverse a text file, such as the results of allocation processing.

Reverse Posted Journal Entries

Posted journals that were entered and posted in error can be selectively reversed. You can choose journals from the posted journal table, reverse them, and then post them using the Load and Post programs.

Online Reversal

If you have the proper activity security, you can also reverse journals using the Reverse Journal action on the Posted Journals window.

For more information, see Reversing a Posted Journal Using the Reverse Journal Action in the Ledger online Help.

Transfer Amount Classes

Amount classes can be automatically transferred or copied from one amount class to another. If you have allocations installed and store allocated amounts in a special amount class, you can use the Reversal and Transfer utility to transfer an amount class to your actual balances. The utility deletes the old amount class.

If you want to keep the original amount class and create a new amount class with the same information, use the copy function.

Reverse Allocation Processing

This utility can also reverse the results of allocation processing. For more information, see What If I Made a Mistake in the *Allocations* guide.

Using the Reversal/Transfer Utility

To use the Reversal and Transfer utility, access the Ledger/Journal/Currency Reporting activity from your desktop, choose the Utility button, and select Reversal/Transfer.

Note: SmartStream provides a hidden field for any enterprise needing to change debit or credit codes for offset rows in the balance table. To use this field you must use the Design mode of Microsoft Access. For more information, see Changing Debit/Credit Codes.

SmartStream Euro Currency and Ledger Journals

After Balance Forward processing (booking currency conversion) is completed using SmartStream Euro Currency, synchronization forward and backward keeps the euro and national currencies consistent during the transition period.

Transition Period Processing and Journals

During the transition period, your enterprise maintains two sets of books: one in the national currency and the other in the euro currency. Although the post process updates one set of books, synchronization ensures that both the national and euro balances are in harmony. When you bring your balances forward, synchronization keeps balances in the old and new entities until the final closing of the old entity.

Synchronization Journals

Designate synchronization journals by selecting the Synchronization Journal Action on the Unposted Journals window. A synchronization journal cannot be

- A repeating journal
- A template
- An adjustment journal
- An accrual journal.

End of Transition Processing

At the end of the transition period, after you convert your financial applications to the euro currency, you may have journals in a participating currency (primarily from the subledgers and accrual reversals) that you need to post to your ledger. You may also have ledger account transaction balances in participating currencies for periods after the transaction end date that need clearing.

Euro End of Transition Scheduled Process

You can generate the journal lines necessary to reverse these balances and post their equivalents to euro balances using the Euro End of Transition scheduled process. This process reads the calculated year-to-date balance for the first period following the transition end date and activity amounts for all other periods and generates both offsetting journal lines in the participating currency and new journal lines in the euro currency.

Running the Scheduled Process

Run this scheduled process after posting to ledger. After the end of transition processing is successfully completed, run ledger posting again to post the journal lines generated by this process.

To run the Euro End of Transition scheduled process using the Job Scheduler, you must first add a request on the Euro End Transition Request window that specifies the processing parameters to use. You then enter the request ID as one of the Job Scheduler parameters for running the scheduled process.

SmartStream Euro Currency

For information about SmartStreamEuro Currency, check these links:

- Impact of Euro on Software
- Overview of Using Euro Currency with Ledger

Definitions

- Transition period
- Changeover year
- Closing year

7 Average Balances

Chapter Contents

7-1 About Average Balances
7-3 Establishing Average Balances

About Average Balances

Average Balances, an optional part of Ledger, is used primarily by banks and other financial institutions to report average balances to federal and other local regulatory agencies.

If you want to use Average Balances you must

- Select the Average Balances option in enterprise policy
- Set up average balance policies at the ledger entity level
- Store daily or monthly aggregates.

Enterprise Ledger Policy

Once you decide to use the Average Balances feature you must select it on the Ledger View of the Enterprise Policy window. The following table discusses the result of changing this decision:

If you change from...	To...	Then Ledger...
No Accounts or All Accounts	Balance Sheet Accounts	Changes default value but does not delete average balance table rows.
No Accounts or Balance Sheet Accounts	All Accounts	
All Accounts or Balance Sheet Accounts	No Accounts	Deletes all average balance table rows for all ledger entities.

Ledger Entity Level

The following table describes the results of changing your decision to store average balances for a ledger entity and amount classes:

If you change from...	To...	Then Ledger...
No Accounts	Balance Sheet Accounts	Stores balance sheet accounts or all accounts for this ledger entity.
No Accounts or Balance Sheet Accounts	All Accounts	
All Accounts	Balance Sheet Accounts	Deletes all average balance table rows for the non balance sheet accounts for this ledger entity.
All Accounts or Balance Sheet Accounts	No Accounts	Deletes all average balance table rows for this ledger entity.
Storing Average Balances for an amount class type	No Average Balance storage	Deletes all average balance table rows for this entity's amount class type.

Establishing Average Balances

To establish and report on Average Balances, follow this process:

Stage	Description	Activity
1	Determine for which type of accounts you will store average balances.	Enterprise Policy: Ledger View
2	Establish ledger entity policies: ▪ Determine which entities will store average balances ▪ How long to store average balances.	Ledger Policy: Options View
	▪ Select those amount classes you will use to store average balances	Ledger Policy: Classes View
3	Load average balances: ▪ Prepare the data	ASCII comma or tab delimited file
	▪ Request the load	Ledger Load Request
	▪ Perform the load	Job Scheduler
	Confirm average balances	Average Balances control reports
4	Update average balances.	Ledger Average Balances Update Request Job Scheduler
5	Enter and post journals.	Unposted Journals Ledger Posting Request Job Scheduler
6	Retrieve the most up-to-date averages.	Formula Resolution Batch Process
7	Generate reports.	SmartStream Management Reporter or any supported third-party reporting tool

8 Reporting

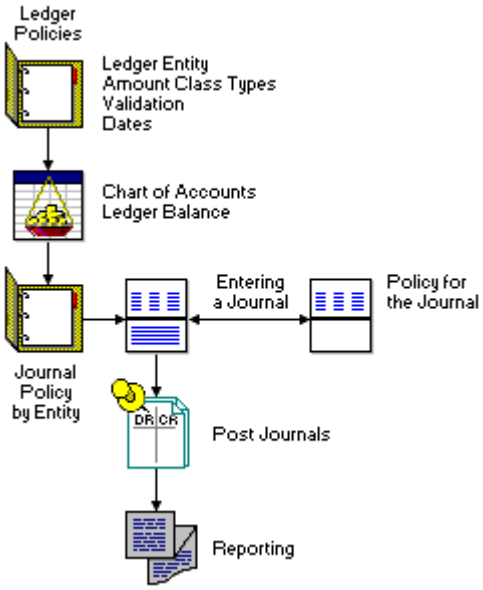
Chapter Contents

8-1 About Ledger Reporting
8-2 Reporting Process
8-3 Reporting by Function

About Ledger Reporting

Reports generated from a business process help you verify that certain processes have occurred. The SmartStream-delivered reports are examples of the type of information that can be generated from the ledger and journal tables.

The following diagram highlights the SmartStream Ledger process is discussed in this chapter:



Reporting Process

The following table identifies the stages in the reporting process. Use this process to produce any of the reports described in this chapter, except for the sample reports delivered for Management Reporter. To run a Management Reporter report, refer to Management Reporter online Help.

Note: After you access the reporting window from SmartStream, you perform all the remaining stages in Microsoft Access.

Stage	Description	Ledger/Journal/Currency Reporting Window	Average Balances Reporting Window
1	Select the reporting module.	**From SmartStream:** Choose Ledger/Journal/Currency Reporting from an Activity List. **From Ledger:** Choose an action from the posted or unposted journal windows.	From SmartStream, choose Average Balances Reporting from an Activity List.
2	Choose the button and select the desired report.	Ledger/Journal/Currency Reporting	Average Balances Reporting
3	Modify the run-time parameters as needed.	Ledger/Journal/Currency Report Parameters window	Average Balances Report Parameters window
4	Choose Preview or Print.	Ledger/Journal/Currency Report Parameters window	Average Balances Report Parameter window

For more information about

- Ledger reports, see Ledger Reporting online Help
- Running reports, see Setting Up for Reporting.

Reporting by Function

The following table groups reports according to when you might want to run them.

If you want to ...	Then select these reports...
See a list of your accounting key elements	Accounting Key Element Listing.
Verify the chart of accounts	Chart of Accounts Listing Chart of Accounts Maintenance.
Check the ledger account balances	Ledger Balance Detail Ledger Balance Summary Trial Balance Account Balance Maintenance.
See entity policy decisions	Entity Policy Listing Validation Structures Combination Validation Cross Reference.
See intraentity balancing controls accounts and rules and the corresponding associations	Intraentity Control Accounts Intraentity Control Accounts by Entity Intraentity Balancing Rules Intraentity Balancing Rules by Entity
See journal translation rules and associations	Ledger Journal Translation Rules Ledger Journal Translation Rules by Entity
Preview journal entries before posting	Local Journal Detail Unposted Journal Detail.
Verify the results of a post	Journal Error Posted Journal Detail Posted Journal Summary Accounting Keys Generated from Posting Ledger Balance Summary Ledger Balance Detail Ledger Balance Detail by Account.
See a listing of your balancing accounts	Currency Balancing Accounts Listing Interentity Accounts Listing Key ID and Gain/Loss Account Listing Suspense ID and Account Listing Currency Clearing Accounts Listing (for euro conversion).
See Revaluation/Restatement options	Chart of Accounts Currency Listing Chart of Accounts Currency Maintenance.
Preview the results of the Revaluation program	Revaluation/Restatement Audit.

If you want to ...	Then select these reports...
See the results of the Revaluation program	Revaluation/Restatement Results Revaluation/Restatement Direct Update Revaluation/Restatement Journal (if output type is Create Journals on the Revaluation Request window) **or** Revaluation/Restatement Audit (if output type is **Audit reports only** on the Revaluation/Restatement Request window).
Verify the results of processing posted journals using the Archive/Purge program	Posted Journal Archive/Purge.
See errors resulting from	
▪ Average Balances aggregate load	Maintenance and Load Error.
▪ Average Balances update	
▪ Ledger maintenance	
▪ Posting	Journal Error.
▪ Loading journals	
▪ Revaluation process	Revaluation/Restatement Error.
Review average balances	Average Balances Audit Average Balances Control Average Balances Value Date Audit.

For a complete list of Ledger reports and their descriptions, see Ledger online Help.

9 Ledger Entity Policy Questionnaire

Chapter Contents

9-1 Questionnaire

Questionnaire

Use this questionnaire to record your ledger entity policy decisions. Use one questionnaire per ledger entity.

Question	Answer
What name and description will be used for the ledger entity?	
Do you need to change the country and language names? If so, to what?	
Which fiscal year will this ledger entity be using? How many accounting and adjustment periods are needed? Which calendar reflects these requirements?	
Do you want to record changes that are made to the chart of accounts or ledger balances?	
When can accounts be deleted from the chart of accounts? ▪ When actual amounts are zero ▪ When all amounts are zero ▪ Regardless of balances ▪ Account deletions not allowed **Note:** When Ledger calculates amounts to determine whether it can delete an account, it uses absolute values.	

Question	Answer
The following three questions relate to multiple-currency entities only.	
What will be my source for rates?	
What currency will be used for the ▪ Primary book? ▪ Secondary book?	
Do you want to store book balances?	
Which amount class types are needed for the enterprise?	
Which amount class types do you want to use for this entity?	
Which amount class types need to have debits and credits in balance?	
Do you want to store debit and credit amounts separately? If so, which amount class types?	
Which, if any, elements do you want to validate?	
Do you want to automatically add accounting keys to the chart of accounts?	
Do you want to ensure that element groupings are logical?	
What are your restrictions for journal processing dates?	
Are reporting dates different from journal processing dates?	

Question	Answer
The following questions relate to average balance entities only.	
Which ledger entities should store average balances?	
Which amount class types should store average balances?	
How long do you need to store average balances?	

10 Columns to Match for Summarization

Chapter Contents

10-1 Summarization

Summarization

The following table shows all the columns that must match in journal summarization. The column names are listed for both the journal control and the journal line tables for the SmartStream business processes that use summarization: Asset Management, Bank, Funds Control, Ledger, Payable Drafts, Payment, Payment Request, Projects, Receipt Accrual, Receivables, Supplies Management, and Payroll.

Journal Control	Journal Line
jrnl_id	jrnl_id
jrnl_seq_nbr	jrnl_seq_nbr
ldr_entity_id	ldr_entity_id
eff_date	eff_date
suspense_seq_nbr	suspense_seq_nbr
accrl_rvsl_ind	accrl_rvsl_ind
jrnl_status_code	jrnl_line_status
amt_class_1_type	line_ldr_entity_id
amt_class_2_type	User-defined accounting key
jrnl_type_code	amt_class_1
rate_entity_id	amt_class_2
curr_converted_ind	posting_pd
vou_nbr	jrnl_origin_code
Payment Request uses pmt_rqst_vou_nbr	trans_curr_code

Journal Control	Journal Line
Receivables uses recv_doc_vou_nbr	curr_rate_type
err_handling_opt	prim_curr_code
bal_status_code	trans_to_prim_exchange_rate
curr_jrnl_ind	secdy_curr_code
inter_entity_jrnl_ind	prim_to_secdy_exchange_rate
adj_pd	curr_converted_ind
suspense_id	curr_rate_date
lock_ind	
jrnl_origin_code	

SMARTStream®

Financials
Payable Entity

Version 6.5

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1 Overview of Payable Entities

Chapter Contents

1-1 About Payable Entities
1-3 Tasks for Setting Up a Payable Entity

About Payable Entities

A *payable entity* is a set of processing options and defaults that control the recording and processing of payments to your vendors.

SmartStream Payables processes payment requests according to the controls for the payable entities you specify when you enter these documents.

SmartStream Purchasing applies payable entity defaults for taxes and accounting distributions to purchase orders, depending on your default processing sequence.

If you perform three-way matching of invoices, purchase orders, and receipts, the payable entity identifier is a matching criterion.

What Do You Need to Do Before Setting Up Payable Entities?

Before you can set up your payable entities and use them for processing payment requests and purchase orders, you must make the following decisions for your enterprise:

- Define your accounting key
- Set up currency codes and define currency policies
- Select the countries you need to refer to in your financial transactions
- Define enterprise policy defaults for
  - Currency
  - Ledger

  - Format of addresses, dates, and amounts
  - Printing options for reports
  - Generation of voucher numbers for your payable documents
  - Using control groups for payment requests
  - Methods of sorting payments to your vendors.
- Set up SmartStream Ledger.
- Set up your various terms of payment
- Set up the banks, bank accounts, and payment methods you need for your financial transactions
- Set up the tax rules and rates you need to process payables and purchasing documents
- Define the earnings and withholding policies that apply to your vendors

Tasks for Setting Up a Payable Entity

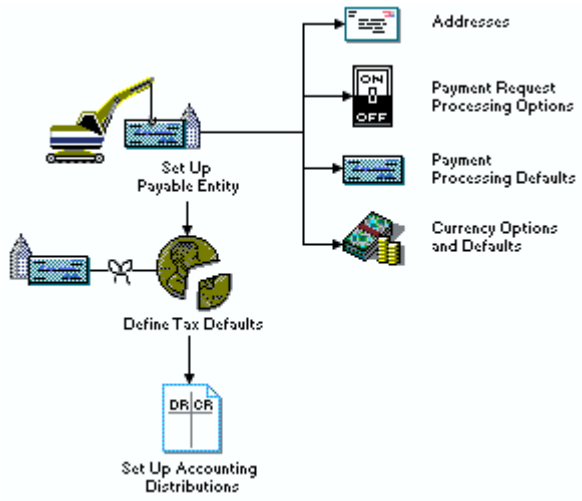
This guide contains information to help you make the business decisions for performing the following tasks:

- Identifying the different sets of payable entity controls you need
- Selecting processing options for ledger posting, voucher numbers, discounts, freight and miscellaneous charges, and control groups
- Adding defaults for payment methods, terms, and approval
- Specifying currency defaults and exchange rate policies
- Associating tax rules with tax and tax exemption identifiers
- Defining default tax rules, rates, and reclaimable rates
- Setting up default accounting distributions for accounts payable liability, withholding liability, expenditures, discounts, and freight and miscellaneous charges

For some of the processing options and defaults, SmartStream displays default values you established earlier in your implementation. You can accept the default selections or you can change them, if SmartStream allows.

How You Set Up Payable Entities

The following diagram illustrates setting up the components of payable entity policy:



The following table lists the tasks for setting up payable entities and shows a suggested order for performing the tasks. It also specifies the SmartStream window to use for each task.

Task	Description	Window
1	Determine the different sets of payable entity controls you need.	
2	Add the address of the payable entity.	Payable Entity Policy Window: Address
3	Select options for processing payment requests.	Payable Entity Policy Window: Options
4	Add defaults for terms and payment method.	Payable Entity Policy Window: Defaults
5	Specify controls for calculating currency exchanges.	Payable Entity Policy Window: Currency
6	Associate tax identifiers with tax rules for reporting purposes.	Payable Entity Tax Policy
7	Add defaults for tax rules and rates.	Payable Entity Tax Policy
8	Enter default accounting distributions.	Payable Entity Accounting Distributions

For more help on creating and modifying a payable entity, see the Payable Entity Policy window online help.

2 Defining Payable Entity Identifiers Options and Defaults

Chapter Contents

2-1 Identifying Payable Entities
2-5 Payable Entity Processing Options
2-15 Payable Entity Defaults

Identifying Payable Entities

This section contains information and examples to help you identify your payable entities and select payable processing options and defaults.

Policy Decisions

When you set up payable entities, consider the following questions:

- How many payable entities do you need, and what are the criteria for organizing them?
- What is a short identifier for each payable entity?
- What is a descriptive name for each payable entity?

Criteria for Organizing Payable Entities

You can set up your payable entities according to any organizational criteria you need.

The following list shows some examples of schemes for setting up separate payable entities:

- Different geographical divisions of your enterprise
- Different functional divisions or subsidiaries of your enterprise
- Departments or divisions for which you want to do separate reporting or which have different policy options

- Departments that deal only in a single currency and other departments that deal in multiple currencies

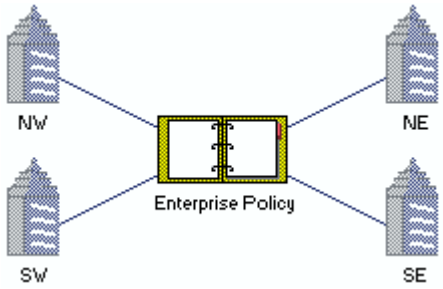
Identifier and Name

Choose a unique *identifier* for each payable entity. After you save a payable entity, you cannot change this identifier. You must also enter a descriptive *name* for the payable entity. The payable entity name prints on your reports.

Example 1

Your enterprise has four regional offices in addition to its corporate location. The payables department is decentralized, so each location has control over its own payables function.

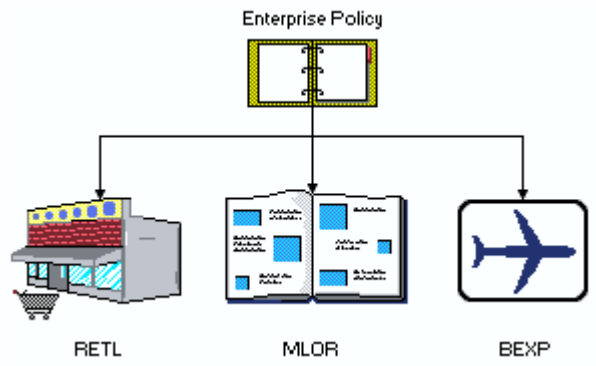
You designed the following structure of payable entities to meet the needs of your enterprise:



Example 2

Your enterprise has three functional divisions, each with its own payment practices. You separate the retail division from the mail-order division for reporting purposes. Another division processes your business expenses (overhead).

You designed the following payable entity structure to meet the needs of your enterprise:



Address Information

Although address information for a payable entity is optional, you can enter an address for the payable entity when you define it. Review the *address format*, which is a default from enterprise policy, and accept the enterprise default or override it by selecting a different address format for the payable entity.

Default Processing for Payment Requests and Purchase Orders

When you enter a payable entity identifier on a payment request or purchase order, the policy defaults and options you selected for that payable entity automatically apply to that document unless you selected different values for the same options or defaults in vendor policy.

Defaults for a vendor, if they exist, take precedence over defaults for the payable entity when you process payment requests and purchase orders.

For some information, you can override a default option or value when you enter payment requests or purchase orders. However, you cannot override payable defaults after you begin a payment run.

Inactivating and Reactivating Payable Entities

You cannot delete a payable entity from Payables. However, you can inactivate a payable entity if you no longer need to use it. You can reactivate the payable entity later if you need to use it again.

You can also use the inactive feature if you want to set up a payable entity, but you do not want to use it for processing payment requests or purchase orders until a future date. Define all the information for the payable entity and save it, then immediately make it inactive. You can activate the payable entity when you are ready to use it.

Using Inactive Payable Entities

You can display the policy information for an inactive payable entity, but you can change only the tax default information and the accounting distribution information.

You cannot use an inactive payable entity to process new payment requests or purchase orders. Existing documents, however, are not affected.

For more help on creating and modifying a payable entity, see the Payable Entity Policy window online help.

Payable Entity Processing Options

When you set up a payable entity, you can select several options to control how Payables processes payment requests and payments.

Policy Decisions

When you select processing options for a payable entity, consider the following questions:

- How do you want Payables to determine the effective date for posting accruals?
- Do you want to require voucher numbers on all your payment requests?
- If you do require voucher numbers, do you want Payables to generate them automatically? If so, do you want to be able to override the generated numbers?
- How do you want Payables to determine the effective date for posting a discount?
- How do you want to post discount amounts?
- Do you always want to take discounts or do you want to take a discount only when it is earned?
- Do you want to enter payment requests individually or in control groups?
- Do you want to have the option of paying a payment request in a control group if the control group is incomplete?

The following discussion provides information and examples to help you make these decisions.

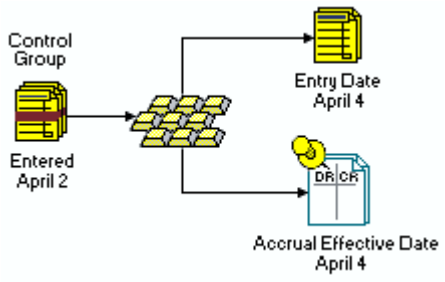
Accrual Effective Date Option

Select the date option you want Payables to use when determining the posting dates for accrued amounts of payment requests. The option you select determines the *accrual effective date* that Payables calculates for each payment request entered for the payable entity.

Example

For a payable entity you define, you want the posting date for the accrual of each payment request to be the same as the date you enter the payment request. When you set up the payable entity, you select Entry as the accrual effective date option.

When you process payment requests for this payable entity, Payables records the entry date of each payment request as its accrual effective date.



Overriding the Option

You have two opportunities to override the accrual effective date determined by the payable entity option. You can enter a different accrual effective date at either of these times:

- When you enter a control group of payment requests
- When you enter a particular payment request

This table shows the effects of overriding an accrual effective date determined by this payable entity option:

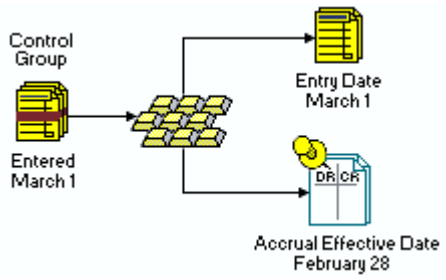
If you enter an accrual effective date...	Then the date you enter overrides...
On a control group of payment requests	The accrual effective date determined by the payable entity option **for this control group only**. The date you enter is the accrual effective date for all payment requests in this control group.
On a particular payment request	The accrual effective date determined by the payable entity option **for this payment request only**. It also overrides any accrual effective date entered for the control group **for this payment request only**.

Example

On March 1 you enter a control group of payment requests that you want to post as February activity. When you defined this payable entity, you selected Entry for the accrual effective date option, so Payables calculates an accrual effective date of March 1 for each payment request in the control group.

To override the accrual effective date determined by the payable entity option, you enter February 28 as the accrual effective date when you enter identifying information for the control group.

This date overrides the accrual effective date of March 1 on each payment request in the group.



Voucher Number Options

As part of your internal controls, you can select options for using *voucher numbers* on payment requests processed using a payable entity. Voucher numbers are internal reference numbers that you can assign to organize your payable documents for reporting and inquiry purposes.

Enterprise Voucher Number Options

You can select options for using voucher numbers when you select up payables enterprise policy options. The enterprise options are defaults for all your payable entities.

When you set up a payable entity, you can accept the enterprise defaults, or you can override the enterprise defaults by selecting different voucher number options.

Determining Your Requirements

When you set up a payable entity, you can select an option to require voucher numbers on payment requests.

This table shows the effects of your decisions about whether to use voucher numbers for a payable entity:

If you...	Then...	Payables...
Want to use voucher numbers on all payment requests for the payable entity	Select the option to require voucher numbers.	Does not process any payment request without a voucher number.
Do not want to use voucher numbers on payment requests for the payable entity	Do not select the option to require voucher numbers.	Processes any payment request for the payable entity, regardless of whether it has a voucher number.
Want to use voucher numbers only on certain payment requests for the payable entity	Do not select the option to require voucher numbers. You can enter a voucher number for a particular payment request when you enter the request.	Processes any payment request for the payable entity, regardless of whether it has a voucher number.

Generating and Overriding Numbers

If you require voucher numbers on payment requests for a payable entity, you can indicate that you want Payables to generate the numbers automatically. You can also indicate whether users can override such numbers.

This table shows the effects of your decisions about using voucher numbers that are automatically generated:

If you...	Then...	Payables...
Want Payables to automatically assign voucher numbers to payment requests	Select the option to automatically generate voucher numbers.	Automatically assigns a unique, sequential voucher number to each payment request.
Want to assign voucher numbers for payment requests based on a nonsequential numbering scheme	Do not select the option to automatically generate voucher numbers.	Does not automatically assign a sequential voucher number to each payment request. You can enter any voucher number you want for a payment request when you enter the request.
Want to be able to override an automatically generated voucher number	Select the option to override automatically generated voucher numbers.	Allows you to override an automatically generated voucher number when you enter a payment request, if necessary.
Do not want users to be able to override the automatically generated numbers	Do **not** select the option to override automatically generated voucher numbers.	Does not allow you to override automatically generated voucher numbers.

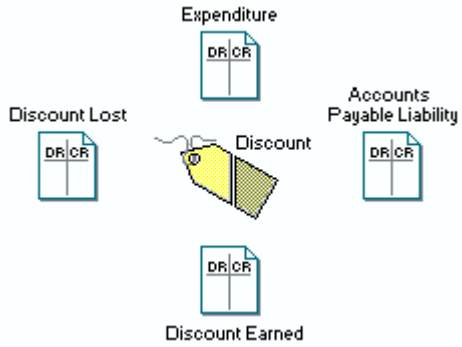
Discount Options

When you set up a payable entity, you select two options that control how Payables processes discounts, if your terms of payment allow you to take discounts.

Discount Method

The *discount method* you choose determines

- When discounts on payment requests that reference the payable entity are recognized in ledger
- How the discount affects the accounts payable liability.



This table explains the implications of selecting each option.

If you want your ledger to...	Select this discount method...	And if you...	Then SmartStream Ledger...
Recognize discount and reduce accounts payable liability at payment time	**Gross**. (The liability is the total amount of a payment request.)	Take a discount	Posts discount amount to a *discount earned* account and reduces accounts payable liability by the total amount. The ledger effective date for both postings is the payment date of the payment request.
Recognize discount and reduce accounts payable liability at payment time	**Gross**. (The liability is the total amount of a payment request.)	Do not take a discount	Reduces accounts payable liability by the total amount. The ledger effective date is the payment date of the payment request.
Recognize discount and reduce accounts payable liability on ledger effective date	**Net**. (The liability is the total amount of a payment request minus the discount amount.)	Take a discount	Posts discount to *line expenditure accounts* or to a discount earned account. If a tax discount adjustment is calculated, the adjustment amount is reflected in the expenditure or the tax account. The ledger effective date of both postings is the accrual effective date. Reduces accounts payable liability by the net amount, and this ledger effective date is the payment date of the payment request.

If you want your ledger to...	Select this discount method...	And if you...	Then SmartStream Ledger...
Recognize discount and reduce accounts payable liability on ledger effective date	**Net**. (The liability is the total amount of a payment request minus the discount amount.)	Do not take a discount	Posts discount amount to a *discount lost account* and reduces accounts payable liability by the net amount. If a tax discount adjustment is calculated, the adjustment amount is reflected in the tax account. The ledger effective date for both postings is the payment date of the payment request.

Note: After you set up a payable entity and begin processing payment requests, you can change this selection for discount method **only** when no payment requests reference the payable entity.

When to Take Discounts

When you define a payable entity, you also choose under what circumstances to take discounts on payment requests. Your options are

- Always take discounts
- Take discounts only when earned, that is, when you pay a payment request by the discount due date.

Discount Example 1

Your policy is to take earned discounts, and you use the gross discount method. You want SmartStream Ledger to record the entry date of each payment request as its accrual effective date. The currency used in the following example is the United States dollar (USD).

You receive a payment request for 500.

Gross Discount Method: Take a Discount

If you take the discount, SmartStream handles this payment request as follows:

If you....	Then Ledger...
Enter the payment request on March 12	Records the accrual effective date of the payment request as March 12. Posts 500 to accounts payable liability account on March 12. Posts 10 to discount earned account on March 15.
Pay the vendor 490 on March 15 (you take a 2% discount)	Reduces accounts payable liability by 500 on March 15.

Gross Discount Method: Do Not Take a Discount

If you do not take the discount, SmartStream handles this payment request as follows:

If you....	Ledger...
Enter the payment request on March 12	Records the accrual effective date of the payment request as March 12. Posts 500 to accounts payable liability account on March 12.
Pay the vendor 500 on March 30 (you do not take a discount)	Reduces accounts payable liability by 500 on March 30.

Discount Example 2

Your policy is to take discounts when you earn them, and you use the Net discount method. You want Ledger to record the entry date of each payment request as its accrual effective date. The currency used in the following example is the United States dollar (USD).

You receive a payment request for 500.

Net Discount Method: Take a Discount

If you take the discount, SmartStream handles this payment request as follows:

If you...	Then Ledger...
Enter the payment request on March 12	Records the accrual effective date of the payment request as March 12. Posts 490 to accounts payable liability account on March 12. Posts 10 to line expenditure accounts on March 12.
Pay 490 to the vendor on March 21 (you take a 2% discount)	Reduces the liability by 490 on March 21.

Net Discount Method: Do Not Take a Discount

If you do not take the discount, SmartStream handles this payment request as follows:

If you...	Then Ledger...
Enter the payment request on March 12	Records the accrual effective date of the payment request as March 12. Posts 490 to accounts payable liability account on March 12. Posts 10 to discount lost account on March 21.
Pay 500 to the vendor on March 21 (you do not take a discount)	Reduces the liability by 490 on March 21.

Control Group Options

You can enter payment requests individually or in *control groups*. For example, you choose to enter payment requests in control groups in order to audit the number and amounts of payment requests entered.

When you set up a payable entity, you can select two options related to the use of control groups:

- Require users to enter all payment requests in control groups
- Allow users to pay payment requests in incomplete control groups

Enterprise Control Group Options

If you select these control group options when you set up payables enterprise policy, the enterprise policy options are automatically the defaults for all your payable entities.

Payable Entity Control Group Options

When you define a payable entity, you can accept the enterprise defaults or you can override the enterprise defaults by changing the selections for using control groups.

The following table shows how your choices for these options control the management of your payment requests:

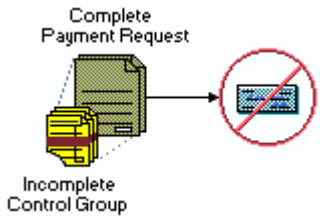
If you want to...	Then...	And payables personnel...
Require users to enter payment requests only by means of control groups	Select the option to require control groups.	Cannot enter payment requests individually. If a user tries to enter a payment request without first entering a control group identifier, Payables issues an error message.
Allow users to enter payment requests either individually or in control groups	Do not select the option to require control groups.	Can enter payment requests either individually or in control groups.
Allow users to pay payment requests in incomplete control groups	Select the option to pay payment requests in incomplete control groups.	Can pay an individual payment request, even if the control group for the payment request is incomplete.
Require a control group to be complete before paying any payment request in the group	Do not select the option to pay payment requests in incomplete control groups.	Cannot pay a payment request from an incomplete control group.

Example

Your accounting department requires clerks to enter payment requests in control groups. You use the control group information to audit the totals of payment requests and the quantity of payment requests you process. You also require an entire control group to be complete before you allow payment of any payment request in the group.

When you set up each of your payable entities, you select the option to require control groups.

You choose not to select the option to allow payment of payment requests in incomplete control groups.



For more help on creating and modifying a payable entity, see the Payable Entity Policy window online help.

Payable Entity Defaults

When you set up a payable entity for payables processing, you can select default values to make entering payment requests faster and easier.

Policy Decisions

When you select defaults for a payable entity, consider the following questions:

- What payment method do you use for paying most payment requests?
- What terms do you use most often with this payable entity's payment requests?
- Do you usually allocate freight and miscellaneous charges to payment request lines?
- Do you have a tax ID number from a tax authority for earnings and withholding reporting?

Payment Method

You define *payment methods* when you set up your bank policy. A payment method identifies the bank, bank account, and type of payment used to pay a vendor. When you set up a payable entity, you can select a default payment method for the entity.

See the *Bank Guide* for details on setting up payment methods.

Default Processing

When you process payment requests, Payables uses the payable entity's default payment method except in these cases:

- You define a different default payment method for the vendor. Payables always uses the vendor's default payment method, if one exists.
- You override the default payment method by entering a different payment method on the payment request.

Example

You prefer to pay your vendors using checks from account 444-98-999 at Smart Bank. You select CHK1 (your identifier for a check payment method) as the payable entity's default payment method.

When you process payments for this payable entity, Payables issues checks to your vendors from the account at Smart Bank.

Terms

When you set up your enterprise, you define all your *terms* of payment. When you set up a payable entity, you can choose terms you want to use as defaults for the entity.

See the *General Enterprise Setup Guide* for details on setting up terms.

Default Processing

When you process payment requests that reference a payable entity, Payables uses the payable entity's default terms except in these cases:

- You define different default terms for the vendor. Payables always uses the vendor's default terms, if they exist.
- You override the default terms by entering different terms on a payment request.

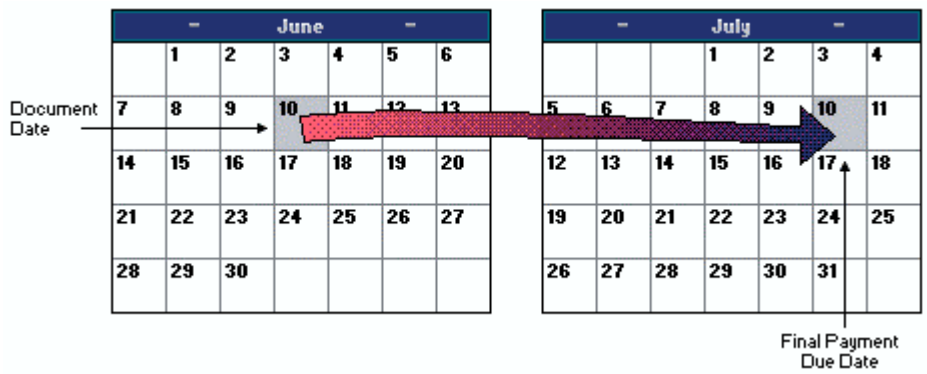
The default terms you specify determine the following information for payment requests:

- Date by which you must pay a payment request in order to receive a discount, if you take discounts
- Final payment due date
- Amount of the discount

Example

Your terms are to pay the full amount of a payment request within 30 days of the payment request date. You do not take discounts. You select N30 (net 30) as default terms for a payable entity. You do not establish default terms for the related vendor.

The following diagram shows how Payables determines the final due date for payment requests that reference this payable entity and vendor.



Allocation Defaults

When you define a payable entity, you can specify how to process freight and miscellaneous charges included in payment request line expenditures.

You can choose to allocate freight or miscellaneous charges, or both, to payment request line expenditures, or you can post these charges to separate accounts. When you enter payment request lines, you can override your default choices for these allocation defaults.

This table explains the implications of your choices for the allocation options:

If you want to...	Then...	Ledger...
Allocate freight or miscellaneous charges, or both, to payment request lines	Select the option to allocate freight or miscellaneous charges, or select both options.	Posts the total amount of a line, including freight or miscellaneous charges, or both, to the expenditure account for the line.
Post freight or miscellaneous charges, or both, to separate expense accounts	Do **not** select the options to allocate freight or miscellaneous charges.	Posts the amounts of the freight or miscellaneous charges, or both, to separate expense accounts in ledger.

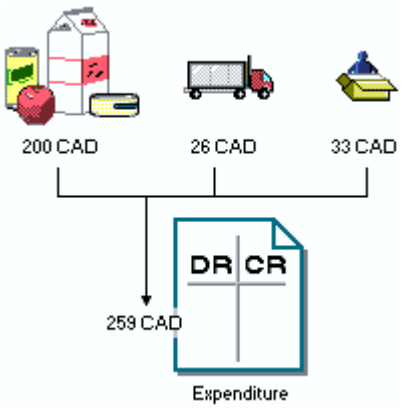
Example 1

You allocate freight and miscellaneous charges to the lines of payment requests. The currency used in the following example is Canadian dollars (CAD).

A payment request includes the following charges:

Line	Expenditure	Freight Charges	Miscellaneous Charges
1	30	2	5
2	90	12	6
3	65	10	22
4	15	2	-

SmartStream Ledger posts 259 to the expenditure account for these lines.



Example 2

You do not allocate freight and miscellaneous charges to payment request lines, because you post these charges separately. The currency used in the following example is the Canadian dollar (CAD).

A payment request includes the following charges:

Line	Expenditure	Freight Charges	Miscellaneous Charges
1	75	8	13
2	33	2	-
3	88	10	-
4	24	2	-

SmartStream Ledger posts amounts for these payment request lines as follows:

- 220 to an expenditure account
- 22 to a freight account
- 13 to a miscellaneous charges account

Withholding Tax Identifier

You can associate the tax identification number for a payable entity with an earnings and withholding rule to use in producing the Earnings and Withholding Verification Detail Report.

When you produce the report, invoices that are subject to 1099 earnings and withholding tax are sorted and totaled by vendor within the payable entity.

For more information on this report, see Payment Request Reports in the *Payables Guide*.

For more help on creating and modifying a payable entity, see the Payable Entity Policy window online help.

3 Setting Up Payable Entity Currency Policies

Chapter Contents

3-1 Selecting a Currency Option
3-3 Specifying a Booking Currency
3-7 Exchange Rate Options
3-8 Summary of Currency Considerations

Selecting a Currency Option

You first defined currency policy when you set up enterprise policy. The currency option you selected in enterprise policy determines what currency information, if any, you can define for your payable entities.

If you selected the Single currency option in enterprise policy, you cannot access the currency activity for payable entities.

Policy Decisions

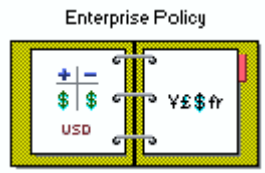
When you select a currency option for a payable entity, consider the following questions:

- What currency option did you select in enterprise policy?
- Do you process payment requests or purchase orders in a currency that is different from your booking currency?

Relation to the Enterprise Currency Option

When you set up enterprise policy, you specified whether your enterprise uses a single currency

or multiple currencies.



The following table reviews how your choice for the enterprise currency option affects the currency policy you can set up for your payable entities:

If...	Then you selected this enterprise currency option...	Therefore...
You deal only in one currency, and you do not expect to use multiple currencies in the future	Single. You also specified a booking currency.	All transactions for your payable entities must use a single currency, which is the booking currency you specified in enterprise policy. **In this case, you cannot access the currency view of payable entity policy.**
You deal in two or more currencies	Multiple.	The default currency option for all your payable entities is Multiple. When you set up payable entities, you can define either multiple or single currency payable entities.

Choosing a Payable Entity Currency Option

If you selected Multiple as the currency option in enterprise policy, you can accept the enterprise default (Multiple) when you set up a payable entity, or you can override the enterprise default by selecting Single as the currency option.

Specifying a Booking Currency

When you set up a payable entity (in a multicurrency enterprise), you must specify a *booking currency*, which is the currency in which Payables generates journal entries and clears payments. This booking currency must be a valid *base currency*, which is a currency into which Payables can convert amounts.

Policy Decisions

When you select a booking currency option for a payable entity, consider the following questions:

- What is the booking currency in enterprise policy?
- What currency do you want to use to post amounts for the payable entity?

Relation to Enterprise Booking Currency

If you selected a booking currency in enterprise policy, it is the default booking currency for all your payable entities. When you set up a payable entity, you can accept the enterprise default, or you can override the enterprise default by selecting a different booking currency.

Example 1

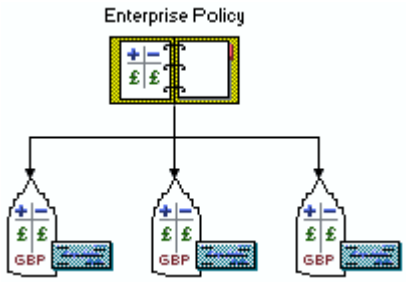
You deal in a single currency, the pound sterling (GBP).

Enterprise Currency Policy

When you set up enterprise currency policy, you selected Single as the currency option, and you were required to select the pound sterling as the booking currency.

Payable Entity Currency Policy

When you set up your payable entities, the pound sterling is automatically the booking currency for all your payable entities. You cannot change this default for any of your payable entities.



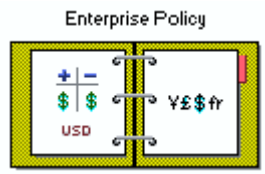
Example 2

You deal in multiple currencies.

Enterprise Currency Policy

When you set up enterprise currency policy, you selected Multiple as the currency option.

Most of your payable entities post amounts in the United States dollar (USD), so you specified the U.S. dollar as the booking currency in enterprise policy.



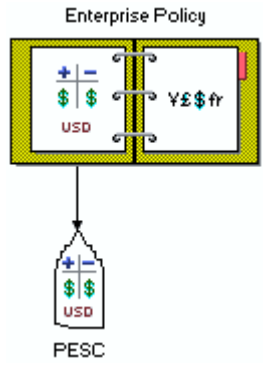
Payable Entity Currency Policy

You set up two payable entities, PESC and PEMC. PESC uses a single currency, while PEMC can process transactions using multiple currencies.

Both entities post amounts in the U.S. dollar (USD).

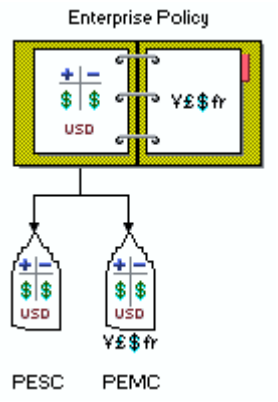
Payable Entity PESC

When you set up PESC, you select the Single currency option. The default booking currency from enterprise policy (USD) is the same as PEMC's booking currency, so you accept the default booking currency from enterprise policy.



Payable Entity PEMC

When you set up PEMC, you accept the default enterprise currency option (Multiple). You also accept the default enterprise booking currency (USD), because PEMC also uses the U.S. dollar to post amounts.



Example 3

You conduct business mostly in the United States, but you do have a major subsidiary in the United Kingdom. You need three payable entities, one of which will process payment requests for the U.K. subsidiary.

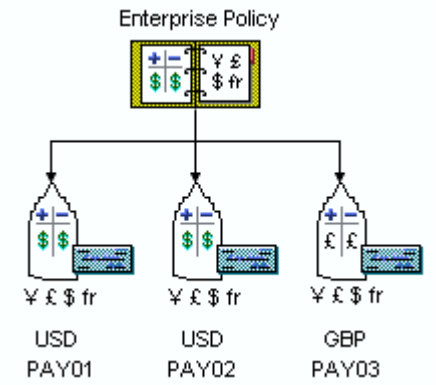
Enterprise Currency Policy

Because most of your payable entities post journal entries in the U.S. dollar, you select the U.S. dollar as the booking currency in enterprise policy, and this is the default booking currency for all your payable entities.

Payable Entity Currency Policy

Your payable entities PAY01 and PAY02 accept the default booking currency (USD) from enterprise policy. However, you want to post amounts for your United Kingdom subsidiary in the pound sterling (GBP).

When you set up the payable entity PAY03 to use with your U.K. subsidiary, you override the default booking currency from enterprise policy (USD) by entering the pound sterling (GBP) as the booking currency.



Relationship to Transaction Currency

You must specify a *transaction currency*, which is the currency used on a payment request from a vendor, when you add the vendor to SmartStream. When you process payment requests or purchase orders that reference the vendor, the vendor's transaction currency is a default for the documents.

The following table shows the relationship of a vendor's transaction currency to a payable entity:

If a payable entity...	Then...
Deals only in one currency	You cannot use it to process payment requests or purchase orders that reference a vendor in a different currency.
Deals in multiple currencies	You can use the payable entity to process payment requests or purchase orders that reference vendors using any valid transaction currency. Also, you can override the transaction currency for a multicurrency vendor when you enter a payment request or purchase order.

Examples

The following table illustrates how Payables uses currency information defined for a payable entity and a vendor to determine whether it can process a payment request. Currencies used are the U.S. dollar (USD), the pound sterling (GBP), and the Canadian dollar (CAD).

- BC - Booking currency (defined for the payable entity)
- TC - Transaction currency (defined for the vendor)

Payable Entity Currency Option	BC	Vendor Currency Option	TC	Process Payment Request?
Single	USD	Single	CAD	No
Single	CAD	Single	CAD	Yes
Multiple	USD	Single	CAD	Yes
Multiple	USD	Single	USD	Yes
Single	GBP	Multiple	GBP	Yes
Single	CAD	Multiple	GBP	No
Multiple	USD	Multiple	USD	Yes
Multiple	USD	Multiple	CAD	Yes

Exchange Rate Options

When you set up currency policy for a payable entity, you also select options to control how Payables handles currency exchange rates.

Policy Decisions

When you select exchange rate options for a payable entity, consider the following questions:

- For a payable entity using multiple currencies, what is the source of currency exchange rate information?
- What type of exchange rate do you want to apply to transactions for the payable entity?
- What date do you want to use for retrieving currency exchange rate?

Rate Entity

A rate entity specifies a source of information about currency exchange rates. Examples are Reuters and Dow Jones.

If you specified a rate entity in enterprise policy, it is the default rate entity for your payable entities. When you set up a multicurrency payable entity, you can accept the enterprise default, or you can override the default by entering a different rate entity. A rate entity is required for a multicurrency payable entity.

You cannot select a rate entity for a single-currency payable entity.

Rate Type

After you specify a rate entity for a payable entity, you can select a rate type. Examples are Period, Daily, and Monthly.

If you select a rate type, it must be valid for the rate entity.

Rate Date Option

You must also select a rate date option for a multicurrency payable entity. Your choice for this option determines when Payables retrieves currency exchange rates it uses in transactions. Examples are accrual effective date and period end.

When you set up a multicurrency payable entity, you can accept the enterprise default, or you can override the default by selecting a different rate date option.

You cannot select a rate date option for a single-currency payable entity.

Summary of Currency Considerations

The following table summarizes the considerations for choosing currency options and defaults for a payable entity:

If you want to use the payable entity to...	And the enterprise currency option is...	Then...	Payables and Purchasing...
Process payment requests or purchase orders in only one currency	Single	You cannot access the currency view of the payable entity's policy.	Use the payable entity to process only payment requests or purchase orders having a transaction currency that is the same as the enterprise booking currency.
Process payment requests or purchase orders in multiple currencies	Single	You must first change the enterprise currency option to Multiple. Then you can set up the payable entity to process payment requests or purchase orders in multiple currencies.	Cannot process payment requests or purchase orders in currencies different from the enterprise booking currency unless you change the enterprise currency option to Multiple.
Process payment requests or purchase orders in only one currency	Multiple	Override the enterprise default by selecting Single as the currency option. You must specify a booking currency. You can accept the enterprise default or you can override it.	Can process only payment requests or purchase orders using transaction currencies that are the same as the payable entity's booking currency.
Process payment requests or purchase orders in multiple currencies	Multiple	Accept the enterprise default currency option (Multiple). You must specify a booking currency, rate entity, and rate date option. You can accept the enterprise defaults or you can override them.	Processes payment requests or purchase orders in any valid currency.

For more help on creating and modifying a payable entity, see the Payable Entity Policy window online help.

4 Setting Up Taxes for Payable Entities

Chapter Contents

4-1 About Payable Entity Tax Policy
4-3 Associating Tax IDs with Tax Rules
4-4 Defining Default Tax Rules
4-6 Adding Default Tax Rates
4-8 Adding Default Tax Reclaimable Codes
4-10 Defining Partial Tax Defaults

About Payable Entity Tax Policy

When you set up tax policy for your enterprise, you define tax rules, tax rates, and tax reclaimable codes to use for processing payment requests and purchase orders.

You can specify default tax information for a payable entity to make processing payment requests and purchase orders that reference the payable entity more efficient.

Tax Defaults for Payable Entities

Tax policy defaults for a payable entity can include the following information:

- Up to two tax rules to use as defaults for payment requests or purchase orders
- Default tax rates and tax reclaimable rates for the default tax rules
- Tax IDs issued by various tax authorities

Note: You do not have to define a tax rule as a payable entity default in order to use it on payment requests or purchase orders. You can enter any valid tax rule on these documents.

Default Processing

You can define some components of a default tax rule in payable entity policy and other components of the rule in vendor policy. This allows you to establish default values where they are most commonly used.

If you define a default tax rule for a payable entity and a different default tax rule for a vendor and then enter a payment request or a purchase order that references the payable entity and the vendor, Payables or Purchasing always applies the vendor's default instead of the payable entity's default.

When you enter a payment request or a purchase order, you can override any default tax rule by entering another rule.

How Payables and Purchasing Apply Taxes

SmartStream Payables processes a tax on a payment request according to the controls and options set up for the related tax rule. If required, Payables calculates the tax and verifies the calculated tax against the amount of tax entered on the payment request. Payables also generates journal entries for tax expense and liability.

SmartStream Purchasing includes tax rules, rates, and IDs on purchase orders to use as defaults for matched invoices. Purchasing does not calculate taxes on purchase orders.

Associating Tax IDs with Tax Rules

As part of the tax policy for a payable entity, you can associate a *tax ID* with any available tax rule.

Policy Decisions

When you associate tax IDs with tax rules and payable entities, consider the following questions:

- Do you need to report tax paid or tax due to a tax authority?
- Are you exempt from any taxes?
- Does a tax authority that you report to require separate IDs for tax exemptions?

Tax IDs

The tax authorities who collect various types of taxes issue numbers or codes to identify your business. If you associate a tax ID with a tax rule in payable entity policy, that tax ID then appears on each payment request or purchase order that references the payable entity associated with the tax rule.

You can assign the same combination of tax ID and tax rule to multiple payable entities.

In most cases, you need to associate tax rules with tax IDs only if you plan to report paid taxes or taxes due to a specific tax authority.

Tax Exemption ID

If you are exempt from a tax, determine whether the tax authority requires a separate *tax exemption ID*. Some tax authorities use the tax ID for handling tax exemptions as well as taxes.

If a tax exemption ID is different from the tax ID issued by a tax authority, associate the tax exemption ID as well as the tax ID with the tax rule when you define the payable entity's tax policy.

Defining Default Tax Rules

All active *tax rules* defined for payables processing are available for payable entities to use as defaults on payment requests and purchase orders.

Policy Decisions

When you define a default tax rule for a payable entity, consider the following questions:

- Do most payment requests and purchase orders processed using the payable entity require a particular tax rule?
- Do you report paid taxes or taxes due to one or more tax authorities?
- Does the payable entity process documents that apply two tiers of taxes?

Assigning Default Tax Rules

A tax rule is associated with a specific *tax authority*, such as a state's sales tax authority or a country's authority for collecting value added tax.

You can assign up to two tax rules to use as defaults for a payable entity. Entering two default tax rules is particularly useful in *two-tier* tax systems.

Default Processing

A default tax rule applies to all payment requests and purchase orders that reference the payable entity except in the following cases:

- You set up a different default tax rule for a vendor. Payables or Purchasing always uses the vendor default instead, if one is present.
- You override the default tax rule when you enter a payment request or a purchase order.

Example of Using Tax Rule Defaults

Your enterprise is located in Atlanta, Georgia, and you have offices in North Carolina and Arkansas. Your offices in North Carolina and Arkansas use some Georgia vendors, who are not registered to collect sales tax.

Tax Requirements

You must pay Georgia state sales tax. Since your locations in other states use goods ordered from the Georgia vendors, you also pay use tax to the states of North Carolina and Arkansas.

Payable Entity Tax Defaults

When you set up the payable entity GENRL, you establish the following tax information for the payable entity:

Tax Rule	Tax ID	Default Tax Rule?
GASALES (Georgia sales tax)	-	Yes
NCUSE (North Carolina use tax)	789-573891	No
ARUSE (Arkansas use tax)	290-78115K	No

You defined these tax defaults for the payable entity for the following reasons:

- You set up Georgia sales tax as a default because the majority of your payment requests include Georgia sales tax.
- You did not define the two use tax rules as defaults, because neither of these rules applies to more than one-fourth of the amounts of all your payment requests .
- You did not enter a tax ID for Georgia sales tax because you do not report Georgia sales tax amounts.
- You entered tax IDs for the Arkansas and North Carolina use tax authorities because you report self-assessed use tax, which you pay on a periodic basis.

How Tax Processing Works

Payables applies taxes on payment requests that reference this payable entity as follows:

- Applies Georgia state sales tax to all payment requests for the payable entity, unless the vendor has a different default tax rule.

  If a vendor has a different default tax rule, Payables applies that tax to the payment request instead.
- Record taxes due to use tax authorities in North Carolina and Arkansas. You plan to use this information to complete tax return reports and to verify the taxes when you pay them.

Adding Default Tax Rates

After you define a tax rule as a default for a payable entity, you can assign default *tax rates* to that tax rule, if it requires tax rates.

You must first define a tax rule as a default for a payable entity before you can assign default tax rates to the tax rule.

All active tax rates defined for payables processing are available.

Policy Decisions

When you set up default tax rates for a default tax rule, consider the following questions:

- Do you need to enter a tax rate to process the default tax rule?
- Do you post tax on freight and miscellaneous charges to separate tax accounts?
- Are freight and miscellaneous charges taxed at different rates from expenditures?

Options for Default Tax Rates

For each default tax rule for a payable entity, you can specify the following default rates:

- Tax rate (for tax basis)
- Freight charges tax rate
- Miscellaneous charges tax rate

These defaults apply to the lines of all payment requests and purchase orders you enter for the payable entity, except in these cases:

- You set up different default tax rates for the same tax rule in the vendor's policy. Payables and Purchasing always uses a vendor's defaults, if they exist, instead of a payable entity's defaults.
- You override the default tax rates when you enter a payment request or purchase order.

Freight and Miscellaneous Charges

When you set up a tax rule in your enterprise tax policy, you indicate whether freight charges or miscellaneous charges, or both, are taxed separately from expenditures for the rule. You select these options if you need to post taxes for freight and miscellaneous charges to separate tax accounts.

If you set up a tax rule so that freight and miscellaneous charges are taxed separately, you can enter default tax rates for these charges when you define a default tax rule for a payable entity.

Example of Using Default Tax Rates

Your business is based in the United Kingdom. You want to set up a payable entity to use for processing payment requests from vendors within the United Kingdom.

Tax Requirements

You pay value added tax on the amounts of most payment requests for that payable entity.

Payable Entity Tax Defaults

When you set up this payable entity, you enter the following tax policy information:

Tax Rule	Tax ID	Default Tax Rule?	Default Tax Rate Code
UK VAT (United Kingdom value added tax)	UK111333777	Yes	STD (17.5%)

You defined these tax defaults for this payable entity for the following reasons:

- You enter a tax ID because you regularly report the value added taxes paid
- You define the tax rule as a default and enter the tax rate as a default because you must process value added tax on all payment requests that reference the payable entity.

Adding Default Tax Reclaimable Codes

If you define a tax rule as a default for a payable entity, you can assign a default tax reclaimable code to that tax rule.

All active tax reclaimable codes defined for payables processing in your enterprise tax policy are available to a payable entity.

Policy Decisions

When you set up default tax reclaimable codes for a default tax rule, consider these questions:

- Do you reclaim any portion of the tax paid, and if so, what is the percentage you are eligible to reclaim?
- Are you required to report your tax basis to the tax authority?

Using Tax Reclaimable Codes

A *tax reclaimable code* represents the percentage of a tax paid or payable that you can reclaim.

When you set up a default tax rule, determine if you need to report tax reclaimable amounts (even zero amounts) or your tax basis to the tax authority. If so, you can simplify entering payment requests and purchase orders that use the tax rule by entering this tax reclaimable code as a default for the tax rule.

You cannot set up a default tax reclaimable code for a tax rule unless you first define the tax rule as a default for the payable entity.

Example of Using Tax Reclaimable Defaults

Your business is based in Toronto, Ontario. You want to define a payable entity to process payment requests from within Ontario.

Tax Requirements

You pay Canadian goods and services tax and Ontario provincial sales tax on the payment requests, and you regularly report paid taxes to these tax authorities. You reclaim 100 percent of the goods and services tax paid.

For your payment requests, the tax reclaimable percentage is always the same. However, the tax rates vary according to the commodity you purchase from a vendor.

Payable Entity Tax Defaults

When you set up the payable entity, you define the following tax defaults:

Tax Rule	Tax Identifier	Default Tax Rule?
CGST (Canadian goods and services tax)	3333-2222	Yes
OPST (Ontario provincial sales tax)	6666-3333	Yes

For the goods and services tax (CGST), you enter the default tax reclaimable code FULL, which represents a reclaimable percentage of 100 percent.

Processing the Tax

When you enter a payment request or a purchase order for this payable entity, the goods and services tax rule with its default tax reclaimable code is a default for each payment request line or purchase order line schedule.

Defining Partial Tax Defaults

When you set tax defaults for a payable entity, you have the following options:

- Enter a complete default tax rule with all its default tax rates and reclaimable code in payable entity policy
- Enter selected default tax rates and reclaimable code for a default tax rule in payable entity policy, then enter the remaining rates when you enter a payment request or purchase order
- Enter partial information for a default tax rule in payable entity policy and enter the remaining default information for the tax rule in vendor policy.

Using Partial Tax Defaults

You can complete the information for a default tax rule when you enter a payment request or a purchase order.

The following example shows how you can use partial tax defaults when you need to complete the tax information on individual payment requests.

Example

Your enterprise is based in Atlanta, Georgia. You also have divisions in Alabama and North Carolina. Your accounting department in Atlanta processes all payment requests for all your divisions. You set up one payable entity, MANUF, to process payment requests from the vendors who ship parts to your three divisions.

Use Tax Requirements

You pay state use tax on the goods used by the divisions in Alabama and North Carolina, and you report paid taxes to the respective use tax authorities. (You do not always know which division uses the goods until you enter a payment request or a payment request line.)

Payable Entity Tax Defaults

When you set up the payable entity MANUF, you enter the following tax information:

Tax Rule	Tax Identifier	Default Tax Rule?
ALUSE (Alabama use tax)	3333-8888	No
NCUSE (North Carolina use tax)	2222-4444	No

You defined these tax defaults for the following reasons:

- You entered tax identifiers for both tax rules because you report paid taxes to these authorities.
- You did not define these tax rules as defaults, because the goods you order are distributed among all three divisions.

Processing the Taxes

Payables processes payment requests that use these tax rules as follows:

- Payables records the paid use taxes for North Carolina and Alabama.
- You enter the appropriate tax rule when you enter each payment request line.

Sharing Tax Defaults with a Vendor

When you set up a payable entity, you can specify a tax rule as a default for payment requests or purchase orders that reference the payable entity. You can also enter one or more of the default tax rates, if the tax rule uses them.

When you set up tax policy for a vendor associated with payment requests or purchase orders that reference the payable entity, you specify the same tax rule as a default. You can then enter the remainder of the tax defaults you omitted from payable entity tax policy.

When you enter a payment request, Payables or Purchasing first obtains the portion of the default tax rule that exists in vendor policy, then the remainder of the default tax rule from the payable entity's policy.

Note: You can omit some of the default information from both types of policy, then fill in this remaining information when you enter a payment request or purchase order.

Example

Your enterprise is based in Toronto, Ontario. You deal with several local vendors and you are defining a payable entity to process payment requests from these vendors.

Tax Requirements

You pay Canadian goods and services tax and Ontario provincial sales tax on the payment requests, and you regularly report paid taxes to these taxing authorities. You reclaim 100 percent of the goods and services tax. For your payment requests, the tax reclaimable percentage is always the same, but the tax rate varies based on the commodity purchased from a vendor.

Vendor Defaults

For the vendors, you define the following tax defaults:

Tax Rule	Tax Identifier	Default Tax Rule?
CGST (Canadian goods and services tax)	4421-9903	Yes
OPST (Ontario provincial sales tax)	2839-7006	Yes

For the goods and services tax, you enter the default tax rate code STD, which represents a standard tax rate of 7 percent.

Processing the Tax

When you enter a payment request from one of these vendors, the goods and services tax rule with its default tax rate is a default for each line of the payment request.

Payable Entity Defaults

For the payable entity, you define the following tax defaults:

Tax Rule	Tax Identifier	Default Tax Rule?
CGST (Canadian goods and services tax)	3333-2222	Yes
OPST (Ontario provincial sales tax)	6666-3333	Yes

For the goods and services tax, you enter the default tax reclaimable code FULL, which represents a reclaimable percentage of 100 percent.

Processing the Tax

When you enter a payment request for this payable entity, the goods and services tax rule with its default tax reclaimable code is a default for each payment request line.

For more help on creating and modifying you payable entity tax policy, see the Payable Entity Tax Policy window online help.

5 Setting Up Accounting Distributions for Payable Entities

Chapter Contents

5-1 About Payable Entity Accounting Distributions
5-3 Determining Payable Entity Accounting Distributions

About Payable Entity Accounting Distributions

You can define default accounting distributions for a payable entity. The accounts you select as defaults for the available distribution types become defaults for processing payment requests, payments, and purchase orders that reference the payable entity.

Accounting Distribution Types

The list that follows shows the distribution types for which you can establish default accounting distributions in payable entity policy.

It also shows when SmartStream Ledger posts journal entries for each distribution type.

Ledger posts journal entries for this distribution type...	When you add, change, or cancel a payment request...	When you make or cancel a payment...
Accounts payable liability	X	X
Notes payable liability	X	X
Withholding liability for 1099		X
Withholding liability for T4A		X
Withholding liability for CIT		X
Withholding liability for PPS		X
Expenditure	X	
Freight expense	X	
Discount lost		X

Ledger posts journal entries for this distribution type...	When you add, change, or cancel a payment request...	When you make or cancel a payment...
Miscellaneous charges expense	X	
Discount earned		X

How Payables and Purchasing Use Default Accounting Distributions

SmartStream Payables generates journal entries for the accounting distributions on payment request lines. SmartStream Ledger posts the journal entries to the proper accounts according to the policies of the related ledger entities.

SmartStream Purchasing displays accounting distributions on purchase orders to use as defaults for matched invoices. Purchasing does not generate journal entries.

Determining Payable Entity Accounting Distributions

The accounting distributions you define as defaults for a payable entity depend on how you want to post the amounts of journal entries generated for payment request and payment processing.

Policy Decisions

When you set up default accounting distributions for a payable entity, consider the following questions:

- For an expenditure account, are portions of the accounting distribution constant for all payment request lines? For example, the ledger entity identifier or a department is always the same.
- Do you need to use intercompany accounting?
- What discount method does the payable entity use?
- Do you post freight charges to line expenditure accounts or do you post them to a separate freight account?
- Do you post miscellaneous charges to line expenditure accounts or do you post them to a separate miscellaneous charges account?
- Is withholding required? If so, can you use a single account to post withholding for all your payable entities, or do you need to set up different withholding accounts for different payable entities?

Expenditure Accounts

Expenditure accounts can vary based on the vendor and the commodity purchased. If this is the case, you can choose not to define default expenditure accounting distributions, or you can define partial accounting distributions as defaults where the values are constant.

You can enter the remaining elements of the accounting distribution when you enter each document, or you can define one or more of the remaining elements as defaults in vendor policy.

Example

You set up several payable entities. Each entity handles expenditures only for a particular division, so you define the value for the appropriate Division element as a default for each payable entity.

When you enter payment requests for a payable entity, the element value for Division is a default.

Default Sequence

If you define a different default accounting distribution for expenditure in vendor policy, Payables always uses the vendor default.

Discount Accounts

When you set up a payable entity, you select one of two discount methods for the payable entity. When you pay a payment request line, Ledger posts the discount amount to the expenditure account for the payment request line or to a separate discount account, depending on the discount method you select and whether you take the discount.

The following table shows the journal entries generated for discounts when you pay a payment request:

If the payable entity discount method is...	And you...	Then Payables generates journal entries for...
Gross	Take a discount	Discount earned.
Gross	Do not take a discount	N/A (no discount).
Net	Take a discount	Appropriate expenditure accounts for the payment request lines.
Net	Do not take a discount	Discount lost .

Freight Expense Accounts

When you set up a payable entity, you choose whether or not to post freight charges to the line expenditure accounts of payment requests.

If you do not post freight charges to line expenditure accounts, SmartStream Ledger posts these charges and the taxes calculated for these charges (if taxes are calculated separately) to a separate freight expense account.

Default Sequence

If you define a different default accounting distribution for freight expense in vendor policy, Payables uses the vendor's default, instead.

Miscellaneous Charges Expense Accounts

When you set up a payable entity, you choose whether to allocate miscellaneous charges to the line expenditures of payment requests.

If you do not post miscellaneous charges to line expenditure accounts, SmartStream Ledger posts these charges and the taxes calculated for these charges (if taxes are calculated separately) to a separate miscellaneous charges expense account.

Default Sequence

If you define a different default accounting distribution for miscellaneous charges in vendor policy, Payables uses the vendor's default, instead.

Withholding Liability Accounts

If you withhold tax amounts or report earnings for one or more tax authorities, you can add default withholding liability accounting distributions for a payable entity. SmartStream supports processing for the following earnings and withholding rules:

Tax Authority	Type of Earnings and Withholding Rule
United States Internal Revenue Service	1099
Australian Tax Office	Prescribed Payment System (PPS)
Revenue Canada	T4A
United Kingdom Inland Revenue	Construction Industry Tax (CIT)

You can set up default accounting distributions for an earnings and withholding rule or for a payable entity.

The following table contains guidelines to help you decide where to set up withholding liability accounting distributions.

If...	Then...
All your payable entities can use a single withholding account	Enter the accounting distribution for the earnings and withholding rule in earnings and withholding policy.
You need to use different withholding rules for different payable entities	Define default withholding liability accounting distributions for each payable entity.
Most, but not all, of your payable entities use a single earnings and withholding rule	Define the default accounting distribution in earnings and withholding policy. When you set up a payable entity that uses a different earnings and withholding rule, define that accounting distribution as a default for that payable entity. Payables uses the payable entity's default during payment processing instead.

Note: You cannot override the default accounting distribution for an earnings and withholding account during payment processing.

Example of Using Default Withholding Liability Accounting Distributions

You need to set up default accounting distributions for a new payable entity.

Your accounting distributions consist of values for a ledger entity and for the following five accounting key elements:

- Division
- Account
- Department
- Product
- Project

Requirements for Expenditure Accounts

You want to set up an expenditure accounting distribution as a default for the lines of the payable entity's payment requests, but you want to wait until you enter each payment request to enter values for the Product and Project accounts.

Requirements for Freight and Miscellaneous Charges Accounts

You also need to establish default accounting distributions for freight and miscellaneous charges. Because the payment method for the payable entity is Gross, you need to define accounting distributions for a discount earned account.

Payable Entity Accounting Distributions

The following table shows the accounting distributions you select as defaults for the payable entity:

Distribution Type	Ledger Entity	Division	Account	Department	Product	Project
Expenditure	NZ3	ADMIN	3000	40004		
Freight expense	NZ3	ADMIN	1001	40004		
Miscellaneous charges expense	NZ3	ADMIN	1002	40004		
Discount earned	NZ3	ADMIN	2004	40004		

When you enter a payment request that references this payable entity, the values for division, account, and department become defaults for the payment request. You enter values for the product and project directly on each payment request.

For more help on creating and modifying your payable entity accounting distributions policy, see the Payable Entity Accounting Distributions window.

SMARTStream®

Financials
Payables

Version 6.5

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1 Overview of SmartStream Payables

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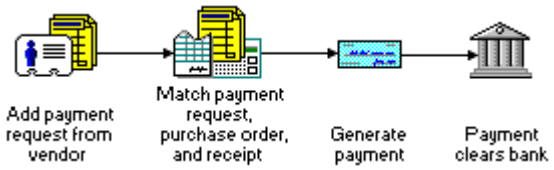
About Payables

SmartStream® Payables provides the capability to process payment requests and produce payments.

Payables interacts with other SmartStream products to provide a seamless flow of work from payment request entry to bank payment clearance.



What Do You Need to Do Before Using Payables?

Before you can use Payables to process payment requests and produce payments, you must make the following decisions for your enterprise and enter the necessary information in various policy components.

Set Up Your Enterprise Accounting Key

To set up your accounting key, you

- Design the structure of the accounting key
- Determine policies for generating and validating accounting distributions

- Set up security for accessing ledger balances
- Define the types of amounts to use in posting to SmartStream Ledger
- Determine the maximum number of accounting periods you need
- Determine the number of books you need to set up, according to the currencies you use.

Set Up Enterprise Defaults and Reference Information

To set up general enterprise defaults and reference information you

- Select defaults for the format of amounts, dates, addresses, and phone numbers that appear on your printed documents
- Choose options for using voucher numbers on the documents you process in your enterprise
- Define your periodic calendars to use in processing with SmartStream Ledger
- Select the countries you need to refer to in your financial transactions
- Add currency codes
- Set up your payment terms.

Set Up Currency Policies

To set up currency policies you

- Identify the authorities from which you obtain currency exchange rate information and set up policies for storing and retrieving the rates
- Link the currencies you use to the policies for storing and retrieving exchange rates
- Define the types of exchange rates you want to use by specifying how and when to derive the rates
- Choose currency defaults for enterprise policy.

Set Up SmartStream Ledger

To use SmartStream Ledger with Payables you must first

- Define ledger entities to reflect the different books and accounting practices you use
- Add your accounting distributions to your chart of accounts
- Define the types of amounts to use for your journals
- Set up policies and structures for validating accounting key elements and accounting distributions
- Set up interentity balancing accounts, as needed
- Define policies for handling posting errors
- Choose defaults for using voucher numbers on journals
- Set up currency balancing accounts, as needed

- Set up approval policies for journal entries, as needed.

Set Up Banks

To set up banks for payables processing you

- Set up identifying information for the banks you use in your financial transactions
- Establish accounting and currency policies for each account in a bank
- Identify and select processing options for the different payment methods you use with the bank accounts
- Choose formatting options for the payment and remittance advice documents produced by different payment methods
- Assign reference number ranges for payments
- Set up additional sort sequences for payments, as needed
- Add accounting distributions for accounts and payment methods to use during payment and clearance processing.

Set Up Tax Policy for Payables Processing

To set up tax policy for payables processing you

- Identify the tax authorities to which you pay and report taxes
- Define a set of calculation and accounting options and controls (tax rule) for each tax
- Associate the rates to use in computing taxes with the appropriate tax rules
- Set up rates and policies for processing reclaimable taxes, as needed
- Add accounting distributions for processing tax rules and rates
- Identify the tax authorities for which you need to withhold or report taxes for your vendors
- Define the processing options and controls for each earnings and withholding rule
- Identify the categories for vendors requiring 1099 processing
- Add accounting distributions for earnings and withholding amounts during payments processing, as needed.

Set Up Payable Entities

When you set up payable entities, you

- Identify different sets of policies to reflect your different requirements for processing payment requests
- Select options for processing discounts and accruals and for allocating freight and miscellaneous charges
- Select options for using voucher numbers and control groups
- Select defaults for payment methods, terms, and approval
- Select options and defaults for deriving currency exchange rates

- Assign tax rules and rates as defaults for payment requests
- Add tax identification numbers for reporting purposes
- Add accounting distributions for various expense amounts and earnings and withholding, as needed.

Set Up Vendors

To set up vendors for payables processing using the standard process, you

- Identify the vendors with which you do business and define the different locations for each vendor
- Select options and defaults for deriving currency exchange rates
- Select formatting defaults for printing remittances to a vendor
- Select defaults for terms, approval, and price tolerance
- Select options and defaults for processing different types of payments
- Add accounting distributions for various expense amounts
- Assign tax rules and rates as defaults for payment requests
- Add processing information for earnings and withholding.

During payables processing, the values and options you established in these policy components become defaults for your payment requests. In some cases, you can override the defaults when you process a payment request.

Note: If you have the proper activity and data security, you can bypass the standard vendor setup process during invoice entry using the Quick Vendor action. For more information, see Quick Vendors.

What Tasks Can You Perform Using Payables?

The following table lists and describes the tasks you can perform using Payables:

To...	You...
Set up approval lists	Identify the persons or groups to whom you want to route payment requests for approval.
Add invoices directly	Define control groups, if necessary, and use the Invoice window to enter invoices for processing.
Add invoices using a scheduled process	Set up parameters for running the invoice scheduled process and use it to enter invoices from an external file.
Match invoices to purchase orders and receipts	Set up parameters for the scheduled matching process and use it to match these documents.
Approve invoices	Approve or reject invoices routed according to the approval lists you defined.

To...	You...
Manage invoices	Use the Payables windows to set up partial payments, place invoices on hold, and cancel and delete invoices.
Process drafts	Add drafts using Draft windows or through a scheduled process and attach payment requests to them.
Produce payments	Set up controls and parameters for producing scheduled or on-demand payments.
Produce payment documents	Use Microsoft Access to print payments or produce electronic files for payment.
Manage payments	Display, cancel, replace, and resequence payments.
Pay drafts	Set up parameters for the scheduled draft payment process.
Produce and print reports	Use Microsoft Access to generate and print payables balancing reports and payment registers.

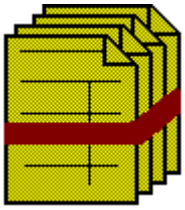
Processing Payment Requests

You can use Payables to process the following types of payment requests:

Type of Payment Request	Description
Invoices	Standard payment requests that Payables processes normally. This includes debit and credit memos, which you enter to decrease your liability to vendors.
Drafts	Payment requests that are consolidations of one or more individual payment requests (invoices, credit memos, or debit memos). Payables processes two types of drafts: bills of exchange and promissory notes. A draft represents a secured payment that legally authorizes the bank to transfer funds from your bank account to the vendor's bank account.

Control Group Processing

As an added measure of control for payment request processing, you can group payment requests in control groups for balancing and auditing purposes.



You can balance control groups two ways: by the total number of payment requests and by the total amount of the payment requests.

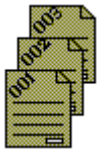
Quick Vendors

Using the Quick Vendor action on the Invoice window, you can bypass the lengthy standard process for setting up vendor policy and adding vendor information and add vendors with minimal information. Vendors added using this alternative method are designated as quick vendors with a vendor payables status of Quick.

If you have the proper activity and data security, you can use quick vendors to speed up invoice entry for invoices from new vendors that are not yet added to SmartStream. You can also use them for payables as one-time vendors that, if eligible, can be purged more quickly from SmartStream because they are not subject to the last activity date criterion.

Automatic Voucher Numbering

Like other SmartStream products, Payables can assign voucher numbers automatically to your payment request documents as you enter them.



You can define a number sequence based on your business practices and needs. You can also elect to override automatically generated voucher numbers or to enter voucher numbers manually.

Tax Processing

Payables supports multiple tax structures and regulatory requirements when processing payment requests.

For example, you can process the following types of taxes using Payables:

- Multitiered taxes such as Canadian goods and services tax (GST) and provincial sales taxes (PST)
- Value added taxes (VAT) such as those levied by the United Kingdom, France, and Belgium
- Sales taxes and use taxes such as those levied in the United States
- Self-assessed taxes

When you set up your enterprise tax policy, you established controls to ensure the correct recording and reporting of reclaimable taxes.

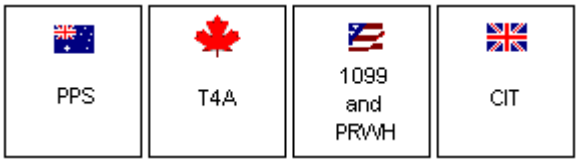
You also established accounting policies to ensure that the correct accounting transactions are recorded for tax expense, reclaimable taxes, and self-assessed tax liability.

Payables can store the information you need, such as vendor identifiers, to produce detailed tax reports.

Earnings and Withholding

You can accumulate earnings and withholding information for payment requests you pay and then use this information as the source for reports to the appropriate regulatory agencies.

Payables supports requirements for PPS, T4A, 1099, PRWH, and CIT earnings and withholding.

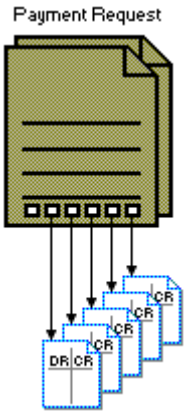


Ledger Integration

SmartStream Ledger validates accounting information you enter on a payment request against the appropriate ledger validation tables.

You can enter accounting distributions as you enter a payment request, or you can establish accounting distributions that serve as defaults for your payment requests when you set up various components of policy.

Payables generates journal entries when you save a payment request and when you pay it.

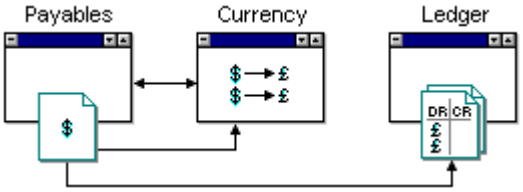


The clearance process also generates journal entries. Ledger records the amounts of the journal entries in your ledger at posting time.

Currency Conversion

SmartStream supports multicurrency transactions. If you enter a payment request in a currency that is different from your booking currency, Currency converts the amounts on the payment request to your booking currency.

Payables then generates journal entries in your booking currency.



Euro Currency Processing

Payables supports the euro requirements of the European Economic Community (EEC). Between January 1, 1999, and January 1, 2001, companies in the participating European countries will change their books from the national currency to the euro. During that time, called the *transition period*, many European companies will maintain their books in both their national currency and the euro. After the transition period, the national currency will no longer be considered legal tender, and all transactions will be in euro.

During the transition period, invoices can be in national currency or euro, depending on when a company's vendors change to euro. Some invoices will contain amounts in both the national currency and the euro and can be entered using either currency. The invoice can be paid in either the national currency or the euro.

Interentity Processing

When you process payment requests, Payables can distribute line amounts to ledger entities that are different from the ledger entity of the processing payable entity. The appropriate interentity balancing transactions are generated automatically to predefined due-to and due-from accounts during the posting process.

Funds Control

Payables is fully integrated with SmartStream Funds Control. Depending on your Funds Control policies, Payables can call Funds Control to verify the availability of funds for payment request and payment transactions.

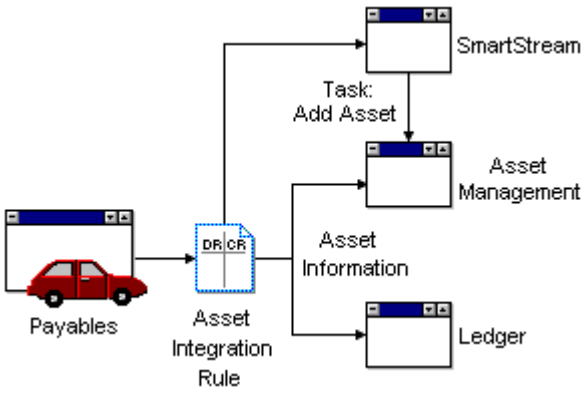
If Funds Control identifies a funds exception, SmartStream workflow notifies the person who entered the invoice that a transaction failed funds checking and notifies the funds manager to resolve the exception. An invoice that has one or more funds exceptions is not eligible for payment. If a payment transaction fails funds checking, Payables does not generate the payment.

If a transaction passes funds checking, Funds Control updates the appropriate fund accounts.

Processing Assets

Payables is fully integrated with SmartStream Asset Management. When you process a payment request for the purchase of an asset or capital equipment, Payables automatically sends information about the asset such as cost, manufacturer, and serial number to the appropriate user in Asset Management.

SmartStream sends a task to the appropriate Asset Management personnel indicating that the asset information needs to be added or changed.



Projects

A payment request can have multiple projects identified, but only one per payment request line. When you process a payment request line that has a project specified,

Payables generates a project journal that the Project posting scheduled process can post to SmartStream Projects.

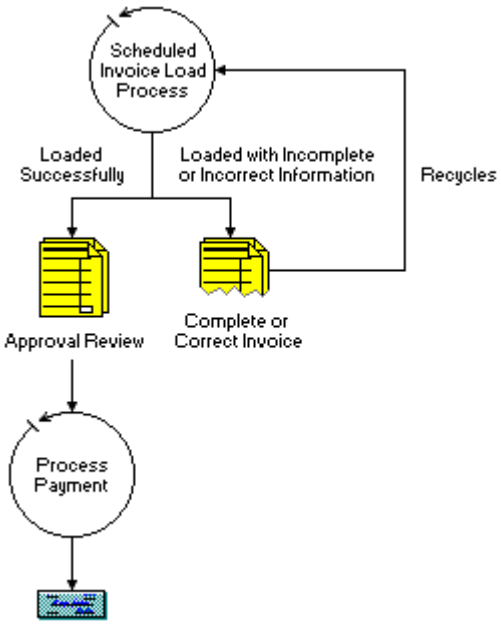
Approval

SmartStream's workflow management features provide for a multilevel approval process for payment requests. Based on the approval conditional workflow you establish, Payables routes payment requests electronically to the appropriate personnel for review and approval.

Scheduled Invoice Processing

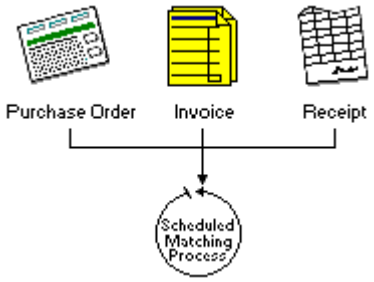
You can set up a program to process automatically files of invoices on a schedule you define. When the invoice scheduled process finds an invoice with incomplete or incorrect information, Payables automatically rejects the invoice or saves it as incomplete.

Incomplete invoices are recycled at the next invoice scheduled processing run.



Matching Invoices, Purchase Orders, and Receipts

Using Payables with SmartStream Purchasing and SmartStream Receiving, you can use a scheduled process to match invoices to purchase orders and receipts. Successfully matched invoices continue through the approval and payment processes.



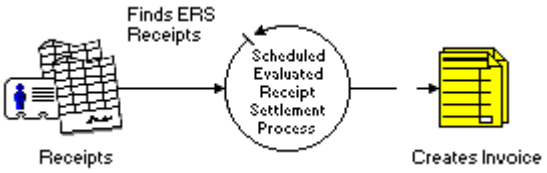
If an invoice is not successfully matched, the matching process identifies it as a matching exception. The invoice will continue to be included in each scheduled matching run until it is successfully matched.

To accommodate euro currency processing, you can match an invoice to a purchase order in a different currency.

Evaluated Receipt Settlement (ERS) Processing

For selected vendors, you can further automate the matching process by using evaluated receipt settlement (ERS). A scheduled process automatically generates invoice transactions from information on the receipts for goods delivered by these vendors. These transactions are included in the invoice scheduled process and they continue through the matching scheduled process.

You bypass the task of entering an invoice and, in effect, match the information on the receipt to the original purchase order. Payables automatically produces a payment for the vendor during the next scheduled payment run.



Payment Request Maintenance

You can perform all tasks for entering and maintaining payment requests using the standard payment request windows. You can add, change, cancel, or delete a payment request.

If you do not have all the required information for an invoice, you can save it as incomplete and return to complete the information later.

When you enter a payment request, you can choose to have Payables automatically generate recurring payments of a fixed amount for the vendor. You can also define partial payments for the payment request.

Payables also enables you to place a payment request on hold to prevent payment or posting of the accrual.

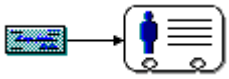
Processing Payments

Payables automatically generates payments for approved payment requests with current due dates.

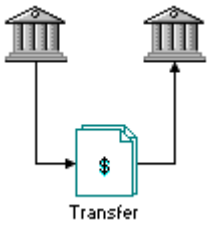
Types of Payments

The following types of paper and electronic payments are available:

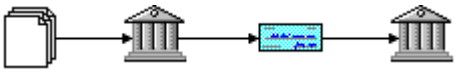
- Checks and international checks. You can tailor the output format to comply with your local or international paper payment guidelines.



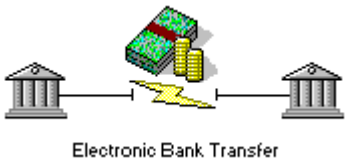
- Letter of transfer and international letter of transfer. You can make a payment using a letter of transfer, which notifies your bank to transfer funds to a vendor's bank account in a specific currency.



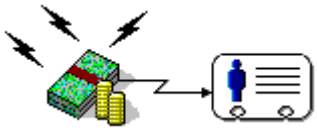
- Two types of consolidated payment requests, or drafts: bills of exchange and promissory notes. When a vendor's bank presents a draft to your bank for payment, your bank notifies you. After you resolve any discrepancies between Payables drafts and draft notifications, your bank transfers the funds to the vendor's bank.



- Bank transfers and international bank transfers. You can transmit payments electronically between banks.



- You can also transfer payments electronically using the appropriate format for specific countries.



- The following types of electronic payments are available:
  - Bankers Automated Clearing Service (BACS) for the United Kingdom
  - Automated Clearing House (ACH) for the United States
  - CEMTEX for Australia

Scheduled Payments

You can produce payments on a schedule that you define. You establish controls that Payables uses to select payment requests that are eligible for payment.

You can display a list of payment requests to be selected for payment in the next scheduled payment run. If necessary, you can place a payment request on temporary hold to prevent payment in the actual payment run.

On-Demand Payments

You can create an immediate payment for one or more payment requests from a vendor using on-demand payments.

Payment Maintenance

You can cancel, replace, or resequence existing payments. Each of these procedures generates adjusting journal entries and updates associated payment requests.

Currency Gain and Loss Processing

Payables automatically calculates currency gain or loss based on fluctuations in the exchange rate between the ledger effective dates of a payment request and the subsequent payment.

Payables automatically generates gain or loss journal entries, which SmartStream Ledger records in your ledger at posting time.

Reporting

Payables provides standard accounting reports to use in analyzing and verifying payables activity. Produce Payables reports as needed or on a scheduled basis.

Use the payables reports to

- Audit payment requests added, cancelled, or deleted
- Balance Payables to your ledger
- Review unpaid invoices
- Verify payments made or cancelled.

You can enter the parameters for a report only once, save them, and later use the report option identifier to retrieve the report whenever necessary.

You can also produce payment and remittance documents in the format you require.

Activity Balancing

Use the activity balancing reports to verify the number and amounts of payment requests added, cancelled, and deleted, as well as the number and amounts of payments issued and cancelled. You can also review the details of invoices saved as incomplete.

You can produce a report for a single type of activity, or you can generate a summary report that includes all payment request and payment activity.

You can generate a report that shows the total amounts of earnings withheld from vendors, organized by payable entity. Another activity report contains any invoice tax amounts you owe and the reclaimable tax amounts that you have paid for the specified date or range of dates.

Balancing to Ledger

You can compare the liability within Payables to that in your ledger by producing a trial balance. This report lists payment requests by ledger distribution and includes all unpaid payment requests, including partial payments. The current balance from ledger is displayed on the report.

Reviewing Unpaid Invoices

To determine if you have adequate funds in an account to cover projected payments, you can produce a report that lists all unpaid invoices by periods.

Previewing and Verifying Payments

When you prepare to make a payment run, you can produce a report that shows a preview of the payment run. Use this payment register report to confirm the invoices that will be selected for payment in the next payment run.

When a scheduled payment run is complete, you can generate a payment register report sorted by bank account or by payment method. Use these payment registers to verify the payments that were made during the run.

The payment register reports also include error reports, which list the conditions that affect the generation of payments during a scheduled payment run.

Balancing Payments

The Bank component of SmartStream provides reports to use in balancing payment and payment clearance activity and balancing unreconciled cash in ledger.

See the Bank Reporting chapter in the Bank guide for details.

Scheduling Reports

You can use Job Scheduler to run one or more reports on a regular basis, using options you define. For more information, see Scheduling Payables Reporting.

2 SmartStream Payables Policy

Chapter Contents

2-1 Enterprise Policy
2-3 Payables View of Enterprise Policy
2-4 Defining the Payables View
2-5 Printing View of Enterprise Policy
2-6 Defining the Printing View
2-7 Vendor View of Enterprise Policy
2-8 Defining the Vendor View

Enterprise Policy

In enterprise policy you make decisions about

- Defaults common to all SmartStream products
- Options for SmartStream products
- Defaults for specific SmartStream products such as SmartStream Asset Management, SmartStream Ledger, or Payables.

Use enterprise policy to define policies common to all products used by your enterprise so you can be sure defaults and options are the same throughout your enterprise. In many cases you can use other policies to override the common defaults and processing controls, or you can override them in the documents that use them. This ensures maximum flexibility and consistency across the products used by your enterprise.

General View of Enterprise Policy

Use the General view of enterprise policy to define miscellaneous options for SmartStream products.

You can override some Payables options you set up on the General view.

Option...	Override on this window and view...
Address Format	Payable Entity Policy: Address
Voucher Numbering	Payable Entity Policy: Options

Payables View of Enterprise Policy

Use the Payables view of enterprise policy to define default options used by Payables when you process payment requests and payments.

This section presents information you need when defining these options.

Options

The following table provides an overview of the options in the Payables view of enterprise policy:

Option	Can you override it?	Where?	On what window or view?
Require Control Groups	Yes	Payables	Payable Entity Policy: Options
Pay Payment Request in Incomplete Control Group	Yes	Payables	Payable Entity Policy: Options
Payment Options	Yes	Vendor	Vendor Payment Information: Payment Information

Defining the Payables View

Consider the questions in this section when defining the options on the Payables view of enterprise policy.

Payment Request Control Groups

You can require payment requests to be entered as part of a control group. Do not select the Require Control Groups option if you enter each payment request separately. You can override your selection when you set up policy for a particular payable entity.

You can allow payment requests to be paid when they are part of an unbalanced control group. You can override your selection when you set up policy for a particular payable entity.

Payment Options

You select an option to control the way Payables groups payments to vendors. You can override the option you select when you set up a vendor or update an existing vendor in vendor policy.

Printing View of Enterprise Policy

Use the Printing view of enterprise policy to define options used when printing reports and other printed documents, such as payments, for SmartStream products.

This section presents information you need when defining these options for Vendor and Payables.

Options

The following table provides an overview of the options in the Printing view of enterprise policy.

Option	Can you override it?	Where?	On what window or view?
Amount Separators	Yes	Payables	Microsoft Access Report Options
Date Format	Yes	Payables	Microsoft Access Report Options
		Vendor	Vendor Location: Vendor Print Settings

Defining the Printing View

Consider the questions in this section when defining the options within the Printing view of enterprise policy:

Amount Separators

You can choose default amount separators to use throughout your enterprise when printing reports. You can override the amount separators using other policies and on Microsoft Access report windows.

Date Format

You can choose a default date format to use throughout your enterprise when printing reports. You can override the date format by using other policies and on Microsoft Access report windows.

Vendor View of Enterprise Policy

Use the Vendor view of enterprise policy to define options used by your vendor accounts. These options affect the entry of vendor information and inquiry about payment information.

This section presents information you need when defining these options for Vendor and Payables.

Options

The following table provides an overview of the options in the Vendor view of enterprise policy:

Option	Can you override?
Allow Changes to Vendor Name	No
Allow Generated Vendor Identifiers	No
History and Statistics Calendar	No

Prerequisite Information

Before you define vendor enterprise policy, you must define the

- Periodic calendar
- Period type.

For information about defining this prerequisite information, see periodic calendar help.

Defining the Vendor View

Consider the questions in this section when defining the defaults and controls on the Vendor view of enterprise policy.

Allow Changes to Vendor Name

You can select an option to allow changes to a vendor's operating and legal name after you have defined the vendor.

Vendor Master

You can change the operating name and legal name on the Vendor Master window. The changed vendor names become the defaults for new vendor activities, but vendor names on existing payment documents do not change.

Vendor Location

When you define a location for a vendor, you can define a different operating name. When you change the vendor location, you can change the operating name if you select the Allow Changes to Vendor Name option.

Allow Generated Vendor Identifiers

You can choose an option to allow SmartStream Financials to generate vendor identifiers automatically when you add new vendors. You provide the starting number using the Next Available Number activity. If you decide not to allow generated vendor identifiers, you manually enter each vendor identifier when you add a vendor.

History and Statistics Calendar Information

You can choose an option to define the type of calendar and periods you want to use when you display payment history for your vendors. Define the periodic calendar and period type in Periodic Calendar before you access the lists on the Vendor view.

If you do not define history and statistics calendar information, you cannot display vendor payment history.

3 Payment Request Processing

Chapter Contents

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3-75 Calculating Tax Discount Adjustments
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About Payment Request Processing

Payment Request processing includes all SmartStream Payables processes involved in adding and managing payment requests. A *payment request* is any paper or electronic document requesting payment. Payment requests can take the form of receipt of goods, invoices and other paper documents, internal requests for prepayment, and other contractual agreements.

Payables processes invoices, credit memos, debit memos, and drafts.

Processing Invoices

An *invoice* is a request for payment from a vendor. An invoice is usually a paper document. The total amount of a regular invoice must be positive.

Types of Invoices

Payables processes three types of invoices:

- Regular invoices
- Credit memos
- Debit memos

When the documentation or online Help refers to an invoice, it can be any of these three types.

Categories of Invoices

Invoices can be

- Matched to a purchase order and receipt
- Direct (not matched to a purchase order and receipt).

Credit and Debit Memos

A vendor sends *credit memos* to lower your outstanding liability. You can receive a credit memo when the vendor overcharges you or when you return damaged goods.

Note: In some countries these are called *credit notes*.

You generate *debit memos* internally to lower your outstanding liability to a vendor. You can generate a debit memo when the vendor overcharges you or when you return goods.

Credit memos and debit memos can be matched to a purchase order and receipt, or they can be direct (not matched to a purchase order and receipt).

Processing Differences

Although Payables processes credit memos, debit memos, and invoices similarly, there are some differences:

- Debit and credit memos can have positive and negative lines, but the total amount must be negative.
- Debit and credit memos decrease the total amount of the control group and increase the total number of documents.

- Debit and credit memos decrease your outstanding liability to a vendor and increase the number of outstanding invoices for the vendor.

Combining Invoices for Payment

When you set up policy for a vendor, you select a payment option. If you select to pay each invoice separately, you can save a debit or credit memo from a vendor, but the payment process does not apply it to invoices. To process the debit or credit memo, you must change the vendor policy option to allow combined payments.

Voucher Numbers

When you save a completed invoice, Payables generates a sequential voucher number for the document if you specified automatic voucher number generation in payable entity policy.

If you save the invoice as Incomplete, Payables does not generate a voucher number.

About Control Groups

A *control group* is a group, or batch, of invoices used as an internal control. Use control groups to track the number and amounts of invoices entered. Monitor the invoice entry process by comparing the *control count* (the number of invoices in the control group) or the *control total* (the total amount of the group) or both, with the totals Payables calculates.

Control Group Policies

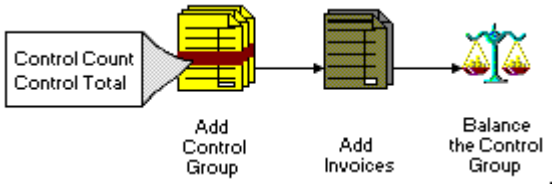
When you set up enterprise policy, you make the following decisions about control groups:

- Whether to require control groups when adding invoices
- Whether invoices in an unbalanced control group are eligible for payment

When you establish payable entity policy, you can override the decisions you made in enterprise policy.

Stages for Processing Control Groups

The following diagram shows the stages of processing invoices in a control group:



For more information about setting up payable entity policy, see Overview of Payable Entities in the Payable Entity guide.

Default Information

You can enter a payable entity and accrual effective date for a control group. These values become *defaults* for all invoices in the control group. The accrual effective date you enter for a control group overrides the effective date determined by payable entity policy.

Control Totals for Recurring Payments

If you are entering an invoice having recurring payments, the control totals must reflect the total amount of all the recurring payments and the number of payments. For example, if you are entering an invoice with 10 recurring payments of 1,500 United States dollars (USD), you increase the control count by 10 and the control total by 15,000 USD.

Control Totals for Credit Memos and Debit Memos

Credit and debit memos increase the control and calculated counts for control groups. However, because you enter them as negative amounts, credit memos and debit memos decrease the control and calculated totals.

Control Totals for Invoices in Different Currencies

You can mix invoices in different currencies within a control group. All amounts appear in the transaction currency. You calculate the control total by adding invoice totals regardless of currencies. Totals for invoices containing amounts with different currencies are hash totals.

Example:

100	BEF
100.00	USD
100.000	JOD
300.000	TOTAL

Incomplete Invoices

If you add an invoice to a control group and save it with a status of Incomplete, the invoice appears in the list of invoices for the control group, but the control total and control count do not include amounts for the incomplete invoice.

Balancing with Incomplete Invoices

You can balance a control group that contains incomplete invoices, but the calculated control count and control total do not include amounts for the incomplete invoices.

About Adding Invoices

You can add invoices through either the

- Invoice scheduled process
- Invoice window.

For more information about adding invoices through the scheduled process, see Payables Scheduled Processing.

Matched Invoices

A *matched invoice* is one that compares the invoice information with purchase order and receipt information. Payables includes it in the matching scheduled process.

Matching Scheduled Process

The matching scheduled process compares information from the invoice, purchase order, and receipt. If the information matches without any differences, or *exceptions*, the invoice is eligible for payment. If the invoice has matching exceptions, you must resolve them before the invoice is eligible for payment.

Evaluated Receipt Settlement (ERS) Processing

If you use evaluated receipt settlement (ERS) processing with selected vendors, the ERS scheduled process automatically adds invoices generated from the receipt of goods.

Direct Invoices

A *direct invoice* is one you do not compare with purchase order and receipt information and do not include in the scheduled matching process. Add direct invoices for simple transactions, such as rent payments or utilities, that usually do not involve a purchase order.

Direct and Matched Lines on an Invoice

An invoice can contain both direct lines and matched lines. If any line on an invoice is matched, the invoice will be included in the matching scheduled process.

Adding a Matched Invoice

If you are adding a matched invoice, you can either enter information directly into the invoice window or select a purchase order line to match to.

Purchase Order Defaults

When you add a matched invoice, Payables uses default information from purchase order lines for the invoice lines.

Quick Vendors

If you have the proper activity and data security, you can use the Quick Vendor action on the Invoice window to bypass the standard vendor setup process and add vendors

with minimal information (identifier, location, and operating name). Vendors added using this alternative method are designated as quick vendors.

You can use quick vendors to speed up invoice entry for invoices from new vendors that are not yet added to SmartStream. You can also use them for payables as one-time vendors that, if eligible, can be purged more quickly from SmartStream because they are not subject to the last activity date criterion.

The Invoice scheduled process can also load invoices associated with quick vendors. Be sure to run the vendor load scheduled process first if invoices included in the invoice load scheduled process reference quick vendors.

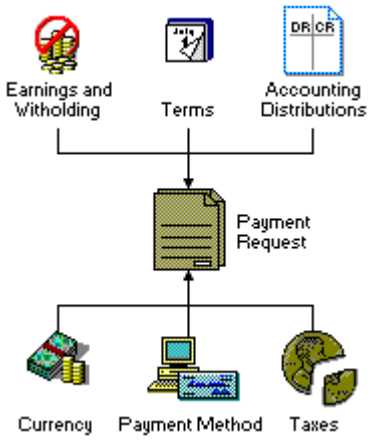
Security Prerequisites

Before you can use the Quick Vendor action on the Invoice window and enter vendor information on the Quick Vendor dialog box, your security administrator must set up the following security for you or the security group to which you belong:

The Security Administrator must assign...	Using the...
Access to the Quick Vendor activity	Activity Security window.
Maintenance data control security for the Quick Vendor activity	Security Data Control window.

Invoice Default Information

When you add an invoice, Payables can provide defaults for some information, and you have to enter other information.



You can choose not to define defaults for some invoice information. When no default appears on the window, you must enter the information directly on the invoice.

Sources of Invoice Defaults

When you add an invoice, values for some fields appear on the invoice as defaults. The default information can come from the following sources:

- Payable entity
- Terms
- Tax rules and tax rates
- Currency
- Vendors
- Earnings and withholding rule
- Earnings and withholding category
- Control groups
- Invoice forms
- Purchase orders
- Projects
- Receipts (for ERS invoices)

When you enter these policy components or sources on the invoice, the default values for them appear on the invoice.

Default information for one source can take precedence over defaults from another source. If you define a default value for a lower level of policy that is different from the default you defined for the same policy at a higher level, the lower level default takes precedence over the higher level default.

For example, the default payment method defined for the vendor takes precedence over the default payment method defined for the payable entity.

Defaults from Tax Rules and Tax Rates

Policy definitions for tax rules and rates can supply default accounting distributions for the following distribution types:

- Tax expense
- Self-assessed tax liability
- Reclaimable tax

Defaults from Payable Entity Policy

The following default information comes from payable entity policy:

- Accounting distributions for
  - Expenditure
  - Freight expense
  - Accounts payable liability
  - Miscellaneous charges expense
- Accrual effective date
- Allocation options for freight and miscellaneous charges
- Booking currency
- Payment method
- Rate entity
- Rate type
- Rate date option
- Tax rules, tax rates, tax reclaimable codes, and tax identification numbers
- Terms

Defaults from the Vendor

The following default information comes from vendor policy:

- Accounting distributions for
  - Expenditure
  - Freight expense
  - Accounts payable liability
  - Miscellaneous charges expense
- Earnings and withholding rules and categories
- Payment method
- Rate entity
- Rate type
- Rate date option
- Tax rules, tax rates, and tax reclaimable codes
- Terms
- Transaction currency

Note: If you are adding an invoice with a quick vendor for which these defaults are not defined, Payables searches other sources in the standard policy hierarchy for the defaults. If Payables does not find a default for a required field, you must enter a value to use for the invoice.

Defaults from the Control Group

When you use Next Step processing with your control groups, the following default information comes from the control group:

- Accrual effective date
- Payable entity

Defaults from the Purchase Order

When you add a matched invoice, some default information for the invoice comes from the purchase order. The following table lists the elements of a matched invoice that come from the purchase order and describes the sequence Payables uses to find default values:

For this invoice information...	Payables first examines the...	If no default, it then goes to...	If no default, it then goes to...
Accounts payable liability	Purchase order line schedule.	Vendor policy.	Payable entity policy.
Description	Purchase order line schedule.		

For this invoice information...	Payables first examines the...	If no default, it then goes to...	If no default, it then goes to...
Expense distributions	Purchase order line schedule.	Vendor policy.	Payable entity policy.
Item	Purchase order line schedule.		
Payable clearing/variance distributions	Purchase order line schedule.		
Payable entity	Purchase order header.		
Tax rule and tax rate	Purchase order header.	Vendor policy.	Payable entity policy.
Terms	Purchase order header.	Vendor policy.	Payable entity policy.
Unit of measure	Purchase order line schedule.		
Vendor	Purchase order header.		
Vendor item	Purchase order line schedule.		
Vendor location	Purchase order header.		

Defaults from Multiple Purchase Orders

If a matched invoice contains lines from more than one purchase order, Payables uses information from the first purchase order you select for defaults for the following invoice information:

- Vendor
- Vendor Location
- Payable Entity
- Terms

Note: The only field you cannot override is Unit Price on a matched invoice. Payables calculates this value based on the quantity and extended price amount.

Defaults from Projects

The following default accounting distributions can come from projects:

- Accounts payable liability
- Expenditure

Defaults from Matched ERS Receipts

If an invoice is generated automatically through the ERS scheduled process, the identifier for the matching receipt appears on the invoice line.

For ERS-generated invoices, the following header information comes from the associated consolidated scheduled receipt details:

- Vendor and vendor location
- Invoice date (receipt date)
- Payable entity
- Terms
- Currency of the transaction

The following invoice line information also comes from the consolidated scheduled receipt details:

- Quantity
- Site of purchase
- Purchase order number and line number
- Ship-to site and ship-to address
- Purchase order required date
- Unit of measure

Approval

After you enter a payment request, change any default information you want, and save the payment request, Payables determines whether the payment request meets the conditions for approval set up in workflow. If so, Payables displays the approval identifier. You cannot change this identifier.

Euro Currency Processing

During the euro transition period, invoices can be in national currency or euro, depending on when a company's vendors change to euro. If an invoice contains amounts in both the national currency and the euro, you can enter the invoice using either currency. The invoice will be paid in the invoice transaction currency.

Triangulation

If you are converting from the invoice currency to the booking currency, you can choose to calculate the exchange rate using *triangulation*. Triangulation is the process of using multiple exchange rates with respect to the euro to convert from one currency to another.

The conversion from transaction currency (A) to booking currency (C) takes place as follows:

1. The transaction amount A is first converted from invoice currency to euro, amount B, using the transaction to euro exchange rate.

2. Amount B is then converted from euro to the booking currency to get the booking amount C, using the euro to booking exchange rate.

The rate needed to convert the transaction amount A directly to the booking amount C is the *compound rate.* Payables calculates the compound rate and stores it for reference.

Using triangulation can be advantageous because the rate between a participating currency and the euro is fixed, but rates between a non-participating currency and the euro or a participating currency are variable.

Example 1 **Triangulation with two participating currencies**

A payment in Belgian Francs (BEF) clears the bank. The booking currency is French Francs (FRF). Both currencies are participating currencies. Instead of using a variable rate to convert from BEF and FRF, use two triangulated rates to determine the exchange rate:

- Transaction to Euro Exchange Rate (BEF to Euro)
- Euro to Booking Exchange Rate (Euro to FRF)

Both rates are fixed, and you cannot change them because the currencies involved are participating currencies and the euro. You cannot change the resulting compound exchange rate.

Example 2 **Triangulation with one participating currency**

A payment in United States dollars (USD) clears the bank, and the booking currency is FRF. USD is non-participating, and FRF is participating. Instead of using a

variable rate to convert from USD and FRF, use two triangulated rates to determine the actual exchange rate:

- Transaction to Euro Exchange Rate (USD to Euro)
- Euro to Booking Exchange Rate (Euro to FRF)

The transaction to euro exchange rate (USD to Euro) is variable, and you can change it. The euro to booking exchange rate (Euro to FRF) is fixed, and you cannot change it. You cannot directly change the resulting compound exchange rate, but you can change it indirectly by changing the transaction to euro exchange rate. Payables passes the transaction to euro exchange rate to the conversion routine, which uses it to calculate the compound rate.

Payment Methods

During the transition period, you can use a single payment method for invoices in any participating currency and EUR. You can use the domestic Check and Letter of Transfer payment types to make payments in participating currencies and the euro, if the vendor or the vendor's bank is located in the same country as the bank from which you are paying.

Invoices that are paid from a bank account in a participating currency or the euro are considered domestic payments. For example, a Belgian Franc (BEF) invoice paid in BEF out of a euro (EUR) bank account is considered a domestic payment, not a foreign payment. Also, a BEF payment paid out of a euro bank account is considered a domestic payment if the vendor or the vendor's bank is located in the same country as the bank from which you are paying. A BEF payment paid to a vendor located in Belgium from an EUR bank account located in France is considered a foreign payment.

Discounts on Invoices

Vendors sometimes offer a *discount* for prompt payment.

Calculating Discount

You can enter

- The discount amount, discount due date, and final due date on an invoice
- A terms identifier on an invoice and Payables automatically calculates the discount amount, discount due date, and final date using the information assigned to the terms.

Allocating Discount

Depending on the discount method you select for the payable entity, you can allocate discounts to invoice lines or post discounts to a separate account.

For this discount method...	Payables...	SmartStream Ledger posts the discount amount to...
Net	Allocates discount to the invoice lines. You can allocate discount for individual invoice lines.	The same accounting distribution as the line expense when you allocate a discount to an invoice line.
Gross	Does not allocate discount to the invoice lines.	A separate discount earned account.

Calculating and Allocating Tax Discount Adjustments

When you process invoices using a tax rule, such as French value added tax, that allows you to adjust the tax amount when a discount is calculated, Payables calculates the tax on the invoice before applying any discounts. It then multiplies this tax amount by the discount percentage to calculate the *tax discount adjustment*.

Payables generates journal entries to reflect the discount and the tax discount adjustment when you enter an invoice. Ledger recognizes the tax discount adjustment the same time it recognizes the discount.

If the payable entity uses the...	Then Ledger recognizes the...
Net discount method	Discount and the tax discount adjustment on the ledger effective date of the payment request entry.
Gross discount method	Discount and the tax discount adjustment on the ledger effective date of the payment.

Additional Charges on Invoices

Additional charges on an invoice are *freight* and *miscellaneous charges.* Miscellaneous charges can include such charges as

- Handling
- Insurance
- Pallet rental.

You can determine how SmartStream Ledger posts these amounts and whether to allocate the amounts to individual invoice lines.

Allocating Additional Charges

Depending on the option you select in payable entity policy, you can allocate freight or miscellaneous charges, or both, to the invoice lines or post these amounts to a separate account.

You can turn allocation on or off for individual invoice lines.

Charges as Part of Tax Basis

If you include freight and miscellaneous charges in the tax basis, you must allocate these amounts to the invoice lines. If you do not want to allocate these amounts, but still need to include them in the tax basis, enter each charge as a separate invoice line.

ERS Invoices

Invoices generated by the ERS scheduled process do not contain freight or miscellaneous charges.

Accounting Distributions on Invoices

Information for an invoice includes accounting distributions. If the invoice includes default accounting distributions, they appear on the Accounting Distributions view of the Invoice window. If no defaults appear, you can enter the accounting distributions you need.

You can override default accounting distributions on an invoice, as needed.

Generating Journal Entries

When you save an invoice with a Complete status, Payables validates the accounting distributions using the chart of accounts or structures policy and generates journal entries for the accounts.

If you save the invoice as Incomplete, Payables does not validate the accounting distributions or calculate the amounts for the journal entries. Payables marks the journal entries as incomplete so that SmartStream Ledger does not post them.

Required Accounting Distributions

The following table shows the required accounting distributions for processing various invoices:

This distribution type...	Is required for...
Accounts payable clearance	Any invoice that is matched to a purchase order and contains a stocked item.
Accounts payable liability	All invoices.
Expenditure	Any invoice line that is not matched to a purchase order.
Freight expense	Any invoice that does not have freight allocated to invoice lines.
Miscellaneous charges expense	Any invoice that does not have miscellaneous charges allocated to invoice lines.
Reclaimable tax	Any invoice that has a tax reclaimable code.
Self-assessed tax liability	Any invoice that has self-assessed tax.
Tax expense	Any invoice that has tax expense (nonreclaimable) posted to a separate tax account.
Variance	Any matched invoice containing a stocked item whose invoice unit price does not match the purchase order unit price.

Default Accounting Distributions

You can define accounting distributions for the vendor, tax rule, tax rate, and payable entity. Payables uses some of these accounting distributions as defaults for the

invoice. These defaults can be complete or partial accounting distributions. If the default is a partial accounting distribution, you must fill in the remaining elements before you can save the invoice as complete.

For Matched Invoices

For a matched invoice, default accounting distributions for expense or accounts payable clearance come from the purchase order, or from the requisition, if a requisition is part of the purchase order line. If the purchase order line schedule is tied to multiple requisitions, default distribution amounts are allocated proportionately for each requisition.

Payable Entity Defaults

The default accounting distributions for the following distribution types can come from the payable entity and serve as defaults for the invoice:

- Accounts payable liability
- Expenditure
- Freight expense
- Miscellaneous charges expense

Vendor Defaults

The accounting distributions for the following distribution types can come from the vendor and serve as defaults for the invoice:

- Accounts payable liability
- Expenditure
- Freight expense
- Miscellaneous charges expense

Note: If you are adding an invoice with a quick vendor for which these defaults are not defined, Payables searches other sources in the standard policy hierarchy for the defaults. If Payables does not find a default for a required field, you must enter a value to use for the invoice.

Defaults from a vendor take precedence over defaults for the same distribution type set up for the payable entity.

If a partial accounting distribution is defined as a default for the vendor, Payables uses the defaults defined for the payable entity to fill in any blank elements. When you enter the invoice, you must complete the distribution by filling in any remaining elements.

Purchase Order Line Schedule Defaults

If you add a matched invoice, the accounting distributions for the following distribution types can come from the purchase order and serve as defaults for the invoice:

- Expenditure
- Payable clearing

- Variance

Example: Accounting Distribution Defaults for Direct Invoices

You set up partial defaults for the vendor and payable entity. The following tables show how Payables fills in the accounting distribution elements for a direct invoice line.

The following defaults were set up for the payable entity:

Distribution Type	Entity	Division	Account	Department	Product	Project
Expenditure	ATL01	BOS	5000			
Freight expense	ATL01	BOS				
Miscellaneous charges expense	ATL01	BOS				
Accounts payable liability	ATL01	BXT	5050	9000		

The following defaults were set up for the vendor:

Distribution Type	Entity	Division	Account	Department	Product	Project
Expenditure	ATL01	BOS	5010		7000	
Freight expense	ATL01	BOS	7020		7000	
Miscellaneous charges expense	ATL01	BOS	7050		7000	
Accounts payable liability	ATL01	BOS	5060		7000	

When processing an invoice from this vendor with this payable entity, the default accounting distribution information appears on the Accounting Distributions view and Line Accounting and Tax view as follows:

Distribution Type	Entity	Division	Account	Department	Product	Project
Expenditure	ATL01	BOS	5010		7000	
Freight expense	ATL01	BOS	7020		7000	
Miscellaneous charges expense	ATL01	BOS	7050		7000	
Accounts payable liability	ATL01	BXT	5060	9000		

Payables uses this information for all invoice lines. Enter the department and project elements of the distribution to complete the information for each line.

Example: Accounting Distribution Defaults for Matched Invoices

The following table shows an example of the default accounting distributions that appear on the Accounting Distributions view and Line Accounting and Tax view when the invoice is matched to a purchase order. In the example, three requisitions were combined in a single purchase order line schedule. The default quantities for each accounting distribution are allocated proportionately.

Distribution Type	Entity	Division	Account	Department	Product	Project
Expenditure: (Requisition No. 1)	ATL01	BOS	5020	7000	5000	333-G
(Requisition No. 2)	ATL01	BOS	5020	8000	5000	333-G
(Requisition No. 3)	ATL01	BOS	5020	9000	5000	333-G

Defaults from the Tax Rule and Tax Rate Code

Accounting distributions for the following distribution types can come from the tax rule and tax rate and serve as defaults for the invoice:

- Reclaimable tax
- Self-assessed tax liability
- Tax expense (nonreclaimable tax)

Defaults from the tax rate have priority over defaults defined for the same distribution type for the tax rule. If the tax rule does not use tax rates, the default distribution comes from the tax rule. If a partial accounting distribution is defined as a default for the tax rate, Payables uses the defaults defined for the tax rule to fill in any blank elements. When you enter the invoice, you must complete the distribution.

Entering the Accounting Distribution

When you enter the invoice, you can enter the accounting distribution or override any defaults as needed.

Using Aliases

An *alias* represents a partial or complete accounting distribution. During invoice entry, you can enter an alias to fill in the accounting distribution. If you enter an alias, it overrides any accounting distribution elements previously entered.

Accrual Effective Date

SmartStream Ledger posts accruals to the ledger based on the policy option you selected for the payable entity (entry date, end of period, or invoice date). If you override the date determined by the payable entity when you enter a control group, however, Payables uses that date as the default accrual effective date for all invoices in that control group. You can override the default on an invoice if needed.

Tax Information on Invoices

You can add tax information for invoices.

Default Tax Information

You can define up to two tax defaults for a payable entity or a vendor to be used as defaults for the invoice lines. A tax default consists of a combination of the following tax components:

- Tax rule
- Tax rate
- Tax reclaimable code
- Freight tax rate
- Miscellaneous charge tax rate

If you define a default combination for the vendor, Payables does not use either default combination from the payable entity.

Note: If you are adding an invoice with a quick vendor for which these defaults are not defined, Payables searches other sources in the standard policy hierarchy for the defaults. If Payables does not find a default for a required field, you must enter a value to use for the invoice.

For Matched Invoices

For a matched invoice, default tax information for the invoice line comes from the purchase order line schedule. If the invoice is matched to multiple purchase orders, Payables uses default tax information from the first purchase order you matched.

Partial Tax Defaults

You can define part of the default tax information for the vendor and part for the payable entity.

For example, if you define tax defaults to use when a payable entity processes invoices from a particular vendor, you can define the default tax rule and tax rate for the vendor and define the default tax reclaimable code for the same tax rule for a payable entity.

Example

You set up partial defaults for a vendor and a payable entity as follows:

Level	Tax Rule	Tax Rate	Tax Reclaimable Code
Payable Entity	GST01		Full
Vendor	GST01		
PO	GST01	Standard	

The default tax information appears on the Tax Information view of the invoice as follows:

Tax Rule	Tax Rate	Tax Reclaimable Code
GST01	Standard	Full

Active Dates and Expiration Dates

Tax rules, tax rates, and tax reclaimable codes have active dates and expiration dates. The invoice date must fall between the active date and expiration date for you to use that rule or code on the invoice.

Taxing Freight and Miscellaneous Charges Separately

Some taxes, such as la Taxe de Vente du Quebec (TVQ), require you to tax freight and miscellaneous charges at a rate different from the rate for goods.

If you calculate tax on freight or miscellaneous charges separately, a separate line appears in the tax summary section of the Tax Information view for each charge. You must enter the tax rate and reclaimable code for freight and miscellaneous charges in the default tax section of the Tax Information view; you cannot enter them for the line.

If you want to allocate tax on freight or miscellaneous charges, or both, to an invoice line, you must allocate freight or miscellaneous charges, or both, to the line. The line must also have the freight and miscellaneous charges tax rule associated with it. The tax rule must have the distribution option set to Invoice Line Expenditure.

If the distribution option on the tax rule is invoice line expenditure and the freight or miscellaneous charges are not allocated to the invoice line, SmartStream Ledger posts the tax on freight and miscellaneous charges to the freight and miscellaneous charges accounts. If the distribution option on the tax rule is tax expense account, Ledger posts the tax on freight and miscellaneous charges to a tax expense account.

Setting Up the Tier-One Tax Rule

If the tier-two tax rule taxes freight and miscellaneous charges separately **and** includes tier-one tax in the tax basis, the tax rule for the tier-one tax **must** tax freight and miscellaneous charges separately as well.

This means that you must enter a tax rate for freight and miscellaneous charges for the tier-one tax rule also. This can be the same tax rate as the expenditure, unless the tier-one tax rule applies a different tax rate to those charges.

Self-Assessed Taxes

Self-assessed taxes represent a separate liability to the taxing authority that you pay separately from the vendor's invoice. Payables does not include them in the invoice total amount or the accounts payables liability amount. It generates a separate liability entry for the self-assessed tax liability.

Funds Control Integration

If Funds Control is installed, Payables calls Funds Control to

- Verify that funds are available for the accounting distributions on the invoice that are subject to funds checking. See Funds Control Policy for information about deciding which distribution types are subject to funds checking.
- Determine which journal lines on an invoice have exceptions.
- Update fund accounts based on invoice activity.

When Funds Checking Occurs

Depending on your Funds Control policies, funds checking of invoices entered on the Invoice window or during scheduled processing occurs either at document entry or approval completion.

Document Entry

If the Funds Check At option for invoices is Document Entry in the Funds Control policy, funds checking occurs

- When an invoice is saved with a status of Complete.
- When an invoice with a status of Awaiting Match is successfully matched and its status is changed to Complete.

Approval Completion

If the Funds Check At option for invoices is Approval Completion in the Funds Control policy, funds checking occurs

- After an invoice with a status of Pending Approval is approved by the last approver.
- After an invoice with a status of Awaiting Match is successfully matched, its status is changed to Pending Approval, and it is approved by the last approver.
- When an invoice that does **not** require approval is saved with a status of Complete.
- When an invoice with a status of Awaiting Match that does **not** require approval is successfully matched and its status is changed to Complete.

Funds checking also occurs when you make changes that affect the accounting distributions or result in changes to the total invoice amount.

Effective Date

Funds checking is performed using the effective date on each journal line. The effective date is the accrual effective date for the invoice.

Invoice Processing

If an invoice passes funds checking, it continues processing. If an invoice fails funds checking, it continues processing up to the point of payment.

Updating Fund Accounts

When an invoice passes funds checking, Funds Control updates the appropriate fund accounts.

Funds Exceptions

If one or more accounting distributions fail funds checking, the entire document is considered to be in exception (funds exception). The invoice will not be paid until you resolve the exceptions and recheck funds.

Resolving Funds Exceptions

When Funds Control identifies an exception, SmartStream workflow notifies the person who entered the invoice that the invoice failed funds checking and notifies the funds manager to resolve the exception. The Resolve fund exceptions task opens the Funds Control Workbench, where you can allow the exception.

Rechecking Funds

After you allow or resolve all fund exceptions for an invoice, SmartStream workflow sends a message to the user who entered the invoice to recheck funds.

Determining if an Invoice Has Funds Exceptions

When you open an invoice that has failed funds checking, a visual cue appears on the Main view of the Invoice window to indicate that the invoice has exceptions. Funds Exception fields on the Line Accounting and Tax view and on the Accounting Distribution view indicate which accounting distributions have exceptions.

Even after you resolve or allow an exception, the invoice flags the exception until you recheck funds and the invoice passes funds checking.

Posting Journals

A funds exception does not affect the creation or posting of project journals. If an invoice has a funds exception, ledger journals are not eligible for posting until the funds exception is cleared. If your policy calls for funds checking to occur at approval, it is possible that the journals will be posted before funds checking occurs.

Invoices for Assets

When you add an invoice for an asset, if the invoice line does not have project information, Payables sends a message to the assets department to add the asset. You can enter information about the asset such as serial number and quantity on the Invoice Line Detail view.

Entering Multiple Serial Numbers

If an invoice line contains a multiple quantity of an item, each with a different serial number, you must enter each item on a separate line to pass all the serial numbers to the assets department. For example, if you have an invoice line for five computers, enter each computer and serial number on a separate line.

For More Information

For more information about setting up the integration between SmartStream Asset Management and Payables, see About Asset Integration in the *Enterprise Accounting* guide.

Options for Invoice Custom Fields

You can define invoice custom fields for any invoice information you want to maintain or report. Reports for custom fields are not delivered with Payables. You can generate your own queries using Microsoft Access to retrieve invoice information for a report.

Assigning Custom Fields

You can define up to 10 custom fields for invoice headers and up to 10 custom fields for invoice lines. Before you decide how to use a custom field, consider the length of the field. The following table shows the lengths of the custom fields for both the invoice header and line:

Custom Field	Value Length
1–4	15 characters
5–7	5 characters
8–10	3 characters

Example

Your enterprise maintains a fleet of leased vehicles. All invoices containing charges for these vehicles, such as insurance or maintenance, include the vehicle registration number. You use the custom fields for your invoices to record the vehicle registration number.

At the end of each year, you produce reports to show the accumulated costs of maintaining each vehicle in your fleet.

The following table shows how you use the custom fields to identify your vehicle maintenance information:

Custom Field	Type of Information	Example Value
1	Vehicle number	MTR1184
2	Amount of gasoline	20 gal
3	Insurance premium	1,000.00
4	Type of repair	Replace radiator
5	Cost of repair	200.00

You then design reports to help you track the cost of maintaining the vehicles in your fleet.

Recurring Payments

Recurring payments are payments of equal amounts produced on a regular schedule, such as monthly or quarterly. You can enter one recurring payment and have Payables automatically generate the remaining payments.

Do not use recurring payments if the amount of payment varies or the payment schedule is irregular.

You cannot use recurring payments for an invoice that contains lines matched to a purchase order line schedule.

Setting Up Recurring Payments

You set up recurring payments when you enter the invoice. You cannot enter recurring payment information after you save the invoice.

Enter the number of recurring payments, the frequency, and accrual information. When you save the invoice, Payables generates a new scheduled payment for each recurring payment. The first recurring payment is scheduled payment number 1.

Payables assigns the payment due date based on the frequency of the payments and uses the invoice amount you enter as the amount for each subsequent recurring payment. For example, if your monthly payment is 500 United States dollars (USD), you enter 500 USD as the invoice total.

Discounts

Payables uses the payment frequency, the discount due date, and the final due date of the first recurring payment to calculate the date for subsequent recurring payments. The discount amount is the same for all recurring payments.

Voucher Numbering

Payables uses the voucher number of the first recurring payment on all subsequent recurring payments.

Changing Recurring Payments

After you save the recurring payments, you cannot change the number of payments, the amount of the payments, or the accrual information, but you can change information such as accounting distributions for each recurring payment. You must change each recurring payment individually because Payables does not automatically change subsequent payments.

Accounting for Recurring Payments

When you enter recurring payments, Payables automatically generates an accrual for each recurring payment. Payables calculates the accrual effective date for each payment based on the frequency of payments and the accrual effective date of the first recurring payment.

For example, if you make payments on a monthly basis, Payables generates accruals with effective dates that occur on a monthly basis.

Accrual Effective Date

You can generate recurring payments with the same accrual effective date by selecting Accrue Full Amount on the Document Detail view. When you select this option, Payables generates a separate journal entry for each recurring payment, each with the same effective date.

Funds Checking for Recurring Payments

When you save a recurring payment as Complete and Payables creates scheduled payments, Funds Control checks funds for each scheduled payment. If a scheduled payment fails funds checking, a message informs you of the exception. After you acknowledge the message, invoice processing continues. As each remaining scheduled payment is created, Funds Control checks the available funds. It is possible that some recurring payments will pass funds checking and some will not, depending on the availability of funds for each scheduled payment.

If your accounting policies call for the entire amount to be accrued at one time and a scheduled payment fails funds checking, all remaining scheduled payments for the invoice will also fail because funds would be depleted from the account for the same effective date.

If your accounting policies call for the amount of each scheduled payment to be accrued with different effective dates, it is possible that some scheduled payments for the invoice will pass funds checking even though a particular scheduled payment fails.

If you cancel or delete a scheduled payment, Invoice calls Funds Control for that payment and each remaining scheduled payment so funds can be reversed.

Balancing the Invoice

Balancing occurs when you save the completed invoice. To balance the invoice, the sum of the line amounts, freight, miscellaneous charges, and tax must equal the invoice total entered on the Main view.

Vendor Totals

Payables updates vendor totals when you save an invoice with a status of Complete.

Debit and Credit Memos

Debit and credit memos reduce the amount of the vendor totals but increase the number of outstanding invoices for the vendor.

Discount

If you are using the Net discount method, the totals reflect the net amount of the invoices. If you are using the Gross discount method, the totals reflect the total amount of the invoices.

Recurring Payments

Recurring payments increase the vendor totals by the number of payments and the total amount of all payments.

Adding Incomplete Invoices

If you do not have all the information for an invoice, you can add the invoice and save it with a status of Incomplete.

Requirements for Saving as Incomplete

To save an invoice as Incomplete, you must enter the following information:

- Vendor identifier
- Vendor location
- Invoice number
- Invoice date
- Scheduled payment number

Validation

Payables does not require any additional information to save an invoice as Incomplete. If you enter information, Payables verifies that the information was defined but does not verify that the information is valid.

For example, if you enter a terms identifier, Payables verifies that the terms identifier was set up on the Terms Policy window. However, Payables does not verify that the calculated discount due date is earlier than the final due date.

Discounts

Payables does not calculate and allocate discounts for incomplete invoices. When you save invoices as complete, Payables calculates the discount for invoices with terms identified and allocates the discount for invoices using the net discount method.

Accounting Distributions

Payables does not validate accounting distributions or calculate amounts for journal entries for an incomplete invoice. Payables marks the journal entries as incomplete, so SmartStream Ledger does not post them.

Scheduled Processing and Incomplete Invoices

If you add invoices using Job Scheduler, Payables edits and validates the information just as it does when you add an invoice using the Invoice window.

If the invoice transaction contains invalid information, the invoice scheduled process saves the invoice as Incomplete and sends a task to the appropriate user or workgroup.

Use the Invoice window to make corrections for invoices that the invoice scheduled process saved as incomplete.

Matched Invoices and Matching Exceptions

Payables can perform three-way matching between an invoice line, a purchase order line schedule, and receipts for the purchase order line schedule.

An invoice can contain lines that are matched to a purchase order line schedule as well as lines that are not matched.

Entering Matched Invoices

You can enter a matched invoice using the Invoice window, or you can add matched invoices using the invoice scheduled process.

ERS Matching

If you use ERS with selected vendors, the ERS scheduled process automatically generates invoices based on the receipts from the ERS vendors. The matching scheduled process matches the information from the receipt and the related purchase order.

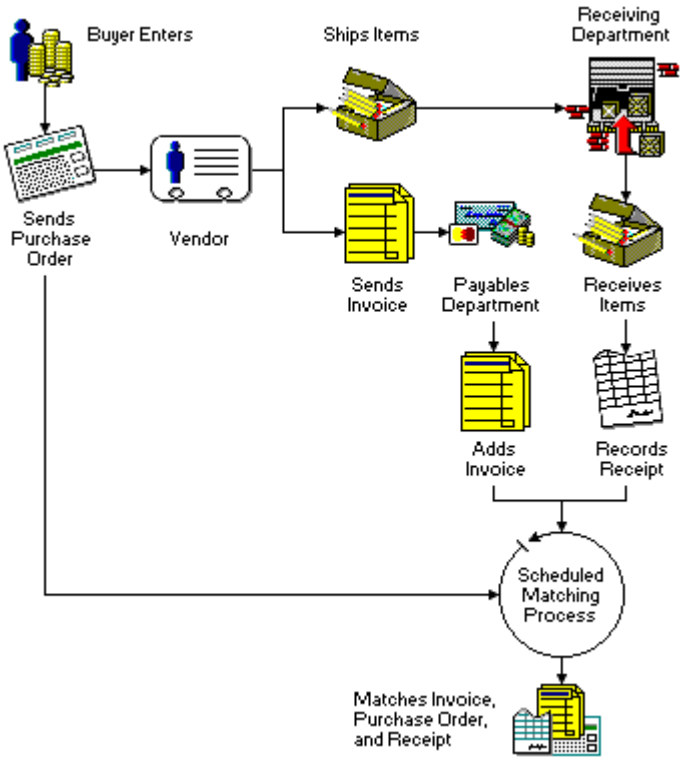
Invoices generated by the ERS scheduled process do not contain freight or miscellaneous charges, regardless of the information on the related purchase orders. To match these amounts, you must enter them on a separate purchase order line and receive them as any other item.

Euro Currency Processing

To accommodate Euro Currency processing, the matching scheduled process stores triangulated rates on project journals when appropriate. Also, an invoice can be matched to a purchase order line schedule that uses a different currency.

Diagram of the Matching Process

The following diagram shows the flow of information, documents, and items from entering a purchase order to matching it with an invoice:


Buyer Enters
Ships Items
Receiving Department
Sends Purchase Order
Vendor
Sends Invoice
Payables Department
Receives Items
Adds Invoice
Records Receipt
Scheduled Matching Process
Matches Invoice, Purchase Order, and Receipt

How a Matched Invoice Is Processed

The following table shows the stages of processing a matched invoice from the time it is entered to the time it becomes eligible for payment.

Stage	Description
1	A payables clerk enters invoices, indicating the purchase order line schedule the invoice line is matched to. For ERS vendors, the ERS scheduled process automatically generates invoice transactions from information on receipts.
2	The clerk saves the invoice and the invoice status changes to Awaiting Match.
3	All lines waiting to be matched are included in the next run of the matching scheduled process. This scheduled process compares matched invoice lines to the associated purchase order line schedules.
4	Does the invoice line match the purchase order line schedule without exception? If yes, Payables updates the invoiced-to-date quantities on the purchase order line schedule. The process continues at stage 8. If no, the purchase order line schedule is not updated, and the invoice status is set to In Exception. The process continues at stage 5. **Note:** The Matching scheduled process ▪ Can match multiple purchase orders to an invoice. ▪ Compares the purchase order unit price to the invoice unit price converted to the purchase order currency, in unit of purchase. ▪ Updates the total invoiced amount on the purchase order line schedule using the invoice unit price in purchase order currency.
5	For every matching exception, Payables sends a To Do task or message to the appropriate workgroup or person.
6	The buyer, accounts payable clerk, or others can review the invoice and decide to allow the matching exception, make changes to the invoice, or request information or action from a different workgroup or person.
7	An invoice line is processed during the matching scheduled process each time the process runs until all matching exceptions for the line are resolved.
8	If the invoice is to be approved for payment, the approval process is initiated after all matching exceptions for the invoice are resolved.
9	After the invoice is approved, if funds checking is to be performed for the invoice, the Matching scheduled process calls Funds Control to check funds for the accounting distributions that are subject to funds checking and update fund accounts as necessary.

Stage	Description
10	After all matching exceptions for the invoice are resolved and, if necessary, the invoice is approved and funds exceptions are resolved, the invoice is eligible for payment.

Matching Scheduled Process

During invoice entry, the payables clerk identifies the purchase order line schedule to match to the invoice line. The matching scheduled process performs the actual match.

Processing Sequence

The matching scheduled process first processes credit memos and debit memos waiting to be matched. Processing credit and debit memos first increases the amount available for payment. The matching scheduled process then processes the invoice lines waiting to be matched.

Processing Invoices Repeatedly

Each time the matching scheduled process runs, it includes all invoice lines waiting to be matched and those with exceptions.

When an invoice line goes through the matching scheduled process more than once, the type of matching exception can change. For example, the first exception for an invoice line is that the invoice quantity exceeds the quantity available for invoicing. The buyer cancels the purchase order. When the invoice line goes through the matching scheduled process again, the exception is that the purchase order is cancelled.

No Exceptions

When a matched invoice line has no exceptions, the matching scheduled process updates the appropriate purchase order information and changes the status of the line to Complete. The invoice is available for payment when all lines have a status of Complete.

Funds Control Integration

If Funds Control is installed and an invoice is successfully matched to a purchase order, the Matching Scheduled process calls Funds Control to

- Verify that funds are available for the accounting distributions that are subject to funds checking.
- Update fund accounts as necessary (expense funds and unencumber funds).

Matching calls Funds Control only when an invoice is successfully matched or a matching exception has been allowed. Matching does not call Funds Control for an invoice that is In Exception as a result of the matching process.

Funds checking is performed using the effective date for each journal line. For the invoice, this is the accrual effective date.

Funds checking can occur at entry time (successfully matched) or at approval time. Funds Control policy governs if and when to perform funds checking. Matching calls

Funds Control when the invoice is successfully matched and the status is Complete, Pending.

Funds Exceptions

If one or more accounting distributions fail funds checking, the entire invoice is considered to be in exception (funds exception). Workflow notifies the person who entered the invoice that it failed funds checking and notifies the appropriate user to resolve the exception.

After the exception is resolved, Workflow sends a message to the appropriate user to recheck funds. You cannot pay the invoice until you recheck funds and no funds exceptions exist for the invoice. See Funds Control for more information on resolving funds exceptions.

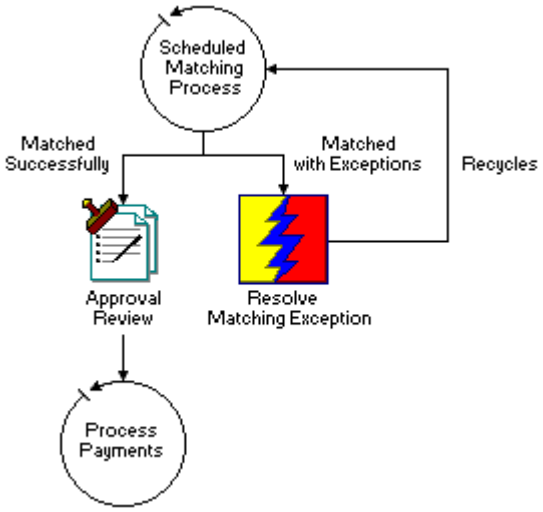
Posting Journals

A funds exception does not affect the creation or posting of project journals.

If an invoice has a funds exception, ledger journals are not eligible for posting until the funds exception is cleared. If your policy calls for funds checking to occur at approval time, it is possible that the journals will be posted before funds checking occurs.

Diagram of the Matching Scheduled Process

The following diagram shows the matching scheduled process.



Types of Matching Exceptions

The matching scheduled process identifies the following matching exceptions:

- Invoice quantity exceeds quantity available for invoicing
- Invoice unit price exceeds unit price tolerance
- Purchase order is cancelled
- Purchase order has not been sent

- Purchase order has been completely invoiced
- Purchase order not found
- Unit of measure conversion factor is missing

Managing Matching Exceptions

You use different methods to manage matching exceptions.

- You can review exceptions in detail and resolve them individually. The matching process associates the task of reviewing matching exception details with each exception. If you choose the task from your To Do List, the Matching Exception Details window appears.
- You can manage exceptions from the invoice level. The matching process associates the task of reviewing invoice exceptions with each invoice that contains at least one exception. If you choose the task from your To Do List, the Matching Exception Review window appears.

Resolving Matching Exceptions

To resolve a matching exception, choose one of the following actions from the Matching Exception Details window:

Choose this action...	To...
Allow exception	Accept the invoice line and pay it as is.
Review the invoice	Display the Invoice window. From the Invoice window, you can cancel or delete the invoice.
Send request	Inform a different department to review matching exception comments and provide information or take action to resolve the exception.

Matching Exception Comments

If you want to communicate or request information about the matching exception, you can enter comments for the matching exception.

After the matching exception is resolved, the matching scheduled process consolidates the matching exception comments with the invoice comments.

Sorting Matching Exceptions

Based on your enterprise's priorities or division of labor, you can choose the sequence the matching process uses to sort matching exceptions and present To Do tasks. Some of the most appropriate criteria for sorting are

- Age of the matching exceptions
- Exception type
- Invoice.

Cost Variance

If you are matching to a stocked, non-expensed, non-consignment item and the invoiced cost is different from the ordered cost, Payables sends the unit cost variance and additional unit costs of the matched item to Average Cost Management.

A cost variance exists if

- The invoice unit price in base unit of measure is different from the purchase order discount price in base unit of measure.
- Tax, freight, or miscellaneous charges are allocated to an invoice line.
- Currency exchange rates are different between the time the purchase order was issued and the invoice was issued. If so, the variance is passed to Cost.

Scheduled Processing for Invoices

You can use a scheduled server process to enter multiple control group and invoice transactions from an external file. You can use the transaction layouts provided to build a text file containing all your invoice transactions. You then use the bulk copy feature to submit the file through Job Scheduler. As Payables processes the transactions, users and workgroups receive appropriate tasks for completing the processing.

More Information

In the *Financials Technical Reference*, see the following sections:

For…	See…
Details about setting up Job Scheduler	Job Scheduler Parameters for Payables.
A complete description of each transaction layout	Payables Transaction Layouts.

Tasks for Scheduled Processing

You can schedule the following processing tasks for adding invoices through Job Scheduler:

- Bulk copy the transactions
- Load the invoice and control group transactions

Bulk Copy

Using Job Scheduler, you can set up jobs to copy files containing invoice transactions to the appropriate DBMS payment request transaction table.

After you set up the jobs, you can use them each time you want to process transactions from the same external sources.

For more information about using bulk copy, see Writing Transactions Using the Bulk Copy Program in the *Financials Technical Reference*.

Evaluated Receipt Settlement (ERS)

You can set up a vendor for ERS processing by selecting the ERS matching control when you define the vendor's policy. This ERS indicator is a default for purchase orders directed to the vendor.

When you receive goods ordered from this vendor, you run the scheduled ERS process, which identifies all invoices from your ERS vendors and automatically generates invoice transactions from the information on the receipts for the vendor. Payables includes these invoice transactions in the next invoice scheduled process and then routes them through the matching scheduled process.

The matching scheduled process matches the information on your purchase order line schedules with their associated invoice lines and receipts. The success or failure of the matching process determines whether Payables can generate a payment for the vendor in the next payment run.

ERS Processing

The following table shows the process for running ERS and generating invoices based on your numbering scheme:

Stage	Description
1	Define your vendors as ERS vendors. See the Matching Control field topic for the Vendor Payables Information window in the Vendor Help.
2	Define your invoice numbering scheme. See ERS Invoice Numbering view of the Vendor Payables Information window.
3	Add purchase orders for your ERS vendors.
4	Use the Purchase Order Send scheduled process to send the purchase orders to the vendors. See About Purchase Order Send Processing in the Purchasing chapter of the *Financials Technical Reference*.
5	Receive items for the purchase order lines. See the Receipt window topic in the Receiving Help.
6	Run the ERS scheduled process using only the Number of Delay Days parameter to select all ERS receipts that have ▪ Been received and not yet invoiced ▪ A receipt date on or before the run date minus the number of delay days.
7	Run the Invoice Load scheduled process. See Stages of Invoice and Control Group Scheduled Processing in the Payables chapter of the *Financials Technical Reference*. **Result:** SmartStream generates invoices using your numbering scheme.

Stage	Description
8	Run the Matching scheduled process. See Stages of Matching Scheduled Processing in the Payables chapter of the *Financials Technical Reference*.

Changing from ERS to Three-Way Matching

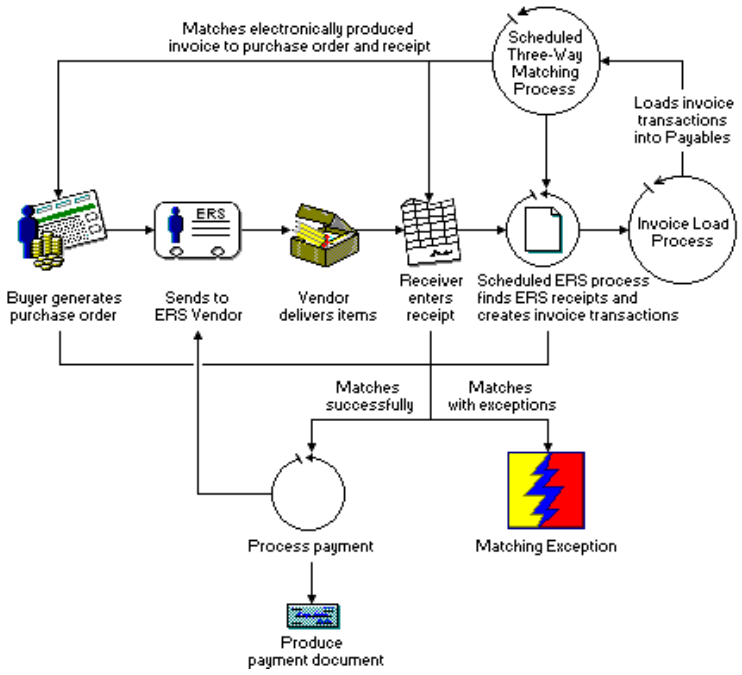
If you send a purchase order to an ERS vendor and you decide to process the purchase order through the normal process of entering an invoice directly, you can change the default matching control on the purchase order from ERS to the regular three-way document match. You can make this change anytime before sending the purchase order.

Example

You negotiate an agreement with Vendor A to purchase 100 boxes of paper for laser printing and copying once each month, at a price of 500 USD per purchase. You agree to match the information on the receipt for each load of paper to the associated purchase order without requiring an invoice to be entered directly.

When you define the payables policy information for Vendor A, you specify the evaluated receipt settlement (ERS) matching control, which is a default for all purchase orders for Vendor A.

You decide to purchase a desk from Vendor A, but your ERS agreement does not cover this item. When you enter the purchase order for the desk, you change the matching control default from ERS to PO/Invoice/Receipt. Vendor A sends you an invoice for the desk, you enter a receipt when the desk arrives, and the scheduled matching process matches the three documents as usual.



You cannot run the ERS scheduled process and the Invoice scheduled process at the same time.

More Information

In the *Financials Technical Reference*, see the following sections:

For…	See…
Details about setting up Job Scheduler	Job Scheduler Parameters for Payables.
A complete description of each transaction layout	Payables Transaction Layouts.

Processing Control Group Transactions

Use the control group transaction (PRCG) to format and submit control groups for scheduled processing.

Validation

Payables validates and edits control group information for the PRCG transaction just as it does control group information you enter on the Control Group window. It performs class edits and application edits.

If a control group transaction satisfies all validation criteria, the scheduled process adds it to the payment request tables. You must correct transactions that contain errors before the scheduled process can add them to the payment request tables.

Processing Flow

The following table summarizes how Payables processes scheduled control group transactions:

If the...	Then Payables...
Transaction is valid	▪ Adds the control group to the payment request tables. ▪ Removes the transaction from the transaction table. ▪ Sends a message that the control group was added.
Transaction contains a key information error	▪ Leaves the transaction on the transaction table. ▪ Sends a task to the designated person to correct the key information. That person can correct the information on the Payment Request Transaction Correction window. ▪ Processes the corrected transaction during the next scheduled processing run.
Transaction contains a data error	▪ Removes the transaction from the transaction table. ▪ Sends a task to the designated person to correct the data. That person can correct and save the control group on the Control Group window.

Processing Invoice Transactions

Use the invoice transactions to format and submit invoices for scheduled processing.

Types of Invoice Transactions

The following table shows the types of invoice transactions you can enter through scheduled processing:

Use this transaction...	To add...
PRQT	Invoice header information. You must enter one PRQT transaction for each invoice.
PRAD	Accounting distributions for accounts payable liability, freight, and miscellaneous charges. Use this optional transaction to enter accounting distributions or to override default accounting distributions for invoices.
PRTX	Tax amounts. This transaction is conditional: If the invoice contains tax, you must add one PRTX transaction for each tax rule on the invoice.
PRTD	Tax information for an invoice. Use this optional transaction to enter tax information or to override existing vendor or payable entity default tax information for invoices. You can enter up to two sets of tax defaults on a transaction, and you can add one PRTD transaction for each invoice. This information serves as default information for all direct lines on an invoice. For invoice lines matched to purchase order lines, tax information from the purchase order line serves as the default information for the invoice lines.
PRTA	Tax accounting distributions for an invoice. Use this optional transaction to enter or override default tax accounting distributions for invoices. You can enter one PRTA transaction for each tax accounting distribution on an invoice.
PRLN	Invoice line information. You must enter one PRLN transaction for each invoice line.
PRCM	Invoice comments. Optional.

Validation

Payables validates and edits invoice information on the different invoice transactions just as it does information you enter on the views of the Invoice window. It performs class edits and application edits.

If an invoice transaction satisfies all validation criteria, the scheduled process adds it to the payment request tables. If a transaction contains a key error, Payables rejects the transaction.

For other errors, Payables saves the invoice as Incomplete and adds the incomplete invoice to the payment request table. Payables enters zeros or spaces in fields containing invalid values so that no invalid information is added to the payment request table.

Processing Flow

The following table summarizes how Payables processes scheduled invoice transactions:

If the...	Then Payables...
Transaction is valid	▪ Adds the completed invoice to the payment request tables and all integration tables. ▪ Removes the transaction from the transaction table. ▪ Sends a message that the invoice was added.
Transaction contains a key information error	▪ Leaves the transaction on the transaction table. ▪ Sends a task to the designated person to correct the key information. That person can correct the information on the Payment Request Transaction Correction window. ▪ Processes the corrected transaction during the next scheduled processing run.
Transaction contains a data error	▪ Adds the invoice to the payment request tables with a status of Incomplete. ▪ Removes the transaction from the transaction table. ▪ Sends a message to the designated person that the invoice was added with a status of Incomplete. That person can correct the information on the Invoice window.

Processing ERS Invoice Transactions

The ERS scheduled process generates the following invoice transactions:

This transaction...	Adds...
PRQT	Invoice header information. The policy defaults come from the receipt information and the related purchase order, and the invoice number is generated according to the numbering scheme defined for the vendor.
PRTX	Tax information. This transaction is conditional. If the invoice contains tax, the ERS process adds one PRTX transaction for each tax rule on the invoice, after all receipt lines are processed and all tax rules identified. The ERS process does not calculate tax amounts; this occurs when the ERS invoice transaction is included in the next scheduled invoice load.
PRLN	Invoice line information. This information, including tax rule defaults, comes from the consolidated scheduled receipt details and the related purchase order.

Tax Calculation

The ERS scheduled process does not calculate the tax basis or tax amounts. The tax basis and tax amounts are calculated during the invoice scheduled process.

Reversed Receipts

The ERS scheduled process does not generate invoice transactions for any ERS receipts that were reversed before the scheduled process.

If you reverse an ERS receipt after the ERS scheduled process runs, the next ERS scheduled process generates a debit memo transaction.

Returns

Payables handles returns to vendor the same way as receipt activity. ERS creates a debit memo for non-consignment items returned to vendors.

Receipt Maintenance

For receipt maintenance for ERS vendors, Payables creates a credit memo if the maintenance decreases the quantity and a debit memo if the maintenance increases the quantity.

Consignment Items

Liability for payment for consignment items is not incurred until the items are issued to the end user. Payables issues an invoice for a consignment item when the item is

issued to a requester, not when the item is received. For ERS vendors, when a consignment item is returned to the stockroom, Payables creates a debit memo.

Payable Entity Policy Defaults

The ERS scheduled process ignores the following defaults, if they exist in the payable entity policy:

- Control groups required for invoices
- Voucher numbers required for invoices but not automatically generated

Matching Invoices to Purchase Orders

You can include purchase order information in the invoice line transaction (PRLN) to match invoice lines to purchase order lines.

Status

The scheduled process adds invoices containing valid matched lines to the payment request tables with a status of Awaiting Match. If any of the matching information is invalid, the process adds the invoice to the payment request table with a status of incomplete.

Defaults

You can add the payable entity for a matched invoice to the invoice transaction, or Payables can use the payable entity for the control group as the default for the invoice.

The terms policy for the vendor serves as the default for a matched invoice. The scheduled process uses the terms policy from the payable entity if the vendor has no default.

The tax rule and tax rate from the purchase order line are the tax defaults for the matching invoice lines.

If the purchase order identified on an invoice line is for a nonstock item, the expenditure accounting distribution for the purchase order journal line is the default expense distribution. If a purchase order is attached to a requisition, the accounting disitributions from the requisition are the defaults for the matching invoice line.

Key Information for Matching

Key information for matching is as follows:

- Purchase site
- Purchase order number
- Purchase order line number
- Ship-to site
- Ship-to address identifier
- Purchase order required date

If any of this information is invalid, the scheduled process adds the invoice to the payment request table as a direct invoice with a status of incomplete.

Fields from the Purchase Order

The following information from the purchase order becomes default information for the matching invoice lines:

- Quantity
- Payment request unit of measure
- Item number
- Vendor item identifier
- Description
- Tax rule
- Tax rate
- Manufacturer's item number
- Amount

Matching ERS Invoices

The matching scheduled process automatically includes the invoices generated by the ERS scheduled process. The generated ERS invoice contains information from the related receipt and purchase order, and the matching process matches it with the purchase order.

Correcting Control Group and Invoice Transactions

Payables validates and edits control group and invoice information on the different transactions just as it does information you enter on the Control Group and Invoice windows.

You receive a task on your To Do List when the scheduled process encounters an error. Payables does not complete processing for control groups or invoices in error until you correct the information.

Key Information Errors

A key information error causes the scheduled process to reject the control group or invoice transaction. When a key information error occurs, you receive a task on your To Do list to correct a key error.

After you correct the information, Job Scheduler processes the corrected control group or invoice transaction during the next scheduled processing run.

Key Information for Control Groups

Key information for a control group transaction includes

- Control group identifier
- Control date.

Key Information for Invoices

Key information for an invoice transaction includes

- Vendor identifier
- Vendor location
- Invoice number
- Invoice date
- Scheduled payment number
- Invoice line number.

Data Errors

How Payables processes data errors on a transaction depends on the type of transaction:

- If a control group transaction contains a data error, Payables does not add the control group to the payment request table. It passes the control group data with the To Do task so that you can access the data by choosing the task from the To Do List. When you correct and save the control group, Payables adds it to the payment request tables.
- If an invoice transaction contains a data error, Payables saves the invoice as incomplete. Because the scheduled process initializes incorrect fields to zeros or

to spaces, no incorrect information is added to the payment request table. Correct the invoice and save it as complete.

Unprocessed Transactions

You cannot correct the following invoice transaction errors on windows:

- Invalid transaction type
- Invoice transactions containing invoice key information that does not match any valid invoice header transaction on the payment request table.

When these errors occur, the scheduled process sends a message identifying the transaction that was not processed.

Parameters for Processing Unprocessed Transactions

When you set up parameters for the invoice scheduled process, you specify whether to delete unprocessed transactions from the transaction table. If you choose to delete unprocessed transactions from the transaction table, specify a date through which to delete them.

Correcting Unidentified Transactions

If you choose to leave unprocessed transactions on the transaction table, you can use the Message Detail window to identify the transaction. This window shows the transaction type and the key information. You can use this information and Microsoft Access to find the transaction on the transaction table.

For more information about setting up the parameters for scheduled invoice processing, see Job Scheduler Parameters for Payables in the *Financials Technical Reference*.

Approving Invoices

You can require some or all of your invoices to be approved before they can be paid.

Approval Policy

Approval policy consists of approval lists and approval workflow.

An *approval list* is a list of names of users or groups of users who must approve payment requests before you can pay them.

Approval Workflow is the set of conditions you set up in workflow workbench to identify invoices that must be approved.

For information on setting up approval lists and workflow, see Setting Up Approval Policy in the *General Enterprise Setup* guide.

How You Approve an Invoice

The following table shows the approval process:

Stage	Description
1	Save the completed invoice with an approval ID.
2	If the invoice is being matched, it goes through the scheduled matching process. All matching exceptions must be resolved.
3	Payables sends the task of approving an invoice to the approver, or set of approvers, with the lowest level number.
4	Each approver can review, then approve or reject the invoice from either the Invoice Approval window or the Invoice Approval Status window. If one approver rejects the invoice, it has a status of Rejected and is not eligible for payment. The approval process stops. A rejected invoice can be approved later; when it is approved, the approval process starts again.
5	As the approver or approvers approve the invoice, Payables sends the task of approving the invoice to the approver or approvers with the next level number.
6	After all approvers approve the invoice, the status changes to Complete. If the invoice has no funds exceptions, Payables can process it for payment.

Funds Control

If Funds Control is installed, Payables changes the status of the invoice to Approved after all approvers approve it. Then, if appropriate, Payables calls Funds Control to check funds before processing the payment. Payables changes the status of the invoice to Complete.

If funds are available, Funds Control

- Verifies that funds are available for the appropriate journal lines
- Updates fund accounts
- Determines which journal lines have exceptions.

For information about which distribution types require funds checking, see Funds Control policy.

Funds Exceptions

If one or more accounting distributions fail funds checking, the entire invoice is in exception. Workflow notifies the appropriate funds personnel to resolve the exception.

Adding an Approver to a List

To submit an invoice for approval to a person or workgroup that is not on the list, you can add approvers for a specific invoice after you save and forward the invoice for approval.

The additional approver applies **only** to that invoice. The original approval list defined in approval policy does not change.

Pending Status

Invoices that are complete and have an approval list receive the Pending status. After the approval process is complete, the status changes to Complete and the invoice is eligible for payment.

Pending invoices are posted to SmartStream Ledger. If you review an invoice and decide to reject it, you should also cancel it to generate a reversing entry for the accrual.

Overriding Approval

You can override the approval process by using the on-demand payment process to pay the invoice. You can make on-demand payments for invoices with a status of

- Pending
- On Hold;Pending
- No Accrual;Pending.

For more information about on-demand payments, see Producing On-Demand Payments.

Maintaining Invoices

After you save an invoice, you can perform many maintenance activities. You can

- Change information on an invoice
- Set up partial payments
- Approve an invoice
- Place an invoice on hold
- Cancel or delete an invoice.

Invoice Statuses

The *status* of a payment request changes as it moves through the different payables processes. At any time, you can determine where a payment request is in the process by checking on its status.

Setting Up Partial Payments

You can divide the payment for an invoice into several partial payments. *Partial payments* are payments of varying amounts issued on an irregular schedule.

Note: Setting up partial payments is also known as *staging payments* or setting up an installment schedule.

When to Use Partial Payments

You can use partial payments for

- Invoices you do not have the funds to pay in one payment
- Invoices that have lines you dispute with the vendor
- Credit and debit memos.

When Not to Use Partial Payments

You cannot set up partial payments for

- Invoices with matched lines until all lines are completely matched and all exceptions are resolved
- An invoice with a status of Incomplete.

How You Set Up Partial Payments

Before you add partial payments, you must add and save the invoice and, if the invoice is supposed to be approved, it must be approved. Enter the partial payment information on the Partial Payments window. When you save the partial payment information, Payables adds a new scheduled payment for each partial payment entered. These invoices have the same invoice number and date as the original invoice, with scheduled payment numbers, beginning with the number one.

The original invoice still has a scheduled payment number of zero, but Payables cannot pay it as a payment.

The total of all partial payments added must equal the total of the original invoice.

Applying Discounts

You can apply a discount to all or any partial payments if the total discount amount entered for all partial payments equals the discount amount on the original invoice.

If a tax discount adjustment is calculated for the invoice, the discount amounts applied to the partial payments include the adjustment amount.

Changing Partial Payments

After you save the partial payments, you cannot change the number of partial payments or the amounts of the payments.

You cannot change the accounting distributions for a partial payment. You must change this information on the original invoice (scheduled payment 0). You can change payment related information such as due dates, payment method, and remittance advice information for each partial payment.

Accounting for Partial Payments

Payables generates the accrual for the invoice when you enter the invoice. Dividing payment for the invoice into partial payments does not affect the original accrual. Payables does not generate any additional journal entries when you enter partial payments.

Funds Control for Partial Payments

If Funds Control is installed, when partial payments are created for an invoice and scheduled payment 0 has a funds exception, each partial payment is considered to be in exception. For partial payments, either all are in exception or none are in exception.

When you recheck funds for a partial payment that has a funds exception, if the funds exception has been resolved or allowed, all partial payments are updated. You can recheck funds from any scheduled payment.

If you cancel a partial payment, all remaining scheduled payments are cancelled. Payables calls Funds Control to reverse funds for each cancelled scheduled payment.

To delete a partial payment, go to scheduled payment 0 and delete the entire invoice. Payables calls Funds Control to reverse funds for the invoice.

Placing an Invoice on Hold

If you place an invoice on hold, Payables does not pay the invoice until you remove the hold status.

Payables has several types of hold. The type you use depends on whether you want SmartStream Ledger to post the journal entries while the invoice is on hold.

You cannot place an invoice on hold if it has a status of Cancelled, Paid, Incomplete, Awaiting Match, or In Exception.

Recurring Payments

If you place a recurring payment invoice on hold, Payables also places all subsequent unpaid recurring payments on hold. When you release the invoice, Payables releases all the payments.

Partial Payments

If you place an invoice with partial payments on hold, Payables also places the unpaid payments on hold. If you place an individual partial payment on hold, all subsequent unpaid partial payments are also on hold.

When you place an invoice with partial payments on hold with no accruals, the original invoice (scheduled payment 0) has a status of No Accrual, and Payables assigns the subsequent unpaid partial payments a status of On Hold. When you release the invoice, Payables releases all the unpaid partial payments.

Placing an Invoice on Temporary Hold

You can place an invoice on hold for one scheduled payment run using the Temp on Hold status. After Payables makes the current scheduled payment run, the invoice status automatically returns to Complete and the invoice becomes eligible for payment during the next scheduled payment run.

Overriding Hold

You can use the on-demand payment process to override the hold status and pay an invoice with a status of No Accrual or On Hold.

Releasing the Invoice

When you place an invoice on hold, Payables assigns you the task of releasing it. When you release the invoice, it returns to the status it had before it was placed on hold.

Cancelling and Deleting Invoices

You can cancel or delete an invoice if you entered the invoice incorrectly or if you decide you are never going to pay the invoice.

Cancelling Invoices

You cancel an invoice if SmartStream Ledger already posted journal entries for it. Cancelling the invoice does not permanently remove it from Payables. Payables changes the status of the invoice to Cancelled. You cannot use the invoice number, invoice date, or voucher number again.

If you cancel an invoice containing lines that were successfully matched to purchase order line schedules, the amount and quantity on the purchase order are reversed.

Cancelling a Recurring Payment

If you cancel a recurring payment invoice, Payables automatically cancels all subsequent unpaid payments.

Cancelling a Partial Payment

If you cancel a partial payment or an invoice with partial payments, Payables automatically cancels all subsequent unpaid payments.

You cannot cancel partial payments for invoices generated through the ERS process.

Cancelling a Paid Invoice

You cannot cancel a paid invoice unless you cancel all associated payments first.

ERS-Generated Invoices

You cannot cancel an invoice that was generated by the ERS process. Reverse the associated receipt, instead.

Deleting Invoices

If you enter an invoice incorrectly and want to enter it again using the same invoice number, invoice date, and voucher number, delete the invoice to remove it from Payables, then reenter it.

You cannot delete an invoice after SmartStream Ledger posts it. You cannot delete an invoice if the project journal has been posted or if the invoice contains a line that is matched to a purchase order associated with a project.

You can delete recurring payments if Ledger has not posted subsequent payments. You cannot delete partial payments.

If you delete an invoice containing lines that were successfully matched to purchase order line schedules, the amount and quantity on the purchase order are reversed.

ERS-Generated Invoices

You cannot delete an invoice that was generated by the ERS process. Reverse the associated receipt, instead.

Changing Incomplete Invoices

You can change the information on an incomplete invoice and save it as Complete or as Incomplete.

Control Group Information

When you resave an incomplete invoice as Complete, Payables updates the total and count of the control group and determines if it is in balance.

ERS-Generated Invoices

You cannot change most of the information on an incomplete invoice added through the ERS scheduled process. You can change the following information on ERS invoice lines:

- Earnings and withholding category
- Accounting distributions
- Asset information
- Tax rule, rate, and reclaimable code

Calculating Tax for Invoices

Payables uses the tax information you enter on an invoice and the tax policies you establish to process and calculate taxes.

Tax Information for Invoices

When you set up a tax rule, you can choose whether to calculate tax amounts for invoices using that tax rule.

If you choose not to calculate taxes at invoice entry, you must enter the tax amount on the invoice. SmartStream Ledger records that tax amount in a separate tax expense account at posting time.

Tax Calculation Methods

When you set up a tax rule, you specify whether to calculate tax amounts for invoice lines. If you need to calculate tax amounts for invoice lines, select one of the following tax calculation methods for the rule:

- Tax rate
- Weighted average

Payables automatically uses the tax rate calculation method for self-assessed taxes. If you choose to verify a tax, you also use the tax rate calculation method.

Rounding

Payables allocates any rounding difference to the invoice line with the greatest amount of tax allocated (for that tax rule).

Calculating Reclaimable Amounts

Taxing authorities require you to round any differences in their favor. For this reason, Payables calculates the nonreclaimable amount first (the tax expenditure).

After Payables calculates the nonreclaimable amount, it calculates the reclaimable amount by subtracting the nonreclaimable amount from the tax amount.

Example

The currency used in the following example is Canadian dollars (CAD).

If the tax reclaimable percentage is 40% and the calculated tax amount is 37.51, Payables calculates the reclaimable amount as follows:

100% - 40% = 60% (nonreclaimable percentage)

37.51 X 60% = 22.506 = 22.51 (nonreclaimable amount)

37.51 - 22.51 = 15.00 (reclaimable amount)

Notice that the rounding difference was added to the nonreclaimable amount.

Tax on Incomplete Invoices

When you save an invoice including a default tax rule as Incomplete, Payables does not calculate the amount of the tax.

If you enter a tax amount on the invoice and save the invoice as Incomplete, the tax amount does not appear in the tax summary information area of the Tax Information view.

Payables calculates the tax amount for a default tax rule when you save the invoice as Complete. The tax summary information on the Tax Information view displays the amount of tax calculated by Payables and any tax amounts you entered earlier.

Tax Calculation for Scheduled Invoice Processing

The scheduled invoice load process calculates tax amounts for each tax rule that is not a self-assessed tax. The process first calculates tax amounts for each invoice line then totals the calculated amounts for each tax rule. It then balances the calculated total for each tax rule to the entered tax amounts.

ERS Invoices

The ERS scheduled process does not calculate tax amounts for the invoice lines it generates. Tax amounts for the electronically generated invoice transactions are calculated during the invoice scheduled process.

The scheduled invoice load process does not calculate tax amounts for tax rules using the weighted average calculation method on an ERS invoice transaction. In such a case, the ERS-generated invoice is saved as incomplete.

Using Tax Calculation Methods

Payables uses the options you set up for a tax rule to determine the amount of tax for an invoice. If you select the option to calculate the tax, Payables uses the weighted average or tax rate calculation method to determine the tax on lines that use the rule.

Using Weighted Average Method

If you use the weighted average tax calculation method, Payables calculates the tax amount as follows:

$$\frac{\text{Expense amount on line}}{\text{Total expense amount on all lines with the tax allocated for the tax rule}} \times \text{Total tax amount for the tax rule}$$

Payables allocates any rounding difference to the invoice line with the most tax allocated (for that tax rule).

Using Tax Rate Method

If you use the tax rate to calculate taxes and the tax rate does not have tax rate elements, Payables calculates the tax amount as follows:

$$\text{Tax basis} \times \text{Tax rate \%}$$

If Payables calculates tax at the line level using the tax rate and the tax rate has multiple tax rate elements, Payables calculates the tax basis and tax amounts for each tax rate element for each invoice line with that tax rule, then summarizes the tax amounts for the invoice line.

Tax Basis

The tax basis for an invoice line depends on options you select when you set up the tax rule.

Components of Tax Basis

The tax basis for an invoice can include the following amounts:

- Expenditure
- Discount
- Freight
- Miscellaneous charges
- Tier-one tax

Calculating Tax Basis

To calculate the tax basis for an invoice line, Payables determines which amounts the tax rule requires for its tax basis. Depending on the rule, Payables calculates the *tax basis* as follows:

Tax basis = (Line amount + Allocated freight + Miscellaneous charges + Tier 1 tax) - Discount Amount

The tax basis of a line always includes goods and services.

Tax Basis Calculation for ERS Invoices

The ERS scheduled process does not calculate tax basis for the invoice transactions it generates. Tax basis is calculated during the next scheduled invoice load process.

Using Tax Rate Elements

If the tax calculation for a tax rule uses the tax rate calculation method and the tax rate has multiple tax rate elements, Payables calculates the tax basis and tax amounts for each tax rate element for each invoice line.

Calculating Tax Basis

Payables calculates the tax basis as defined in the tax rule. After calculating the tax basis, Payables compares that amount to the maximum tax basis you specified per element per invoice line (entered on the Tax Rate Elements window).

If the tax basis calculated is more than or equal to the maximum tax basis, the maximum amount is used as the tax basis for the primary percentage for the line. If the tax basis calculated is less than the maximum tax basis, the calculated tax basis is used as the tax basis.

For example, if Payables calculates the tax basis at 5,000 United States dollars (USD) and the maximum tax basis per line is set at 2,500 USD, the tax basis for the primary percentage is 2,500 USD.

Calculating Tax Amount

If the tax element has a primary percentage only, or if the tax basis calculated is not more than the maximum tax basis, Payables calculates the tax amount by multiplying the tax basis by the primary percentage.

If the tax basis is more than the maximum tax basis per line, and the tax rate element has a secondary percentage, Payables calculates a primary and secondary tax amount.

Primary tax amount = Maximum tax basis x Primary percentage

Secondary tax amount = (Calculated tax basis - Maximum tax basis) x Secondary percentage

Total tax amount due for the elements = Primary tax amount + Secondary tax amount

The total tax due for the invoice line is the total of all elements for the tax rate.

Example

The currency used in the following example is U.S. dollars (USD).

If the tax rate has a primary percentage of 2%, a maximum tax basis of 2,500, a secondary percentage of 1%, and a calculated tax basis for the invoice line of 4,000, Payables calculates the primary tax amount as follows:

2,500 x 2% = 50

The secondary tax amount is

(4,000 - 2,500) x 1% = 15

The resulting total tax for the element is 65. The total tax for the invoice line is the total of all elements for the tax rate.

Calculating Self-Assessed Taxes

Self-assessed taxes represent the tax liability to the taxing authority that does not appear on the vendor's invoice. United States use taxes and Value Added Tax Intra-Community are examples of self-assessed tax.

Displaying Self-Assessed Amounts

Payables calculates self-assessed taxes when you save the invoice. The tax amounts appear on the invoice line and in the tax summary on the Tax Information view of the Invoice window after the invoice is saved. Self-assessed taxes are not included in the invoice total as displayed on the Main view because they are not included in the vendor invoice.

Calculating Self-Assessed Amounts

Self-assessed tax rules require you to calculate taxes for the invoice line using the tax rate. For more information about how Payables calculates taxes using the tax rate, see Using Tax Calculation Methods.

Example

The currency used in the following example is U.S. dollars (USD).

You receive an invoice for 500 for office fixtures for use in Fulton County, Georgia. The freight charge on the invoice is 30. You enter the tax rule for the Georgia use tax (Use-GA) that includes freight in the tax basis. The tax rate for Fulton county is 6%, which is broken into three tax rate elements: 4% state, 1% county, and 1% transportation.

Payables calculates a tax amount as follows:

530 x 4%	=	21.20
530 x 1%	=	5.30
530 x 1%	=	5.30
Total	=	31.80

Calculating Tax on Freight and Miscellaneous Charges Separately

If you calculate tax on freight or miscellaneous charges separately, a separate line appears on the Tax Information view of the Invoice window. If you allocate these taxes to the invoice lines, they also appear in the tax section of the Invoice Line Accounting and Tax view.

Using Tax Rates

To calculate taxes on freight and miscellaneous charges separately, you must enter a freight tax rate and a miscellaneous charges tax rate in the appropriate fields on the Tax Information view. You cannot enter these rates at the line level.

Payables uses the freight and miscellaneous charges entered on the Main view as the tax basis, if freight is not allocated to the invoice lines. If freight and miscellaneous charges are allocated to the invoice lines, Payables uses the total amount allocated to the lines with that tax rule as the tax basis.

Calculating the Tax

Payables uses the freight and miscellaneous charges entered on the Main view as the tax basis. To calculate the tax on freight, Payables multiplies the freight tax basis amount by the percentage for the freight tax rate. To calculate the tax on miscellaneous charges, Payables multiplies the miscellaneous charges tax basis by the percentage for the miscellaneous charges tax rate. Those rates must be valid for the tax rule.

The tax basis for both freight and miscellaneous charges can include the tax calculated for tier 1 taxes.

Example

The currency used in the following example is Canadian dollars (CAD).

You receive an invoice for 500 for office furniture that has both GST and TVQ included. It also includes a freight charge of 30.

GST is charged at 7% on all items. Payables calculates GST as follows:

GST on goods	=	500 x 7%	=	35.00
GST on services (freight)	=	30 x 7%	=	2.10
Total GST			=	37.10

TVQ is charged at 8% on goods and 4% on services. The tax basis for TVQ also includes GST. Payables calculates TVQ as follows:

TVQ on goods	=	(500 + 35) x 8%	=	42.80
TVQ on services (freight)	=	(30 + 2.10) x 4%	=	1.28
Total TVQ			=	44.08
Total tax (GST and TVQ)			=	81.18

Calculating Tax Discount Adjustments

Some tax authorities allow you to adjust the amount of tax calculated for an invoice if you earn a discount that reduces the amount of the invoice and the subsequent payment.

Option for Tax Discount Adjustment

When you set up the policy for a tax rule, you can specify that Payables calculate a *tax discount adjustment* for invoice lines that use the tax rule.

When Payables processes an invoice that uses this tax rule and allows a discount, it calculates tax on the invoice before applying the discount. Payables then calculates the amount of discount on the invoice, including the tax amount as part of the tax basis.

To obtain the tax discount adjustment, Payables multiplies the amount of the tax by the discount percentage.

Ledger Processing

When you enter an invoice having payment terms that allow a discount and you use a tax rule specifying a tax discount adjustment, Payables generates the following types of journal entries:

- Expenditure
- Accounts payable liability
- Tax expense, if you post to a separate tax account

SmartStream Ledger recognizes a tax discount adjustment when it recognizes the related discount amount. The *discount method* you select in payable entity policy determines when these amounts are recognized.

Options for the discount method are Net and Gross.

Using Net Discount Method

If you process an invoice using a tax rule that specifies a tax discount adjustment and you use the Net discount method, Ledger recognizes any discount calculated and the tax discount adjustment on the ledger effective date of the invoice accrual.

Example

This example shows how Payables calculates the tax discount adjustment using the Net discount method. The currency used is the French franc (FRF).

You use the Net discount method when processing invoices, and you must calculate value added tax on the invoices. Your vendor allows a 10% discount for prompt payment, and the tax authority allows you to adjust the amount of tax when you earn a discount. The tax rate is 14%.

You receive an invoice for 1,000. When you enter the invoice, Payables calculates tax of 140.

Payables then calculates the *discount amount* as follows:

(Expenditure + Tax) x Discount percentage = Discount Amount

(1,000 + 140) x .10 = 114

Payables calculates the amount of the tax *discount adjustment* as follows:

Tax amount x Discount percentage = Tax discount adjustment

140 x .10 = 14

During the invoice processing, Payables generates journal entries for accounts payable liability, expenditure, and tax expense.

On the ledger effective date of the accrual, SmartStream Ledger records the following amounts:

Accounts Payable

DR	CR
	1026

Expenditure

DR	CR
900	530.00

(1000-100)

Tax Expense

DR	CR
126	

(140-14)

At payment time, if you do not earn the discount, the payment process reverses the entries that reflect the discount and tax discount adjustment.

Using Gross Discount Method

If you process an invoice using a tax rule that specifies a tax discount adjustment and you use the Gross discount method, Payables calculates the tax adjustment at invoice entry time.

With the Gross discount method, the discount and the tax adjustment are not recognized in your ledger until the invoice is paid. SmartStream Ledger recognizes any discount calculated and the tax discount adjustment on the ledger effective date of the payment.

Example

This example shows how Payables calculates the tax discount adjustment using the Gross discount method. The currency used is the French franc (FRF).

You use the Gross discount method when processing invoices, and you must calculate value added tax on the invoices. Your vendor allows a 10% discount for prompt payment, and the tax authority allows you to adjust the amount of tax when you earn a discount. The tax rate is 14%.

You receive an invoice for 1,000. When you enter the invoice, Payables calculates tax of 140.

Payables then calculates the *discount amount* as follows:

(Expenditure + Tax) x Discount percentage = Discount amount

(1,000 + 140) x .10 = 114

Payables calculates the amount of the *tax discount adjustment* as follows:

Tax amount x Discount percentage = Tax discount adjustment

140 x .10 = 14

During the invoice processing, Payables generates journal entries for accounts payable liability, expenditure, and tax expense.

On the ledger effective date of the accrual, SmartStream Ledger records the following amounts in your ledger:

Accounts Payable

DR	CR
	1140

Expenditure

DR	CR
1000	

Tax Expense

DR	CR
140	

On the ledger effective date of the payment, if you earn the discount, SmartStream Ledger posts the journal entry amounts as follows:

Accounts Payable

DR	CR
1140	

Cash

DR	CR
	1000

Discount Earned

DR	CR
	100

Tax Expense

DR	CR
	14

When you pay the invoice, if you do not earn the discount, the payment process reverses the entries for discount and tax discount adjustment.

Verifying Taxes

This section describes the result of the Payables process for verifying taxes for invoices.

Verification for Regular Invoices

For an invoice that includes goods or services and taxes, if the verification option is Error or Warning, Payables compares the calculated tax amount with the total tax entered on the invoice for each tax rule. If the two amounts are different, the verification message displays the calculated tax amount.

If the difference between the tax amounts is...	And the verification option is...	Then...
Not zero and not within tolerance	Error	You cannot save the invoice.
Not zero and not within tolerance	Warning	You can correct the tax information entered or save the invoice as it is. If you decide to save the invoice as it is, Payables allocates the difference to the line with the greatest amount of tax (for that tax rule).
Not zero	Do Not Verify	Payables allocates the difference to the invoice line with the greatest amount of tax (for that tax rule).
Not zero and within tolerance	Error or Warning	Payables allocates the difference to the invoice line with the greatest amount of tax (for that tax rule).

Verification for Tax-Only Invoices

If you enter a tax basis for a tax-only invoice, Payables verifies the tax amounts based on the verification option selected for the tax rule: Error, Warning, or Do Not Verify.

If the difference between the tax amounts is...	And the verification option is...	Then...
Not zero	Do Not Verify	Payables uses the tax amount you entered for the journal entry.
Not zero and not within tolerance	Error	You cannot save the invoice.

If the difference between the tax amounts is...	And the verification option is...	Then...
Not zero and not within tolerance	Warning	Payables uses the tax amount you entered for the journal entry rather than the calculated tax amount.
Not zero and within tolerance	Error or Warning	Payables uses the tax amount you entered for the journal entry rather than the calculated tax amount.

4 Drafts Processing

Chapter Contents

4-1 About Drafts
4-6 Accounting Distributions
4-7 Adding Bills of Exchange
4-8 Adding Promissory Notes
4-9 Printing a Draft
4-10 Changing Draft Information
4-11 Maintaining Drafts

About Drafts

A *draft* is kind of payment request that consists of one or more individual payment requests (invoices, credit memos, or debit memos). It is a secured payment that legally authorizes the bank to transfer funds from your bank account to the vendor's bank account. The funds transfer takes place on the due date you and the vendor agree on.

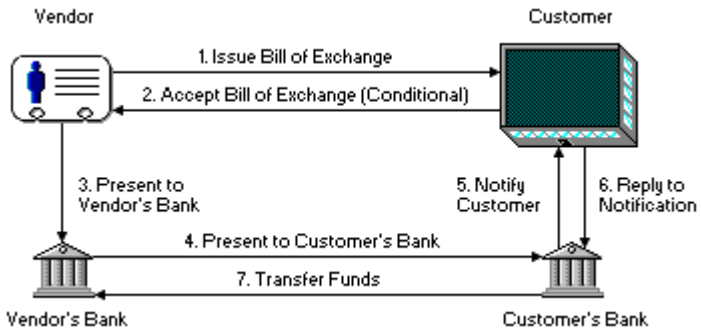
Kinds of Drafts

Payables processes two basic kinds of drafts: bills of exchange and promissory notes.

Bills of Exchange

Bills of exchange are initiated by a vendor. When you receive a bill of exchange, you record the information using the Draft window.

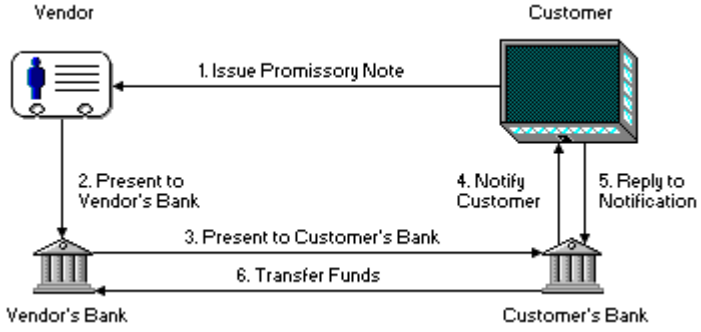
The following diagram shows the sequence of events for processing bills of exchange:



Promissory Notes

Promissory notes are initiated by your enterprise. Payables generates the draft document when scheduled through Job Scheduler.

The following diagram shows the sequence of events for processing promissory notes:



Draft Classes

Payables processes five classes of drafts:

- Bills of exchange
- Bills of exchange requiring acceptance
- Traditional bills of exchange
- Promissory notes
- Traditional promissory notes

Traditional bills of exchange and traditional promissory notes are always paper documents that are physically transferred between the vendor, the banks, and your enterprise.

Draft Statuses

The status of a draft indicates its current stage in the draft processing cycle. The status changes many times as a draft moves from entry to payment. Each change is either the result of user action or an automatic process in Payables.

Defaults

When you add a draft, Payables automatically fills in some information if it is already entered in Payables. This information is the default information. It can come from payable entity policy or vendor policy.

If you define one default value for the vendor and a different default value for the same field for the payable entity, the default for the vendor has priority over the default for the payable entity.

Defaults from the Payable Entity Policy

The following default information comes from the payable entity policy:

- Accounting distribution
- Accrual effective date option
- Booking currency
- Payment method

Defaults from the Vendor

The following default information comes from the vendor:

- Acceptor identifier
- Accounting distribution
- Draft class
- Payment method
- Transaction currency

Discount Information

Vendors sometimes offer a discount for the prompt payment of payment requests. If a discount is earned on a payment request, Payables passes it to the draft.

If the draft due date falls on or before the payment request discount due date, the discount is earned. If the draft due date falls later, the discount is not earned.

If multiple payment requests are attached to a draft, the draft amount is reduced by the sum of the discounts earned. Appropriate ledger entries are made for discounts earned or lost.

Draft Amount

You cannot enter a draft for a vendor with a negative outstanding liability, because this indicates that the vendor owes you money. Also, Payables does not generate

promissory notes if the draft amount is less than the minimum payment amount defined for the payment method.

Eligibility for Attachment

You cannot attach a payment request to a draft if

- Its status is not Complete.
- It belongs to an unbalanced control group and the payable entity policy option to pay payment requests belonging to unbalanced control groups is not selected.
- The Remit Hold option is set for the vendor in vendor policy.
- The Allow Drafts option in vendor policy is not selected for the payment request.

Euro Currency Processing

To accommodate Euro Currency processing, drafts and payment requests can be in different currencies.

- The currency on the Main view of the Draft window is a default from the Payment Options view of the Vendor Payables Information window for the default vendor.
- During online entry of a draft, the Payment Request Selection view and the find action use the invoice payment currency instead of the transaction currency to match to the draft.
- If the invoice transaction currency and the invoice payment currency are different, amounts are converted from the invoice transaction currency to the invoice payment currency. During online entry of a draft, the gross amount and discount amount are converted to the draft transaction currency. These converted amounts appear on the Payment Request Selection view of the Draft window.
- The Draft Summary view of the Draft window displays amounts in the draft transaction currency.
- For online or scheduled processing, currency clearing entries are generated if the invoice transaction currency is different from the draft transaction currency.
- The draft totals action shows amounts in the draft transaction currency.

Balancing and Reporting

Draft information is included in the Payables daily balancing reports.

Incomplete Drafts

The daily balancing reports do not list drafts with a status of Incomplete. The attached payment requests are listed as accounts payable liabilities.

Status and Reporting

Drafts with a status of Applied or Matured are listed as notes payable liabilities. Payment requests attached to these drafts are not shown as accounts payable liabilities.

Drafts with a status of Paid are listed as notes paid. The attached payment requests are not listed as paid so that the payment does not appear in both categories.

Drafts with a status of Cancelled are listed as notes cancelled. The attached payment requests are listed as accounts payable liabilities.

Balancing to Ledger

Unpaid drafts are listed as notes payable liabilities. Reversing entries are generated for the payment requests attached to these drafts so that the liability does not appear as both an accounts payable liability and a notes payable liability.

Accounting Distributions

When you add a draft, Payables reverses the associated accounts payable liabilities and adds a liability entry for notes payable using the accounting distribution for notes payable.

Determining Accounting Distributions

The following table shows the required accounting distributions for processing drafts:

This distribution type...	Is required for...
Accounts payable liability	Each payment request attached to a draft.
Notes payable liability	Each draft.

The following table shows optional accounting distributions for processing drafts:

This distribution type...	Is required when...
Discount earned	An attached payment request earns a discount when the draft is paid.
Discount lost	An attached payment request loses a discount when the draft is paid.

Entering the Accounting Distribution

You can use default values for the accounting distribution, or you can override them. If the default is a partial accounting distribution, you must fill in the remaining elements when you enter the draft. If no defaults appear, you must enter the accounting distribution you need. You can change the accounting distribution until the bank is notified to pay the draft.

Using Aliases

An alias represents a partial or complete accounting distribution. During draft entry, you can enter an alias for the accounting distribution. If you enter an alias, it overrides any accounting distribution elements previously entered.

Accrual Effective Date

Payables posts accruals to ledger based on the policy option you selected for the payable entity (entry date, end of period, or draft date). You can enter a different value on the draft, if needed.

Adding Bills of Exchange

When you receive a bill of exchange from a vendor, you add the information to Payables and make certain decisions that control how Payables processes it.

The Process

The following table shows the step-by-step process for adding a draft using the Draft window:

Stage	Description
1	Enter the vendor information, draft number, draft date, draft due date, draft amount, payable entity, draft class, and other basic information.
2	Enter the accrual effective date, bank, and payment information.
3	Attach payment requests to the draft. You can select payment requests from the list Payables presents or from a list you generate.
4	Determine the accounting distribution. You can override the default values, if needed.
5	Save the bill of exchange.

To be saved, a draft must be in balance. That is, the sum of the payment requests attached to the draft must equal the draft amount you entered on the Main view of the Draft window.

You can attach invoices, debit memos, and credit memos to a draft, and they can be a partial or recurring payment. The following criteria must be met:

- The payment requests must have the same vendor and payable entity as the draft.
- The status of the payment request must be Complete, and it must not be on hold.
- The draft class on the payment request must be the same as the draft class on the draft.

Saving a Draft as Incomplete

If you have entered only partial information for a draft, you can save it as Incomplete after entering the vendor information and draft number on the Main view of the Draft window. Payables validates the fields you entered, but it does not process the draft.

If you entered accounting distributions, journal entries for them are not posted until complete information is entered for the draft.

Adding Promissory Notes

Promissory notes are initiated by your enterprise, rather than by a vendor. They are generated by Payables through a scheduled process, rather than by entry on the Draft window.

You can generate a promissory note for each payment request, or you can generate promissory notes that group payment requests by due date. All payment requests for a draft must have the same payable entity, vendor, and currency.

The Process

The following table describes the process of adding a promissory note to Payables:

Stage	Description
1	Run a Microsoft Access query to select payment requests you want to include in a promissory note.
2	Run a scheduled process to validate that the payment requests are eligible to be included in a promissory note and add the promissory note.
3	Print the promissory note using the Microsoft Access product.

After you generate a promissory note, you can maintain it using the Draft window.

Access Query

Payables provides a query for selecting payment requests for promissory notes. You can use this query, which selects all payment requests classified as promissory notes, or you can create your own query. If you create your own query, you can use any of the payment request fields as selection criteria.

Printing a Draft

To print a draft, choose Draft Document Parameters from your Activity List.

Draft Document Parameters

Draft document parameters are the criteria you choose to specify the drafts you want to print. You can indicate the following criteria:

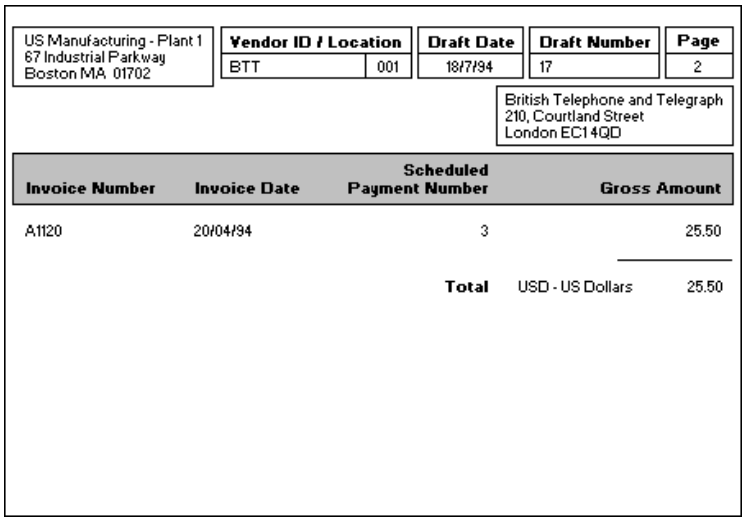
- The report you want to run
- The payable entity associated with the drafts
- The payment method associated with the drafts
- Whether you want to print only promissory notes, only bills of exchange, or both.

You can also enter a unique identifier for the set of parameters you use for printing drafts so that you can schedule the printing through Job Scheduler.

Usually you do not need to print bills of exchange. However, this option is provided if you need to do so.

Draft Document

The following is an example of a draft document printed using Microsoft Access:



US Manufacturing - Plant 1 67 Industrial Parkway Boston MA 01702	Vendor ID / Location		Draft Date	Draft Number	Page
	BTT	001	18/7/94	17	2

British Telephone and Telegraph
210, Courtland Street
London EC1 4QD

Invoice Number	Invoice Date	Scheduled Payment Number		Gross Amount
A1120	20/04/94	3		25.50
		Total	USD - US Dollars	25.50

Changing Draft Information

You can change certain information or perform certain actions on a draft, depending on its status. When a draft has a status that does not allow certain changes or actions, Payables dims the corresponding fields or menu options on the Draft window.

Changing the Accounting Distribution

If you change the accounting distribution for a draft and the original accrual is posted, Payables generates correcting entries. Otherwise, the original entries are updated. The effective date of the correcting entry is the draft maintenance effective date.

Maintaining Drafts

The information in this section describes the actions you can perform to change the status of a draft.

Accepting Bills of Exchange

You must accept a bill of exchange requiring acceptance before it can be paid. When you accept it, you acknowledge legal responsibility for its payment.

Until you accept it, the status of the draft is Pending. When the status is Pending, posting cannot occur and the draft cannot be paid. After you accept the draft, Payables changes its status to Applied, the journal entries are posted, and the draft can be paid.

Cancelling and Deleting Drafts

You can cancel or delete a draft if you entered the information incorrectly or if you decide you are not going to remit payment by draft. If Payables has posted the journal entries, you cancel the draft. If Payables has not posted the journal entries, you can delete the draft.

Cancelling Drafts

Cancelling a draft does not remove it from Payables. You cannot use the draft number again for the same vendor. You cannot reinstate a draft you have cancelled.

Deleting Drafts

If you entered a draft incorrectly and want to enter it again using the same draft number, you must first delete the draft. Deleting the draft removes it permanently from Payables.

Placing Drafts on Hold

Placing a draft on hold stops the draft from further processing until it is released. You can place a draft on hold if you want to delay paying the draft or if you need to determine whether to pay it at all. When you place a draft on hold, you can also select the option to place the journal entries for the draft on hold.

Releasing Drafts

When you place a draft on hold, Payables assigns you the task of releasing it. When you release the draft, it returns to the status it had before you placed it on hold.

Recording a Bill of Exchange

The following paragraphs provide an example of how a clerk records a bill of exchange.

The clerk accesses the Main view of the Draft window and enters the vendor, vendor location, draft number, draft date, draft due date, the amount of the draft, and the payable entity. The clerk also verifies that the draft class, which comes from the vendor, is correct.

Displaying the Bank Account

The clerk chooses the Draft Summary view to verify the payment method and bank account for the draft. This information comes from the vendor payables information or the payable entity.

Attaching Payment Requests

The clerk displays the Payment Request Selection view to select the listed payment requests and attaches them to the draft.

A credit memo listed on the draft is not listed on the Payment Request Selection view. This is because the due date of the credit memo differs from the due date of the draft. The clerk chooses the Find action to find and select the missing credit memo.

Determining the Accounting Distributions

The clerk chooses the Accounting Distribution view to display the default notes payable accounting distribution. It is an incomplete distribution, so the clerk enters values in the remaining fields.

Saving the Bill of Exchange

The clerk saves the draft. Payables sends a task to the person responsible for accepting the draft.

Accepting the Bill of Exchange

The acceptor chooses the task and goes to the Main view to accept the draft using the Accept action.

Selecting Payment Requests for a Promissory Note

The clerk runs a Microsoft Access query to select payment requests for the promissory note to pay. A standard query is delivered with Payables, but you can tailor a query to select payment requests based on your criteria.

Producing the Promissory Note

The clerk runs the scheduled process that produces the promissory note.

5 Payment Processing

Chapter Contents

5-1 About Payment Processing
5-3 Producing Scheduled Payments
5-4 Scheduled Payments Process
5-6 Setting Up Scheduled Payment Controls
5-9 Previewing Scheduled Payments
5-10 Running Scheduled Payments
5-14 Producing Payment Documents
5-18 Producing On-Demand Payments
5-19 Conditions for Producing On-Demand Payments
5-21 Formatting and Printing the Payment Document
5-22 Displaying and Changing Payments
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5-27 Paying Drafts
5-28 Selecting Drafts for Payment
5-29 Updating Draft and Vendor Information

About Payment Processing

Payment processing includes all Payables processes involved in producing and maintaining payments and paying drafts. *Payments* are negotiable documents produced by Payables. These negotiable documents satisfy obligations your enterprise incurs for services or goods.

What Tasks Can You Perform Using Payment Processing?

The following table shows the tasks you can perform using payment processing:

To...	You...
Generate scheduled payments	Set up Job Scheduler and enter controls for producing a scheduled payment run. For details on setting up and using Job Scheduler see Job Scheduler Parameters for Payables in the *Financials Technical Reference*.
Produce payment and remittance advice documents	Use Microsoft Access or the payment print file scheduled process (fpyc0500).
Produce an on-demand payment	Use the On-Demand Payment window to generate a payment to a single vendor for a completed payment request.
Display payment information and correct payments	Use the windows for displaying, cancelling, replacing, or resequencing payments.
Pay drafts	Use the windows for selecting and paying drafts.

Producing Scheduled Payments

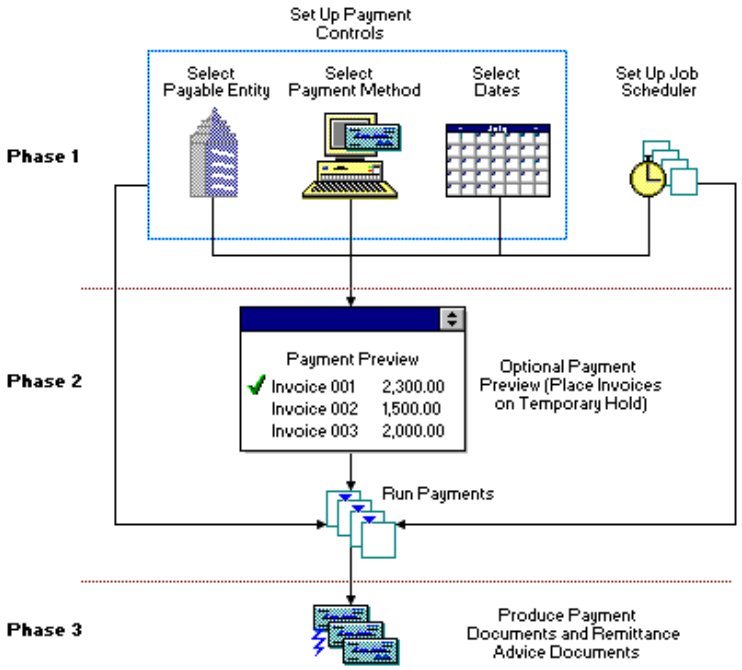
Payables generates scheduled payments according to the payment controls you set up using the Payment Control window and the date and time specified in Job Scheduler.

This section provides information to help you make the decisions for performing the following tasks:

- Set up payment controls according to your business practices
- Preview a payment run
- Generate a scheduled payment run
- Produce payment and remittance advice documents

Scheduled Payments Process

Producing scheduled payments involves three phases. The following diagram shows the three phases of the payment scheduled process:



The following table lists the tasks for producing scheduled payments and shows the suggested order for performing the tasks. It also specifies the SmartStream window to use for each task.

Task	Description	SmartStream Window
1	Set up payment controls.	Payment Control
2	Use payment controls to select payment requests for payment, then produce the payment preview. (optional)	Payment Preview
3	Use payment controls to select payment requests for payment, then generate the payments.	Job Scheduler
4	Produce final payment documents (paper documents or electronic files) using either	
	▪ Microsoft Access	Payment Link to Access
	▪ The payment print file scheduled process (fpyc0500).	Job Scheduler

Task	Description	SmartStream Window
5	If your business practice requires, produce separate remittance advice documents using either	
	▪ Microsoft Access	Remittance Link to Access
	▪ The payment print file scheduled process (fpyc0500).	Job Scheduler

Setting Up Scheduled Payment Controls

Payment controls are the information that determines which invoices to select and pay when you generate payments. Processing a set of payment controls is a *scheduled payment run*.

A set of payment controls includes the following information:

- Payable entity
- Payment method
- Dates for running the payments

You need to add a payment control for each payable entity and payment method combination for which you want to produce payments in a scheduled payment run.

Payable Entity

The *payable entity* is the business party responsible for paying an invoice. Because you can set up more than one payable entity, you can run payments for each payable entity independently of the other payable entities.

Payment Method

A *payment method* combines the type of payment, paper or electronic, with the bank account you use to pay vendors. Because you can enter an invoice with any payment method for any payable entity, you can generate separate payments for each payment method and payable entity combination by using payment controls.

Your enterprise can have as many payment methods as it needs to accommodate the various combinations of bank accounts and types of payment it uses.

Dates

Dates are important criteria for determining whether to select invoices for payment in a scheduled payment run. Payables selects invoices for payment in time to take advantage of discounts from vendors and to make payments before the invoice due date.

Run Date and Time

You can set up many payment controls, so you must specify the date for using the controls in the scheduled payment run. Because you specify both the date and time, you can make more than one scheduled payment run on the same day.

Pay-Thru Dates

Payables compares the pay-thru date for the control with each invoice due date to determine if the invoice is currently due for payment. The next pay-thru date for the control is compared with the invoice discount due date and final due date to determine if you can postpone the invoice payment until the next scheduled payment run.

If delaying the payment until the next scheduled payment run makes it miss the final due date, Payables selects the invoice for payment in the current scheduled payment run.

To ensure that Payables processes all invoices in time to take any discounts, overlap the pay-thru and the next pay-thru dates from one set of payment controls to the next.

Discount When Taken Option

The Discount When Taken option you select when you set up a payable entity determines whether a discount is always taken during payment processing or taken only when it is earned. Payables also uses your selection for this option during scheduled payment runs to determine the date to use for selecting invoices.

Payment Date

The payment date for the control is the negotiable date of the payment document. The payment date is also the effective date on the payment journal entries in ledger.

If you specify the vendor policy option to group invoices into a single payment by due date, the payment process uses the invoice due date as the payment date. If you group payments for a vendor by due date and you earn a discount, the payment process uses the discount due date as the payment date.

Using the Select Run Option

After you have specified a set of payment controls, you must select the Select Run option for Payables to use it when processing the scheduled payment run. You can select this option when you enter payment controls, or you can select the option shortly before a scheduled payment run.

You can select any set of payment controls, but only those with a run date earlier than or the same as the scheduler date are used in a scheduled payment run.

Note: Be careful when selecting back-dated payment controls because Payables uses the dates on a set of controls to determine discounts earned and the negotiable date of a payment.

How Often to Add Payment Controls

Adding payment controls is an ongoing task. Because Payables has no limit on how far in advance you can add payment controls, your payment requirements determine how often you perform this task.

If your payment requirements seldom change, you can add numerous payment controls and expect few changes. If your payment requirements change frequently, you need to decide whether it is easier to add controls in advance and change them as your requirements change or to add them shortly before your scheduled payment run.

A Shortcut for Adding Payment Controls

If you have a large number of payable entities for which you produce payments on the same schedule, you can add identical payment controls quickly. Instead of entering individual payable entities, you can enter **all** in the Payable Entity field.

Payables generates a separate set of payment controls for each payable entity defined in Payables for which you have security access. After Payables generates the controls, you can change and delete each set of payment controls separately.

Tasks for Setting Up Payment Controls

The following table lists the tasks you perform when you set up payment controls.

Task	Description
1	Decide which payable entities to use for making payments. A company generally uses all the payable entities defined in Payables. Record these decisions.
2	Decide which combinations of payable entity and payment method to use to make payments. Record these matches between payable entities and the payment methods.
3	Devise a schedule of payments. Record your decisions.
4	Produce a written model of your payment control plan, including the dates you must use. Your model can be a simple table or spreadsheet. Use this model to assist you in setting up your payment controls until you are comfortable with the process. After you have been through this process once, you probably will not need to use a written model again.
5	Enter the payment control information on the Payment Control window.

Previewing Scheduled Payments

Producing a *payment preview* is an optional step within the scheduled payment process that allows you to review the invoices selected for payment during the payment run. It is a step that is started from Job Scheduler.

Payables deletes each preview when it makes the actual payment run or when it produces the next preview.

Specifying the Controls for Preview

You supply a date and time for Job Scheduler to generate a payment preview. Use payment controls with a run date earlier than or the same as the preview date to generate a payment preview. Payables generates a preview for the payable entity and payment method combination.

If you select more than one payment control with the same payable entity and payment method, Payables uses the control with the latest run date.

Placing Invoices on Temporary Hold

Using the Payment Preview window, you can place an invoice on temporary hold to prevent it from generating a payment during the current scheduled payment run. After the generate payment step in the scheduled payment process is completed, the invoice is again eligible for payment.

Displaying the Preview

You can display a payment preview by the vendor's last name or by the payment amount.

These options emphasize different types of information. The vendor name option provides easier access to information about a particular vendor's payments, and the payment amount option gives you easier access to payments issued for larger invoices.

Running Scheduled Payments

You are ready to run scheduled payments after you

- Set up Job Scheduler to run payments
- Define payment controls
- Select the option to run payments using a payment control.

The Scheduled Payment Generation Process

Using the schedule you defined, Job Scheduler automatically starts the payment generation process. During payment generation, Payables performs the following tasks:

- Selects invoices for payment
- Calculates payment amounts
- Assigns payment reference numbers
- Updates payment information for invoices and vendors
- Generates journal entries

After payment generation is complete, you can print the payment documents.

Selecting Invoices

Invoices that meet the following criteria are eligible to be selected for payment:

- Payable entity on the invoice matches the payable entity on the payment control
- Payment method on the invoice matches the payment method on the payment control
- Invoice satisfies the date selection criteria on the payment control. This takes into account the discount policy used by the invoice.
- Status is Complete
- Bank account information is complete
  - Payment date is a valid ledger effective date in ledger (used to generate cash journal entries)
  - Bank number meets the format for electronic payment
  - Accounting distributions defined for the bank account or the payment method are valid

Calculating Payment Amounts

Payables calculates the payment amount for each invoice in the currency of the invoice. The payment amount calculation is as follows:

Payment amount = Total invoice amount – Discount amount – Withholding amount

If the payment option in vendor payables policy is set to Single payment per entity, Payables totals the amounts of multiple invoices for a vendor to produce a single payment.

Euro Currency Processing

To accommodate euro currency processing

- When creating journal entries and converting from transaction currency to booking currency, new triangulated rates are stored on the journal line, if applicable.
- Invoices in participating companies that are paid from a bank account in the national currency or the euro are considered domestic payments. For example, a Belgian Franc (BEF) invoice paid in BEF out of a euro (EUR) bank account is considered a domestic payment, not a foreign payment. Also, a BEF payment paid out of a euro bank account is considered a domestic payment as long as the vendor or the vendor's bank is located in the same country as the bank from which you are paying. A BEF payment paid to a vendor located in Belgium from an EUR bank account located in France is considered a foreign payment. You can use a single payment method for invoices in any participating currency and EUR.
- The original Belgium domestic bank transfer payment format and the original French domestic bank transfer payment format split the national currency and euro payments into separate files. You can use a single payment method to generate Belgian and euro payments, and you can use a single payment method to generate French and euro payments.
- You can use domestic Check and Letter of Transfer payment types to make payments in participating national currencies and the euro. When you print these documents, SmartStream notifies you that documents are about to be printed for a particular currency so you can change to a different check stock if necessary.

Funds Control

If Funds Control is installed, depending on your Funds Control policies, Payables calls Funds Control during the payments or approval process to

- Verify that funds are available for the cash or applicable invoice accounting distributions before generating the payment.
- Update funds accounts based on payments generated.

Funds checking for payments occurs during payment generation.

Cash Checking

SmartStream provides two methods of checking cash for payments:

- Check the cash accounting distribution for the payment journal.
- Check the accounting distributions that are subject to funds checking for the invoice being paid.

See Enterprise Policy for information about deciding which cash funds checking method to use.

Effective Date

Funds checking is performed using the effective date on each journal line. The effective date is the effective date for payment from the payment control.

Updating Fund Accounts

When a payment passes funds checking, Funds Control updates the appropriate fund accounts.

Payment Processing

If a payment passes funds checking or fails funds checking with a warning, it continues processing. If a payment fails funds checking with an error, that payment is skipped and other payments continue processing. Error messages are generated and displayed online (for on-demand payments) or printed on the payment log (for scheduled payments).

Resolving Fund Exceptions and Rerunning Payments

After you resolve all fund exceptions for a payment, set up a new payment control with the same data as the one that failed funds checking, and rerun the payment. If additional invoices are included in this run, another funds checking failure can occur.

Assigning Payment Reference Numbers

During payment generation, Payables assigns each payment a payment reference number from the range of available reference numbers for the payment method. As Payables assigns each reference number, it increases the next available reference number by one.

If Payables uses the last available payment reference number for a payment method, Payables stops processing the current payment control and continues with the next control.

Updating Invoice Information

When it generates payments, Payables updates each invoice as follows:

- Changes the status to Paid
- Records any withholding amounts that were deducted
- Adds the payment reference number and payment date to the invoice payment information

Updating Vendor Information

During payments processing, Payables makes the following changes to the vendor information:

- Reduces vendor liability
- Decreases the number of outstanding invoices
- Updates vendor history totals

Generating Journal Entries

The payment process generates journal entries as it generates payments. The currency used on the journal entries is the ledger booking currency.

If the payment currency is different from the ledger booking currency, the payment process converts the payment amount to the ledger booking currency.

For more information and examples of the journal entries generated during payment, see About Journal Entries.

Producing Payment Documents

A payment document can be a paper form or a file suitable for electronic transmission.

After Payables generates payments, it sends the following tasks to the To Do Lists of the appropriate persons:

- Produce final payment documents
- Produce remittance advice documents, if you produce them separately from payment documents

Use either Microsoft Access or the payment print file scheduled process (fpyc0500) to produce payment and remittance advice documents.

The payment print file scheduled process is recommended for high-volume payment production.

Types of Payments

The payment method determines the type and format of payment, as well as the bank account you use to make payments.

Payables can generate the following types of paper payments:

- Checks
- International checks
- Letters of transfer
- International letters of transfer

Payables can generate the following types of electronic payments:

- Automated clearing house (ACH) - United States
- Bankers Automated Clearing Service (BACS) - United Kingdom
- CEMTEX - Australia
- Bank transfers
- International bank transfers

For information about producing these types of payments, see the Setting Up Payment Methods for Bank Accounts chapter in the *Bank* guide.

Notifying Users

When you set up a payment method, you can specify a user or users to notify when each of the following processes is ready to begin:

- Producing payments
- Producing remittance advice documents

You can specify the same user to notify for each process, or you can specify different users. Microsoft Access formats and prints the payment documents based on the report name entered for the payment method.

Workflow for Payment and Remittance Advice Documents

If remittance advice documents are produced separately for the payments, Payables also sends the task of producing remittance advice documents to the To Do List of the appropriate user.

If Payables generates payments for more than one payment method, the appropriate users receive more than one document production task in their To Do Lists. Payables sends a task for

- Each payment method specified in the payment controls
- Any separate remittance advice documents specified in the payment method

After a user selects one of these tasks and produces the payment documents, Payables deletes the task from the user's list. Therefore, the user cannot accidentally produce two identical sets of payments.

What If a User Deletes a Task?

If a user accidentally deletes a document production task from the To Do List before producing the payment documents, you can use the payment register report to find the exact date and time of the payment run that produced the payments.

Paper and Electronic Formats

If your payments require a paper medium, Payables uses the printer specified in Microsoft Access to produce the payment documents.

If your payments require an electronic medium, Payables prints to a file suitable for electronic transmission.

For bank transfers, the registration number of the transmission appears on the window. You can change the number on the window, if necessary. On the Bank Transfer and International Bank Transfer views of the Payment Method window, the Transfer Format field contains the name of the report that Access runs to generate the file. At completion, Access automatically closes.

Displaying International Bank Account Numbers

The medium selected (paper or electronic) also determines the format used to display the international bank account number (IBAN) on payment and remittance advice documents.

IBAN Displayed on Paper

Paper formats display the IBAN by grouping the values into sets of four characters separated by a space. The first two values are the two-character country code, the next two values are the two-digit check digit, and the remaining values are the domestic bank account number. The last set of values may vary in length but cannot exceed four characters as shown in the second example.

Paper Example 1: Belgian Bank Account

Component	Value
Country code	BE
Check digit	62
Basic bank account number	510007547061

The IBAN for this account is BE62 5100 0754 7061

Paper Example 2: French Bank Account

Component	Value
Country code	FR
Check digit	14
Basic bank account number	20041010050500013M02606

The IBAN for this account is FR14 2004 1010 0505 0001 3M02 606

IBAN Displayed Electronically

Electronic formats display the IBAN as a string of values without spaces. The first two values are the two-character country code, the next two values are the two-digit check digit, and the remaining values are the basic bank account number.

Electronic Examples

Belgium BE62510007547061

France FR1420041010050500013M02606

Check Print Data

If you use a third-party check processing system, Payables can generate an ASCII file containing your check print information, along with a control report. Payables uses Microsoft Access and associated Access Basic programs to format and print the checks.

Generate a check file in either of the following ways:

- Set up a payment method using a payment type of Check/Cheque and a payment report name of CheckDocument-PrintFile. Run the payment scheduled process for the payment method, then go to the Payment Link to Access activity.

- Run the payment scheduled process for the payment method with a type of payment of Check/Cheque, go to the Payment Link to Access activity, change the report name to CheckDocument-PrintFile, and click the Create button.

For a detailed description of the check print transaction information, see Payables Transaction Layouts in the *Financials Technical Reference*.

Vendor Payment Options

Depending on policy set for the vendor, Payables can combine several invoices in one payment. If the vendor option is to print one payment per invoice, Payables produces more than one payment document.

Separate Remittance Advice Documents

Remittance advice documents list invoices included in payments. When you define paper payment methods, you can specify a format for separate remittance advice documents by entering the appropriate Microsoft Access report name in the Report Name field. The Access report determines the format of information on the remittance advice documents.

Remittance Overflow

Payables also produces a separate remittance advice document when the remittance information does not fit on the remittance advice document attached to the payment. If this happens for at least one payment, Payables assigns the task of producing remittance advice documents to the appropriate user.

Reprinting Payments

To comply with auditing requirements, Payables does not allow you to reprint payments if they are printed on the wrong form or written to the wrong file. You must cancel these payments and pay them again through Payables.

Producing On-Demand Payments

The *on-demand payment* process does not use the payment controls you added for the scheduled payment process. You use the on-demand payment process when you cannot wait until the next scheduled payment run to issue a payment, or you want to record the cash settlement of a credit memo.

You can use the on-demand payment process to correct an error or to prevent making a late payment for an invoice. It gives you a way to issue a check or letter of transfer when waiting for the next scheduled payment run is not convenient. It also gives you a way to produce a negative payment to allocate to a credit memo.

This section provides information to help you make the decisions for performing the following tasks:

- Establishing conditions for producing on-demand payments
- Initiating the on-demand payment process

Conditions for Producing On-Demand Payments

To pay an invoice on demand, you must ensure that the following conditions allow an on-demand payment.

Type of Payment

You can issue an on-demand payment for any invoice eligible for payment using a paper medium.

Matching Status

You cannot produce an on-demand payment for an invoice with a status of Awaiting Match. Payables must first include it in the matching scheduled process and update the status to Complete. If Payables updates the status to In Exception, you cannot produce an on-demand payment for the invoice until all exceptions are resolved, the invoice is included in the scheduled matching process again, and no additional exceptions are found.

For more information about matched invoices, see Matched Invoices and Matching Exceptions.

Currency

Selection of invoices is based on payment currency. You can combine invoices onto one payment only if the invoices have the same payment currency.

Funds Control

Invoices with funds exceptions are not displayed on the On-Demand Payments window. You cannot pay these invoices until you resolve or allow the funds exceptions.

If Funds Control is installed and the accounting distributions on an invoice are subject to cash checking, the On-Demand Payments scheduled process calls Funds Control when generating a payment.

Cash Settlement of Credit Memo

If you are producing a negative payment that you plan to allocate to a credit memo for which you requested cash instead of deferred credit, you must use a payment method with the Allow Negative Payments option selected.

For more information, see Negative Payments in the Setting Up Payment Methods for Bank Accounts chapter of the Bank guide.

Overriding Payment Policies and Safeguards

You can use the on-demand payment process to override certain policy decisions and safeguards built into Payables. You can

- Pay a scheduled payment out of order
- Produce a payment when
  - Vendor is on hold
  - Invoice requires approval, but has not received approval
  - Invoice is on hold
  - Invoice has a negative amount (if the payment method allows negative payments)
  - Vendor has a negative balance (The total of debit and credit memos is greater than the total of invoices.)
  - Invoice belongs to an unbalanced control group and balancing is required.

Each of these overrides requires confirmation when you generate the on-demand payment. Payables can notify a supervisor when you generate an on-demand payment that overrides a policy or safeguard.

Note: If applicable, before initiating an on-demand payment, use the payment preview feature to verify that the payment is not included in the next scheduled payment run.

Formatting and Printing the Payment Document

After you select and save the invoice or invoices you want to pay on demand, Microsoft Access starts. Using the report name specified for the payment method, Access formats and prints the payment documents. If, for any reason, a payment was not produced for one or more of the invoices selected, a message appears and the unpaid invoices remain highlighted.

Note: When producing a very large number of **CheckDocument-PrintFile** or ACH payments, use the payment print file scheduled process (fpyc0500) instead of Microsoft Access.

Using Payment Reference Numbers

The on-demand payment process assigns the next available payment reference number for the payment method.

Invoices Divided into Partial and Recurring Payments

You can issue an on-demand payment for a recurring payment.

When prepaying a partial or recurring payment, the accrual entries can be future dated. The payment journal entries use the payment date as the effective date; therefore, the payment entries can post before the accrual entries.

Example

You set up an invoice with 12 scheduled payments for the monthly rent. Each of the monthly payments has an accrual effective date of the first day of the month. You decide to prepay July's rent in June.

The payment journal entries are dated June, and the accrual journal entries are dated July.

Displaying and Changing Payments

After generating payments, you can review details about the payments and make certain changes to them, if necessary.

You can

- Display payment information from completed scheduled payment runs
- Cancel payments
- Replace payments
- Resequence payments.

Displaying Payment Information

The first step in maintaining payment information or answering vendor inquiries about payments is to display summary and detailed information for payments.

Payment List

A *payment list* displays summary information about payments generated during a scheduled payment run. The payment list is sorted by payment method.

You can also use the payment list to access payment details for a specific payment.

Payment Details

Payment details include the following information about a payment:

- Status of the payment
- Specific amounts, such as gross, discount, and withholding
- Internal banking information for the payment
- External vendor information, if available
- Invoices included in the payment

If a vendor notifies you that a paper payment did not arrive, you can use the payment details to find the source of the problem. For example, if the payment is in the form of a check and the vendor is a factor vendor, another vendor could have received the payment. The vendor name in the payment detail is the name of the company that requested the payment. The remit-to name is the name of the company that receives the payment.

Cancelling Payments

You cancel a payment when you no longer want it to be a negotiable document. When you cancel a payment, you reset the status of the invoice from Paid to Complete. The invoice then becomes eligible for payment.

You can issue the payment, or you can delete the invoice to prevent issuing another payment.

Conditions for Cancelling a Payment

You can cancel a payment when

- The vendor loses the payment and wants you to issue another one
- The payment gets damaged and you must issue it again
- The payment is paid from the wrong bank account
- The vendor did not supply a tax identification number and Payables withheld tax from the payment. The vendor then wants to supply the tax identification number and receive a new payment without the withholding.

Required Cancellation

Besides the previous situations, you **must** cancel an original payment and issue another one if

- You want to generate the new payment using the on-demand or scheduled payment process
- You are issuing another payment from a different bank account.

Replacing Payments

When you replace a payment, you change the payment reference number associated with that payment. Usually, you need to replace the payment reference number because the physical form was damaged or lost, and you generated the payment again outside of Payables.

Payment replacement has no effect on the invoice status.

When choosing to replace a payment, consider

- The origin of the payment
- The payment method.

Payment Origin

You must replace a payment if you need to record a payment that was generated outside of Payables.

Payment Method

When replacing a payment, consider the bank account and type of payment of both the original and replacement payment methods. You can replace any payment using another payment method, as long as the new payment method is assigned to the same bank account. If you want to use a different bank account, cancel the original payment and issue another payment.

Payables accepts any valid payment reference number defined for the payment method. When it assigns a payment reference number to the new payment, it removes that number from the available numbers for the payment method.

Replacement versus Cancellation

Replacing a payment does not change any payment journal entries in ledger. Cancelling a payment reverses all payment journal entries for the payment. If you want to reverse the journal entries, you must cancel the payment and issue another one.

Resequencing Payments

Payables assigns payment reference numbers when it generates payments. If the payment reference numbers assigned to one or more payments do not match the numbers on the printed forms because of a problem with the payment stock or the printer, you can use *payment resequencing* to realign the payment reference numbers in Payables with those on the printed payment forms.

Criteria for Resequencing Payments

You can resequence payments meeting the following criteria:

- Payment status of Paid
- Payment method either active or inactive

If one or more payments did not get printed, cancel those payments and issue them again before you begin resequencing.

Dividing a Range

The payments involved in resequencing must all have a status of Paid. If you have made any changes, such as cancelling or replacing one of the payments in this range, you cannot resequence the entire range.

To skip the cancelled or replaced payments, divide the range at those payment reference numbers and resequence the smaller segments of the range.

Reusing or Voiding Payment Reference Numbers

You can choose whether to reuse payment reference numbers made available during resequencing. If you choose to reuse the numbers, those payment reference numbers are automatically reentered into the list of available payment reference numbers for that payment method.

If you choose not to reuse the payment reference numbers, Payables marks them void and does not use them for other payments.

Resequencing Versus Replacement

Resequence payments when you have many payment reference numbers to change. If you have only one or two payments to correct, use payment replacement instead.

Paying Drafts

A *draft* consists of one or more payment requests.

Before you pay drafts, you receive a *bank notification statement* informing you that the bank will transfer the funds associated with the drafts included on the statement to your vendor's bank account on a specific date. After you successfully complete the bank notification process and the due date passes, the draft is recognized as paid. Payables records this transfer of funds and generates the journal entries.

If the due date passes and the vendor fails to present the draft for payment through bank notification, your enterprise recognizes the drafts as matured, but not paid.

For more information about bank notification, see the Reconciling Bank Notification Statements for Payables Drafts chapter in the *Bank* guide.

Selecting Drafts for Payment

The draft payment process selects all drafts that are unpaid and have a draft due date earlier than, or the same as, the current date. Drafts without a specified due date are selected only when the bank notifies you that your vendor presented them for payment.

When you schedule the draft payment process using Job Scheduler, you can optionally choose to limit the drafts selected by payment method. For more information about scheduling draft payment, see Job Scheduler Parameters for Payables in the *Financials Technical Reference*.

Payment Date

Payables uses the bank notification payment date as the payment date for the draft because it is the date the bank transfers the funds. The payment date can be later than the draft due date if the vendor presents the draft late. It can never be earlier than the draft due date.

Payment Amount

The payment amount of a draft is always the recorded draft amount. Payables recognizes any discounts at the time the draft is added. Payables does not withhold funds from a draft payment to cover a payment request that is subject to withholding.

Drafts Not Selected

Payables does not select a draft under the following conditions:

- The vendor did not present the draft
- The draft notification has an unresolved exception
- The draft notification was refused

If a draft's due date passes and the vendor has not presented the draft to the bank for payment, Payables changes the draft's status to Matured. After the draft is presented, Payables changes the status to Paid during the next run of the draft payment process.

Payment Reference Numbers

During the bank notification process, Payables assigns each draft payment a payment reference number from the range of available reference numbers for the payment method. If Payables generated the draft, the draft number and the payment reference number are the same.

Updating Draft and Vendor Information

When a draft is paid, Payables updates the draft information as follows:

- Changes the draft's status to Paid
- Adds the payment reference number and payment date

During the draft payment process, Payables makes the following changes to the vendor information:

- Reduces the vendor liability
- Decreases the number of outstanding payment requests
- Updates vendor history

6 Payables Journal Entries

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About Journal Entries

Payables generates journal entries for

- Invoice processing
- Payment processing
- Payment clearance processing
- Draft processing.

Journal Entries for Invoice Processing

Invoice processing generates journal entries for

- Payment Request Processing
- Discounts
- Taxes
- Payment Processing
- Payment Clearance Processing

Journal Entries for Payment Request Processing

When you add, change, or cancel a payment request, Payables generates journal entries depending on the policy choices you have made and the accounting distribution values you enter for the request.

Policy Default Sequence

When you add a payment request, Payables retrieves any accounting distribution defaults from the policy components where they are defined. Payables retrieves the defaults from these policy components in a specific sequence, depending on the distribution type.

For this distribution type...	Payables examines this policy first...	If no complete distribution exists, Payables goes to this policy...
Accounts payable liability	Payable entity	
Discount earned	Payable entity	
Expenditure	Vendor	Payable entity
Freight expense	Vendor	Payable entity
Miscellaneous charges expense	Vendor	Payable entity
Notes payable liability	Vendor	
Tax expense	Tax rate	Tax rule
Tax liability (self-assessed tax)	Tax rate	Tax rule
Tax reclaimable	Tax rate	Tax rule

If no defaults exist for an accounting distribution needed to process a payment request, you can enter the distribution when you enter the payment request.

Posting Accruals

The following table shows the ledger activity generated when you add a payment request:

For this distribution type...	Payables generates journal entries for...
Accounts payable liability	Total amount of the liability for a payment request if discount method is Gross. Total amount of the liability minus the discount earned if discount method is Net.
Discount earned	Amount of the discount, if accounting method is Net

For this distribution type...	Payables generates journal entries for...
Expenditure	▪ Amount for each line ▪ Freight, miscellaneous charges, and taxes (if posted to line expenditure accounts) ▪ Discount, if discount method is Net and you do not take a discount.
Freight expense	Amounts and taxes not allocated to line expenditures.
Miscellaneous charges expense	Amounts and taxes not allocated to line expenditures.
Notes payable liability	Total amount of the liability for a draft if discount method is Gross. Total amount of the liability minus the discount earned if discount method is Net.
Tax expense	▪ Nonreclaimable tax amounts if not allocated to line expenditures ▪ Tax on freight and miscellaneous charges if not allocated to line expenditures. ▪ Amount of tax discount adjustment if accounting method is Net and tax rule allows you to adjust the tax amount if you take a discount.
Self-assessed tax liability	Amount of self-assessed tax.
Tax reclaimable	Amount of reclaimable tax.

Projects

When you process an invoice that is associated with a project, invoice processing creates a project journal with transaction and ledger amounts. The Project Posting scheduled process calculates the project amount. If the project has a rate, the project posting scheduled process calculates the rate amount in the transaction, project, and ledger currencies. SmartStream updates all calculated amounts to the invoice project journal lines. When the project on the invoice line is maintained, invoice processing reverses the entry with all amounts.

Changing an Accounting Distribution

If you change an accounting distribution for an invoice, Payables generates correcting entries if the journal entries were already posted. The effective date of the correcting entry is the maintenance effective date on the Invoice Document Detail view.

If the journal entries have not been posted, Payables changes the existing journal entry information to reflect the new distributions.

Interentity Entries

If the invoice has interentity entries and the accrual is posted, SmartStream Ledger generates correcting entries.

Deleting the Invoice

If you try to delete an invoice, Payables verifies if the journal entry is posted. If it is, you cannot delete the invoice; you must cancel it instead.

Cancelling the Invoice

If you cancel a payment request, Payables generates reversing entries for any journal entries it generated when posting the accrual. The effective date of the reversal is the cancellation effective date.

Cancelling Recurring or Partial Payments

If you cancel a recurring or partial payment, Payables generates a reversing entry for each payment it cancels.

Cancelling Project Invoices

If you cancel an invoice with an associated project, Payables creates a new journal sequence to reverse the project journal lines. The actual amount lines are the reverse of the original project journal lines. The commitment lines for this reversing project journal are recalculated based on the purchase order line schedule quantities. The commitment amount is calculated using the same rules as the original matching. The invoice quantity for cancellation of an invoice is the inverse of the invoice quantity.

Journal Entries for Discounts

You can enter a discount for the invoice, or Payables can calculate the discount based on the default terms for the invoice. In addition to the goods amount on the invoice, Payables can calculate discount on freight, miscellaneous charges, and tax amounts.

Discount Methods

Two discount methods are available: Net and Gross. Select the discount method you want to use when you set up a payable entity.

Net Discount Method

If you use the Net accounting method, SmartStream Ledger records the liability portion of the accrual minus any discount on the accrual effective date. You must allocate discount to one or more invoice lines. Payables reduces the total expenditure for the invoice lines with discount allocated to them by the discount amount. If you do not take the discount on the payment effective date, Ledger records it as *discount lost*.

If you process invoices with a tax rule that allows a tax discount adjustment and use the Net discount method, Payables generates tax discount adjustments at invoice entry time to account for the discount. Ledger posts the entries on the ledger effective date of the accrual. At payment time, if you do not earn the discount, the payment process reverses the entries for tax discount adjustment.

Gross Discount Method

If you use the Gross discount method, the liability portion of the accrual is the total amount of the invoice. If you take a discount at payment time, Ledger posts it to a discount earned account. The discount amount does not reduce the total expenditure for the invoice lines.

If you process invoices with a tax rule that allows tax discount adjustments and use the Gross discount method, Payables calculates the tax adjustment at invoice entry time, but the tax adjustment is not effective in your ledger until payment time if you take the discount.

Rounding

Payables allocates discount rounding differences to the invoice line with the greatest amount of discount allocated to it.

Journal Entries for Taxes

This section describes the tax entries you can make for an invoice and the effects of the entries.

Allocating Tax Expense

You can post tax expense to a separate account or post the tax expense to the invoice lines expenditure. You make this decision about allocating tax expense when you set up the tax rule.

If you post the tax expense to a separate account, enter an accounting distribution for tax expense. You can enter a complete or partial accounting distribution in the tax rule or tax rate as a default for the invoice. You can override any defaults at invoice entry.

If you post tax expense to the invoice line expenditure, it is included in the amount of the journal entry for the invoice line.

Taxing Freight and Miscellaneous Charges Separately

If you are taxing freight and miscellaneous charges separately, SmartStream Ledger posts the tax amounts in one of three ways:

- To the invoice line expense account
- To the freight and miscellaneous charges accounts
- To the tax expense account

If you are posting taxes to the same account as the invoice line, Payables allocates taxes on freight and miscellaneous charges only to the invoice lines to which freight or miscellaneous charges apply. These taxes are included in the total expenditure for the invoice line.

If you post taxes to the same account as the invoice line and post freight and miscellaneous charges to separate accounts, SmartStream Ledger posts taxes on freight and miscellaneous charges to those accounts.

If the tax rule requires posting taxes to a separate tax account, Ledger posts the taxes on freight and miscellaneous charges to the tax expense account.

Tax-Only Invoices

If you have an invoice that consists of taxes only (the goods or services were invoiced separately), you must indicate that on the Invoice Tax Information view.

Ledger posts tax expense on tax-only invoices to a separate tax expense account because these invoices have no lines to which you can allocate the tax amount.

Reclaimable Amounts

If it calculates a reclaimable amount for an invoice line, SmartStream Ledger posts that amount to a reclaimable tax account. In tax policy, you can enter a complete or partial accounting distribution for the tax rule or tax rate as a default for the invoice. You can override any defaults at invoice entry.

Ledger also posts zero reclaimable amounts if the tax rule requires posting zero amounts.

Self-Assessed Tax Liability

If the tax is a self-assessed tax, Ledger posts the tax amount calculated to a tax liability account. You can enter a complete or partial accounting distribution for the tax rule or tax rate as a default for the invoice. You can override any defaults at invoice entry.

Tax Basis

If policy you set up for the tax rule indicates that you want to post the tax basis, Ledger posts the amount in the statistical amount field for the reclaimable tax account.

Entries for Tax Discount Adjustment

When you enter an invoice, Payables first calculates the tax on the nondiscounted tax basis, then multiplies the tax amount by the discount percentage. The resulting amount is the tax adjustment. Payables generates journal entries at invoice entry time according to the discount method you use.

Using Net Discount Method

If you process invoices with a tax rule that allows tax discount adjustments and use the Net discount method, Payables generates entries to reflect the tax discount adjustment at invoice entry time. SmartStream Ledger posts the adjustment amount to the tax expense, reclaimable tax, or self-assessed tax liability distribution, depending on the tax rule policies, at posting time.

Using Gross Discount Method

If you process invoices with a tax rule that allows tax discount adjustments and use the Gross discount method, Payables calculates the tax adjustment at invoice entry time, but the tax adjustment is not effective in your ledger until payment time, if you take the discount.

Example of Tax Journal Entries

The currency used in the following example is the U.S. dollar (USD).

You add an invoice for 500 with a freight charge of 30, for a total of 530. Use tax is self-assessed at 5% for the county and includes freight on the tax basis; therefore, Payables calculates a tax amount as follows:

530 x 5% = 26.50

If you post tax expense to its own account and allocate freight to the invoice line, the ledger postings are as follows:

Expenditure

DR	CR
530.00	

Tax Expense

DR	CR
26.50	

Accounts Payable

DR	CR
	530.00

Tax Liablity

DR	CR
	26.50

If you allocate the tax expense to the expense lines, the ledger postings are as follows:

Accounts Payable

DR	CR
	530.00

Expenditure

DR	CR
556.50	

Tax Liability

DR	CR
	26.50

Ledger Activity for Payment Processing

When you produce or cancel a payment, the payment process generates journal entries depending on the accounting distributions you have defined.

When you produce payments, the payment process retrieves any default accounting distributions defined in the policy components. Because you cannot override these accounting distributions when you make a payment, be sure you have defined valid accounting distributions before you start a payment run.

Posting Payments

The following table shows the ledger activity generated when you pay a payment request:

For this distribution type...	The payment process generates journal entries for this amount...
Cash	Payment, if bank account or payment method does not use an unreconciled cash account
Discount earned	Discount, if taken and discount method is Gross
Discount lost	▪ Discount, if not taken and discount method is Net ▪ Amount of tax discount adjustment, if accounting method is Net and tax rule requires tax amount to be adjusted if discount is taken then lost
Realized currency gain	Difference between amount posted for the accrual and the posted amount of the payment, if all these conditions are true: ▪ The difference is positive. (You paid less than you accrued.) ▪ Cash account is used at payment ▪ Bank account and payment currencies are the same, but your booking currency is different
Realized currency loss	Difference between amount posted for the accrual and the posted amount of the payment, if all these conditions are true: ▪ The difference is negative (You paid more than you accrued.) ▪ Cash account is used at payment ▪ Bank account and payment currencies are the same, but your booking currency is different
Tax expense	Amount of tax discount adjustment, if accounting method is Gross and tax rule allows you to adjust the tax amount if you take a discount.

For this distribution type...	The payment process generates journal entries for this amount...
Unrealized currency gain	Difference between amount posted for the accrual and the posted amount of the payment, if the difference is positive and any of the following conditions is true: ▪ You paid more than you accrued. ▪ Unreconciled cash account is used at payment time. Bank account and payment currencies are the same but your booking currency is different. ▪ Bank account currency and your booking currency are the same, but payment currency is different.
Unrealized currency loss	Difference between amount posted for the accrual and the amount of the payment, if the difference is negative and any of the following conditions is true: ▪ You paid more than you accrued ▪ Unreconciled cash account is used at payment time. Bank account and payment currencies are the same but your booking currency is different. ▪ Bank account currency and your booking currency are the same, but payment currency is different.
Unreconciled cash	Payment, if bank account or payment method uses unreconciled cash account. In multicurrency transactions, if you post to unrealized gain, this is the **converted** payment amount . If you do not post to unrealized gain and a loss occurs at payment time, it is the booking amount of accounts payable liability.
Withholding liability - 1099	Withheld, if the appropriate rule is used
Withholding liability - T4A	Withheld, if the appropriate rule is used
Withholding liability - CIT	Withheld, if the appropriate rule is used
Withholding liability - PPS	Withheld, if the appropriate rule is used

Cancellation

If you cancel a payment, the cancellation process generates reversing journal entries to replace those generated at payment time.

Policy Default Sequence

The following table shows the default sequence for retrieving accounting distributions during payment processing:

For this distribution type...	The payment process examines this policy first...	Then if it finds no complete distributions, goes to this policy...
Cash	Payment method	Bank account
Discount earned	Payable entity	
Discount lost	Payable entity	
Realized currency gain	Ledger	
Realized currency loss	Ledger	
Unreconciled cash	Payment method	Bank account
Unrealized currency gain	Ledger	
Unrealized currency loss	Ledger	
Withholding liability - 1099	Payable entity	Earnings and withholding rule
Withholding liability - T4A	Payable entity	Earnings and withholding rule
Withholding liability - CIT	Payable entity	Earnings and withholding rule
Withholding liability - PPS	Payable entity	Earnings and withholding rule

Ledger Activity for Payment Clearance Processing

When a payment is cleared, the clearance process generates journal entries for cash, unreconciled cash, and currency gain or loss.

Posting Clearance

The following table shows the ledger activity generated when you clear a payment:

For this distribution type...	The clearance process generates journal entries for this amount...
Cash	▪ Clearance, if bank account or payment method uses an unreconciled cash account ▪ Adjustment for currency gain or loss, if cash account is used at payment and currency gain or loss is calculated
Realized currency gain	Difference between amount posted for the accrual and the amount cleared by the bank, if you clear for less than you accrued.
Realized currency loss	Difference between amount posted for the accrual and the amount cleared by the bank, if you clear for more than you accrued.
Unrealized currency gain	Difference between amount posted for the accrual and the amount cleared by the bank, if you clear for less than you accrued.
Unrealized currency loss	Difference between amount posted for the accrual and the amount cleared by the bank, if you clear for more than you accrued.
Unreconciled cash	Payment, if bank account or payment method uses unreconciled cash account at payment

Cash and Unreconciled Cash Accounts

Accounting distributions for the cash and unreconciled cash accounts are defined in bank policy. For more information, see Requirements for Accounting Distributions.

Currency Gain and Loss Accounts

Accounting distributions for the currency gain and loss accounts are defined in your enterprise policy. For more information, see Accounting Distribution Types.

Accounting Distributions for Payments and Clearance

You can enter accounting distributions to use during payment and clearance processing when you set up bank accounts, payment methods, earnings and withholding rules, and payable entities.

These types of distributions include

- Cash

- Discount earned
- Discount lost
- Withholding liability
- Unreconciled cash

Depending on your requirements, you can establish the following types of accounting distributions when you set up policy for SmartStream Ledger:

- Realized currency gain
- Realized currency loss
- Unrealized currency gain
- Unrealized currency loss

If you process taxes that allow you to calculate a tax discount adjustment, the payment and clearance processes also generate journal entries for the following types of accounting distributions:

- Expenditure
- Tax expense
- Reclaimable tax
- Self-assessed tax liability

When you produce and clear payments that require these policy components, the payment and clearance processes generate journal entries automatically based on the accounting distributions you defined.

You cannot enter accounting distributions when you are producing or clearing payments. If you do not set up the necessary accounting distributions before you start a payment or clearance run, the process generates journal entries, but the entries are rejected during the posting process.

SmartStream Financials handles any such errors according to the policies you established for the relevant ledger entities. For more information, see Verifying the Posting Process.

Account Types

Depending on the options you select in various components of policy, payables processing generates journal entries for these types of accounts:

- Expense
- Liability
- Asset

Expense Accounts

Payment request and payment processing generate journal entries for the following types of *expense accounts*:

- Expenditure (amount charged for goods and services)
- Freight expense
- Miscellaneous charges expense (such as insurance)
- Tax expense

The payment request and payment processes also generate entries for discount earned and discount lost accounts to post these types of *additional income or expenses*.

Liability Accounts

Payables processing generates journal entries for the following types of *liability accounts*:

- Accounts payable liability
- Earnings and withholding liability
- Notes payable liability
- Self-assessed tax liability

Asset Accounts

If you process a tax for which you are eligible to reclaim a portion, Payables generates journal entries so you can post tax reclaimable amounts to *asset accounts*.

The payment and clearance processes also generate journal entries for cash and unreconciled cash. See Setting Up Default Accounting Distributions.

Accounting Distributions in Payables Policy

You can establish accounting distributions to use during payables processing when you define the following policy components:

- Payable entity policy
- Vendor policy
- Tax rule policy
- Tax rate policy
- Earnings and withholding rule policy
- Asset integration policy

In addition, you define distributions for cash and unreconciled cash when you set up bank accounts and payment methods. See Setting Up Default Accounting Distributions.

Journal Entries for Draft Processing

Journal Entries for Draft Processing contains the following sections:

- About Journal Entries for Draft Processing
- Journal Entries and Draft Maintenance
- Journal Entries for Discount

About Journal Entries for Draft Processing

This section explains journal entries generated by adding or changing drafts. When you add a draft, Payables reverses the associated accounts payable liability and creates a notes payable liability.

Example

You add a payment request for 1,500. The journal entries are as follows:

Expenditure

DR	CR
1500	

Accounts Payable Liability

DR	CR
	1500

The payment request is attached to a draft. The journal entries are as follows:

Notes Payable Liability

DR	CR
	1500

Accounts Payable Liability

DR	CR
1500	

Accrual Effective Date

Payables posts accruals to SmartStream Ledger based on the policy option you selected for the payable entity (entry date, end of period, or draft date). You can enter a different value on the draft, if needed. Payables verifies that the date entered is a valid date from an open period in Ledger.

Journal Entries and Draft Maintenance

This section describes the maintenance you can perform for drafts and the effects of the maintenance.

Changing the Accounting Distribution for a Draft

If you change the journal entries for a draft and the journal entries have not been posted, the existing entries are updated with the change.

If the journal entries have been posted, the existing entries are reversed and new entries are generated with the new values.

Removing a Payment Request

If you change a draft by removing a payment request, the amount of the draft is reduced by the amount of the payment request. Journal entries are created to reestablish the accounts payable liability for the payment request, and an offsetting notes payable entry is created.

Example

You add a draft for 250 that covers two invoices. The first invoice is for 100 and the second invoice is for 150. The invoices are posted to separate liability accounts.

Notes Payable Liability

DR	CR
	250

Accounts Payable Liability

DR	CR
100	

Accounts Payable Liability

DR	CR
150	

If you remove the invoice for 100 from the draft, the original accounts payable liability for 100 is reversed. The original notes payable liability for 250 is also reversed, and a new entry is created for 150.

Notes Payable Liability

DR	CR
250	150

Accounts Payable Liability

DR	CR
	100

Deleting a Draft

You cannot delete a draft if journal entries for the draft have been posted. If the journal entries are unposted, they are deleted when the draft is deleted.

Cancelling a Draft

If you cancel a draft, all journal entries created by adding it are reversed.

Journal Entries for Discount

As payment requests are attached to a draft, Payables accumulates the discounts and records them as part of the draft.

Discount Method

When you set up your payable entity policy, you specify a discount method. This discount method can be either net or gross. If it is net, discounts are recognized when payment requests are added. Based on the draft due date, they could be lost. If the accounting method is gross, discounts are recognized at payment time. Based on the draft due date, they could be earned.

The following examples show the journal entries for each type of discount.

Example Net Discount Method

You add a payment request for 1,000 with a 10 percent discount if it is paid by July 10. The discount is recognized when the invoice is added. The journal entries are as follows:

Expenditure

DR	CR
900	

Accounts Payable Liability

DR	CR
	900

The payment request is attached to a draft with a due date of July 31. This is too late to keep the discount, so the discount is lost. The journal entries are as follows:

Notes Payable Liability

DR	CR
	1000

Accounts Payable Liability

DR	CR
900	

Discount Lost

DR	CR
100	

Example Gross Discount Method

You add a payment request for 1,000 with a 10 percent discount if it is paid by July 10. The journal entries are as follows:

Expenditure

DR	CR
1000	

Accounts Payable Liability

DR	CR
	1000

The payment request is attached to a draft with a due date of July 1. A journal entry is generated to recognize the discount earned. The journal entries are as follows:

Notes Payable Liability

DR	CR
	900

Accounts Payable Liabiltiy

DR	CR
1000	

Discount Lost

DR	CR
	100

About Journal Entries for Payments

The payment process generates journal entries depending on options you selected in these policies:

- Ledger
- Earnings and withholding
- Payable entity
- Bank

Types of Journal Entries

When you pay a payment request, the payment process can generate the following types of journal entries:

- Accounts payable liability (if paying payment requests other than drafts)
- Notes payable liability (if paying drafts)
- Cash or unreconciled cash
- Discount earned or lost
- Realized currency gain or loss
- Unrealized currency gain or loss
- Withholding liability

Posting Journal Entries

SmartStream Ledger enters all the amounts from the journal entries generated during the payment process in your ledger at posting time.

This section contains an explanation of the journal entries for single-currency and multicurrency payments using cash and unreconciled cash accounts.

Currencies

Payment transactions use the following currencies:

- Payment currency. The currency of the payment form.

  The payment currency is the transaction currency of the payment request.

- Booking currency. The currency that you use to post amounts to your ledger.

  The ledger entities for the payable entity and the bank account must have the same booking currency.

- Bank account currency. The business currency of your bank account.

Using Cash or Unreconciled Cash Accounts

In bank policy, when you add a bank account, you decide if you want to use an unreconciled cash account for posting journal entries generated during payment processing. You specify accounting distributions for cash and unreconciled cash when you add the bank account or when you add payment methods for the bank account.

From an accounts payable perspective, a *cash account* is an asset account that records the amount of payments actually made from your bank account.

An *unreconciled cash account* is an offset account to cash. From an accounts payable perspective, the balance in this account represents payments that you issued, but that the bank has not deducted from the bank account.

Using an unreconciled cash account is optional. For more information on using unreconciled cash accounts, see Requirements for Accounting Distributions.

Use Cash Account for Payment Processing

If you use a cash account for payment processing, the payment process generates journal entries to

- Debit liability
- Credit cash.

Depending on the relationship between the payment and booking currencies and the currency used for posting journal entries to your ledger, the payment process can also generate entries to

- Debit or credit realized currency gain
- Debit or credit realized currency loss.

Use Unreconciled Cash Account for Payment Processing

If you use an unreconciled cash account for payment processing, Payables generates journal entries to

- Debit liability
- Credit unreconciled cash.

Depending on the relationship between the payment and booking currencies and the currency used for posting journal entries to your ledger, the payment process can also generate entries to

- Debit or credit unrealized currency gain
- Debit or credit unrealized currency loss.

Journal Entries for Clearance Processing

When you clear the payments, the clearance process generates journal entries depending on

- Options you selected in ledger, bank, and payable entity policy
- Whether the preceding payment process used an unreconciled cash account
- Whether the preceding payment process calculated a currency gain or loss.

For more information about the journal entries produced at clearance time, see Entering Bank Clearance Information.

Currency Gain and Loss

The payment process generates journal entries to account for currency gain or loss, depending on how it uses the currencies involved in a transaction.

You determine how to post amounts for currency gain and loss when you establish ledger policy. When the payment process generates journal entries for currency gain and loss, SmartStream Ledger enters these amounts in the proper accounts during posting.

For more information about posting to ledger, see About Posting Journals.

Exchange Rate Policies

When you add a bank account, you select the following currency exchange rate options:

- Rate entity
- Rate type
- Rate date

Your selections for these options control how the payment process obtains appropriate exchange rate information from Currency when you produce payments using that bank account.

Single-Currency Journal Entries

From a ledger perspective, you have a single-currency payment transaction if all the following conditions are true:

- You pay a payment request in the same currency that you use for posting amounts to your ledger
- The currency of the bank account is the same as the payment and booking currencies
- The booking currency of the ledger entity for the liability account is the same as the booking currency of the ledger entity for the cash account

During single-currency transactions to ledger, the payment process does not calculate currency gain or loss, because no currency conversions are involved. The payment process generates entries for cash and unreconciled cash, depending on the choices you made in policy.

The examples that follow illustrate the journal entries generated during single-currency payment transactions. The currency in these examples is the pound sterling (GBP).

Use Cash Account for Payment Processing

If you do not use an unreconciled cash account for payment processing, the payment process generates journal entries to credit cash and debit liability. Because currency conversion is not necessary, currency gain or loss is not applicable.

At clearance time, no journal entries are generated. This is because the liability is balanced at payment time.

Example

You receive a payment request for 1,500. During payment request entry, Payables generates journal entries for the liability and the expenditure.

On the ledger effective date of the accrual, SmartStream Ledger posts the following amounts:

Expenditure

DR	CR
1500	

Accounts Payable

DR	CR
	1500

Note: If you consolidate payment requests into a draft, Payables reverses the journal entries for accounts payable liability generated during payment request entry and generates corresponding journal entries for notes payable liability.

Accounts Payable

DR	CR
1500	

Notes Payable

DR	CR
	1500

During payment processing, the payment process generates a reversing journal entry to debit the liability account and an entry to credit cash.

On the ledger effective date of the payment, SmartStream Ledger posts the following amounts:

Liability

DR	CR
1500	

Cash

DR	CR
	1500

Payables does not generate journal entries for this transaction at clearance.

Use Unreconciled Cash Account for Payment Processing

If you use an unreconciled cash account for payment processing, the payment process generates journal entries to credit unreconciled cash and debit the liability account.

During clearance processing, the clearance process generates a reversing entry to debit unreconciled cash and an entry to credit the cash account.

Example

You receive a payment request for 1,500. During payment request entry, Payables generates journal entries for the liability and the expenditure.

On the ledger effective date of the accrual, SmartStream Ledger posts the following amounts:

Expenditure

DR	CR
1500	

Liability

DR	CR
	1500

Note: If you consolidate payment requests into a draft, Payables reverses the journal entries for accounts payable liability generated during payment request entry and generates corresponding journal entries for notes payable liability.

The payment process generates a reversing entry for the liability and a credit to unreconciled cash.

On the ledger effective date of the payment, Ledger posts the following amounts:

Liability

DR	CR
1500	

Unreconciled Cash

DR	CR
	1500

During clearance, the clearance process generates a reversing entry for unreconciled cash and a credit to cash.

On the ledger effective date of the payment clearance, SmartStream Ledger posts the following amounts:

Unreconciled Cash

DR	CR
1500	

Cash

DR	CR
	1500

Multicurrency Journal Entries

From a ledger perspective, you have a multicurrency payment transaction in any of the following circumstances:

- Your bank account and booking currencies are one currency, and the payment currency is a different currency.
- The payment and bank account currencies are one currency, and your booking currency is a different currency.

  From an accounts payable perspective, this is a single-currency situation because you make a payment from a bank account having the same currency as the payment request.
- The ledger entities for the payable entity and the bank account have the same booking currency.

The following examples illustrate the journal entries generated during multiple currency clearance transactions.

Same Bank Account and Payment Currencies

If you receive a payment request in a foreign currency and you pay it from a bank account you set up in that same foreign currency, the payment process converts the amount of the payment into your local booking currency for posting.

This is a single-currency transaction from a payables perspective because you pay the foreign payment request from a bank account using the same foreign currency. From a ledger perspective, this is a multicurrency transaction because the payment and clearance processes must convert the payment and clearance amounts into your booking currency before SmartStream Ledger can post them.

In the following examples, the currency of the bank account and the payment is the Canadian dollar (CAD), and the booking currency is the United States dollar (USD). You are a United States company with a bank account in Canada to use for paying your Canadian payment requests.

Use Cash Account for Payment Processing

When you pay a foreign payment request using a bank account with that foreign currency specified as the bank account currency and you do not use an unreconciled cash account for payment processing, the payment process generates journal entries to debit the liability account and credit cash.

Note: The booking currency of the ledger entity for the liability account must be the same as the booking currency of the ledger entity for the cash account.

If the payment process calculates a gain or loss because of currency exchange rate fluctuations between the accrual and the payment, it also generates a journal entry for realized currency gain or loss.

Example

You receive a payment request for 2,000 CAD. When you receive the payment request, the CAD-to-USD exchange rate is 1.25 (1.25 Canadian dollars to 1 United States dollar).

During payment request entry, Payables generates journal entries for the expenditure and the liability.

On the ledger effective date of the accrual, SmartStream Ledger posts the following amounts:

Expenditure

DR	CR
1600	

Liability

DR	CR
	1600

Note: If you consolidate payment requests into a draft, Payables reverses the journal entries for accounts payable liability generated during payment request entry and generates corresponding journal entries for notes payable liability.

When paying the payment request, the CAD-to-USD exchange rate is 1.2121, so the payment process calculates a currency loss.

The payment process generates a reversing journal entry for liability account and entries for cash and realized currency loss. On the ledger effective date of the payment, Ledger posts the following amounts:

Cash

DR	CR
	1650

Liability

DR	CR
1600	

Realized Loss

DR	CR
50	

Because the cash account is credited at payment time, no entries are generated during clearance, whether or not the exchange rate fluctuates.

Use Unreconciled Cash Account for Payment Processing

When you pay a foreign payment request using a bank account with that foreign currency specified as the bank account currency and you use an unreconciled cash account for payment processing, the payment process generates journal entries to debit the liability and credit unreconciled cash. The booking currency of the ledger entity for the liability account must be the same as the booking currency of the ledger entity for cash.

If the payment process calculates a gain or loss because of currency exchange rate fluctuations between the accrual and the payment, it also generates a journal entry for unrealized currency gain or loss.

Example

You receive a payment request for 2,000 CAD. At that time, the CAD-to-USD exchange rate is 1.12676.

During entry, Payables generates journal entries for the expenditure and the liability.

On the ledger effective date of the accrual, SmartStream Ledger posts the following amounts:

Expenditure

DR	CR
1675	

Liability

DR	CR
	1675

Note: If you consolidate payment requests into a draft, Payables reverses the journal entries for accounts payable liability generated during payment request entry and generates corresponding journal entries for notes payable liability.

At payment time, the exchange rate is 1.17647, so the payment process calculates a currency loss.

The payment process generates a reversing journal entry for the liability and entries for unreconciled cash and unrealized currency loss.

On the ledger effective date of the payment, SmartStream Ledger posts the following amounts:

Unreconciled Cash

DR	CR
	1700

Liability

DR	CR
1675	

Unrealized Loss

DR	CR
25	

During clearance, the exchange rate is 1.1594.

The clearance process generates reversing journal entries for unreconciled cash and unrealized loss, an entry for cash, and an entry to reflect the actual realized loss.

On the ledger effective date of the clearance, SmartStream Ledger posts the following amounts:

Unreconciled Cash

DR	CR
1700	

Cash

DR	CR
	1725

Unrealized Loss

DR	CR
	25

Realized Loss

DR	CR
50	

Same Bank Account and Booking Currencies

If you receive a payment request in a foreign currency and you want to pay it from a local bank account, your bank performs the currency conversion required to sell you the foreign currency to use for the payment.

This is a multicurrency transaction from a payables perspective because you use your local currency from a local bank account to pay the foreign payment request.

Use Cash Account for Payment Processing

When you pay a foreign payment request using a local bank account and you do not use an unreconciled cash account for payment processing, the payment process generates journal entries to debit the liability account and credit cash. The booking currency for the ledger entity for the liability account must be the same as the booking currency of the ledger entity for the cash account.

If the payment process calculates a currency gain or loss, it also generates a journal entry to reflect unrealized currency gain or loss. The gain or loss is unrealized because the journal entry reflects only the current cost of the payment at payment time. The actual cost of the payment shows on your bank statement. During clearance, any gain or loss is realized.

The currencies in the following examples are the United States dollar (USD) and the Belgian franc (BEF).

Example 1

You receive a payment request for 90,000 BEF. You pay your payment requests from a United States bank account in USD, and your booking currency is also USD. When you add the payment request, on the ledger effective date of the payment request, the BEF-to-USD exchange rate is 30
(30 BEF for every 1 USD), so the payment request is worth 3,000 USD.

During payment request entry, Payables generates journal entries for the expenditure and the liability.

On the ledger effective date of the accrual, SmartStream Ledger posts the following amounts:

Expenditure

DR	CR
3000	

Liability

DR	CR
	3000

Note: If you consolidate payment requests into a draft, Payables reverses the journal entries for accounts payable liability generated during payment request entry and generates corresponding journal entries for notes payable liability.

At payment time, the exchange rate has fluctuated to 40, so the current cost of the payment is 2,250 USD. (Your bank clears the payment for the actual amount.) The payment process calculates a currency gain.

The payment process generates journal entries for the liability, cash, and unrealized currency gain.

On the ledger effective date of the payment, SmartStream Ledger posts the following amounts:

Cash

DR	CR
	2250

Liability

DR	CR
3000	

Unrealized Gain

DR	CR
	750

Your bank clears the 90,000 BEF payment for 2,200 USD. The clearance process calculates a different amount of currency gain.

The clearance process generates a reversing journal entry for the unrealized gain, an adjusting entry for cash, and an entry to reflect the actual realized gain.

On the effective date of the clearance, SmartStream Ledger posts the following amounts:

Cash

DR	CR
50	

Unrealized Gain

DR	CR
750	

Realized Gain

DR	CR
	800

Example 2

You receive a payment request for 90,000 BEF. You pay your payment requests from a United States bank account in USD, and your booking currency is also USD. When you add the payment request, on the ledger effective date of the payment request, the BEF-to-USD exchange rate is 30
(30 BEF for every 1 USD), so the payment request is worth 3000 USD.

During payment request entry, Payables generates journal entries for the expenditure and the liability.

On the ledger effective date of the accrual, SmartStream Ledger posts the following amounts:

Expenditure

DR	CR
3000	

Liability

DR	CR
	3000

Note: If you consolidate payment requests into a draft, Payables reverses the journal entries for accounts payable liability generated during payment request entry and generates corresponding journal entries for notes payable liability.

At payment time, the exchange rate has fluctuated to 29.0135, so the current cost of the payment is 3,102 USD. (Your bank clears the payment for the actual amount.) The payment process calculates a currency loss.

The payment process generates journal entries for liability, cash, and unrealized loss.

On the ledger effective date of the payment, SmartStream Ledger posts the following amounts:

Cash

DR	CR
	3102

Liability

DR	CR
3000	

Unrealized Loss

DR	CR
102	

Your bank clears the 90,000 BEF payment for 3,102 USD.

The clearance process generates a reversing journal entry for the unrealized loss and an entry for the realized loss.

On the ledger effective date of the clearance, SmartStream Ledger posts the following amounts:

Unrealized Loss

DR	CR
	102

Realized Loss

DR	CR
102	

Use Unreconciled Cash Account for Payment Processing

When you pay a foreign payment request from a local bank account and you use an unreconciled cash account for payment processing, the payment process generates journal entries to debit the liability account and credit unreconciled cash. The booking currency of the ledger entity for the liability account must be the same as the booking currency of the ledger entity for the cash account.

If the payment process calculates a currency gain or loss, it also generates a journal entry to reflect the unrealized gain or loss. The gain or loss is unrealized because the journal entry reflects only the current cost of the payment. The actual cost of the payment shows on your bank statement. During clearance, any currency gain or loss is realized.

The currencies in the following example are the United States dollar (USD) and the Belgian franc (BEF).

Example

You receive a payment request for 90,000 BEF. You pay your payment request from a United States bank account in USD, and Payables accrues the payment request in USD. On the accrual effective date of the payment request, when Ledger posts the payment request, the BEF-to-USD exchange rate is 30 (30 BEF for every 1 USD).

During payment request entry, Payables generates journal entries for the expenditure and the liability. On the ledger effective date of the payment request accrual, SmartStream Ledger posts the following amounts:

Expenditure

DR	CR
3000	

Liability

DR	CR
	3000

Note: If you consolidate payment requests into a draft, Payables reverses the journal entries for accounts payable liability generated during payment request entry and generates corresponding journal entries for notes payable liability.

At payment time, the USD-to-BEF exchange rate has fluctuated to 32 (32 BEF for each USD), so the current cost of the payment is 2,812 USD. (Your bank clears the payment for the actual amount.) The payment process calculates a currency gain.

The payment process generates journal entries for liability, unreconciled cash, and unrealized gain.

On the ledger effective date of the payment, SmartStream Ledger posts the following amounts:

Unreconciled Cash

DR	CR
	2812.50

Liability

DR	CR
3000	

Unrealized Gain

DR	CR
	187.50

Your bank clears the 90,000 BEF for 2850 USD, so the clearance process calculates a different currency gain.

The clearance process generates reversing journal entries for unreconciled cash and unrealized gain, an adjusting entry for realized gain, and an entry for cash.

On the ledger effective date of the clearance, SmartStream Ledger posts the following amounts:

Unreconciled Cash

DR	CR
2812.50	

Cash

DR	CR
	2850

Unrealized Gain

DR	CR
187.50	

Realized Gain

DR	CR
	150

Entries When Cancelling Payments

Cancelling a payment reverses all journal entries posted during the payment transaction.

Example

You receive a payment request for 1,500 GBP. During payment request entry, Payables generates journal entries for the liability and the expenditure.

On the ledger effective date of the accrual, SmartStream Ledger posts the following amounts:

Expenditure

DR	CR
1500	

Liability

DR	CR
	1500

During payment processing, the payment process generates an entry to debit the liability account and an entry to credit cash.

On the ledger effective date of the payment, Ledger posts the following amounts:

Liability

DR	CR
1500	

Cash

DR	CR
	1500

Instead of clearing the payment, you cancel the payment. When you cancel this payment, Payables generates the following reversing journal entries for the cash and the liability accounts.

Cash

DR	CR
1500	

Liability

DR	CR
	1500

7 Payment Request Reports

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About Payment Request Reports

Payables provides reports to use in balancing invoice and payment activity. Use these reports to perform the following tasks:

- Activity balancing
- Balancing to ledger
- Surveying unpaid invoices

Activity Balancing Reports

Activity balancing is the process of verifying all activity for invoices and payments for a particular date or range of dates. Use these activity balancing reports to track the following activities of your Payables processing:

- Invoices added

- Invoices cancelled
- Invoices deleted
- Payments issued
- Payments cancelled

Balancing to Ledger

Balancing to ledger is the process of comparing liability within Payables to that in the ledger. To do this, produce the Trial Balance by Ledger Distribution report.

Unpaid Invoices Reporting

To determine if funds in your account are adequate, produce the Aged Unpaid Invoices report.

Scheduling Reports

You can also use Job Scheduler to run one or more reports on a regular basis, using options you define. For more information about scheduling reports, see Scheduling Reports.

Currency

All amounts on activity reports are in the transaction currency except for those on the Trial Balance by Ledger Distribution report. Amounts for this report are in the booking currency.

Totals for a report containing amounts with different currencies are *hash totals*.

Producing Reports

To produce balancing reports, first choose Payables Balancing Reports from your Activity List, then choose one of the following options from the Reports Menu window:

- Aged Unpaid Invoice Report
- Balancing Reports

Report Parameters

Report parameters are selection criteria you choose to specify the information you want to include in a report. Using the Payables Balancing Reports or Aged Unpaid Invoices Report parameters window, you can indicate the following information:

- A unique identifier for the report parameters
- The report you want to produce
- The data you want to include in the report
- The format of the report
- The way you want to present the report, either online or in print

Selecting the Report

Identify the report you want to run and the parameters for that report.

Identify the Report

Use the Report to Run field to indicate the report you want to produce.

Identify Parameters

Enter an identifier for the report parameters in the Report Option ID field.

You can use this identifier for a report that you produce frequently with the same parameters. Job Scheduler runs this report when scheduled by selecting this report option ID. You enter the parameters only once, save them, and later use the report option identifier to retrieve them.

Selecting Information to Include

The parameters vary by report. For example, you can enter up to four due dates for the Aged Unpaid Invoice report. For the balancing reports, you can include data for a specific range of dates by entering those dates in the From-Date and To-Date fields.

Display Options

Use the display options fields to define formatting options for the report. Select the Use Windows Defaults option if you want to use your standard Windows default settings for the date format, decimal separator, thousand separator, and negative display.

To indicate specific settings for this report, enter the date format and characters to use as the decimal and thousand separators. You can also select the way you want to identify negative numbers.

Advancing Date Options

The payables reports can be scheduled using Job Scheduler. Job Scheduler uses the Run Frequency field to automatically advance date parameters.

For example, if the From date is January 1, 1994, and the To date is January 7, 1994, and the run frequency is daily, after the report is run in a scheduled process, Payables automatically advances the dates according to the run frequency. In this case, because the frequency is daily, after the report is run, Payables changes the From date to January 2, 1994, and the To date to January 8, 1994.

Invoices Added Detail Report

Use this report to track, by payable entity, all invoices added on a particular date or range of dates.

Content

The report lists all invoices added for the specified date or dates. It includes totals for the invoices included in the report and the following information for each invoice:

- Total amount
- Discount amount
- Currency code

Note: When an invoice is added, deleted, and added again, it appears on the Invoices Added Detail report twice. To balance all activity for the group of invoices, cross-reference duplicate additions with appropriate entries in the Invoices Deleted Detail report

The total for all partial payments appears on the report, not the total of each partial payment.

Totals

The report lists the following totals:

- Number of added invoices
- Total amount of added invoices
- Discount amount of added invoices

The amount totals are in the transaction currency.

Selecting Information to Include

Select information for the report using the following report parameters:

- From Date
- To Date
- Payable Entity

Invoices Cancelled Detail Report

Use this report to track, by payable entity, all invoices cancelled on a particular date or range of dates.

Content

The report lists all invoices cancelled for the specified date or dates. It includes totals for the invoices included in the report and the following information for each invoice:

- Total amount
- Discount amount
- Currency code

The report includes each partial payment that is cancelled.

Totals

The report lists the following totals:

- Number of cancelled scheduled payments
- Total amount of cancelled invoices
- Discount amount of cancelled invoices

The amount totals are in the transaction currency.

Selecting Information to Include

Select information for the report using the following report parameters:

- From Date
- To Date
- Payable Entity

Invoices Deleted Detail Report

Use this report to track, by payable entity, all invoices deleted on a particular date or range of dates.

Content

The report lists all invoices deleted for the specified date or dates. It includes totals for the invoices included in the report and the following information for each invoice:

- Total amount
- Discount amount
- Currency code

This report does not include individual partial payments because you cannot delete them.

Totals

The report lists the following totals:

- Number of deleted invoices
- Total amount of deleted invoices
- Discount amount of deleted invoices

The amount totals are the transaction currency.

Selecting Information to Include

Select information for the report using the following report parameters:

- From Date
- To Date
- Payable Entity

Tax Detail Report

Use this report to document self-assessed tax and reclaimable tax you report to a taxing authority. The tax category identifies the taxing authority.

Content

The report contains any invoice tax amounts you owe and the reclaimable tax amounts payments that have been paid for the specified date or range of dates. It includes totals for the payments included in the report and the following information for each invoice:

- Invoice total
- Self-assessment liability
- Tax reclaimable

Totals

The report lists the following totals:

- Tax rate by active date
- Tax rule by active date
- Tax rule

The amount totals are in the transaction currency.

Selecting Information to Include

Select information for the report using the following report parameters:

- From Effective Date
- To Effective Date
- Tax Category

Earnings and Withholding Verification Detail Report

Use this report to review paid invoices that your enterprise must report to a tax authority.

Content

The report shows, by vendor, the invoices that your enterprise must report to the tax authority. It also shows the amount of tax withheld for an invoice. If no money was withheld for an invoice, it shows zero.

The report selects paid invoices based on the earnings and withholding rule you choose for the report. All invoice lines that specify that earnings and withholding rule appear on the report. The report includes all categories for the earnings and withholding rule. You can enter a minimum reporting amount to qualify payment requests that appear on the report.

The report includes the following information for each invoice:

- Invoice number
- Invoice date
- Invoice line number and description
- Date of the payment and the payment reference number
- Discounted amount of the line expense
- Amount of tax withheld

Totals

The report lists the following totals:

- Category by vendor number
- Vendor tax identification number
- Payable entity tax identification number

The amount totals are in the transaction currency.

Because Payables sorts totals by vendor tax identification number instead of vendor, a total for a vendor can be a combined total. For example, if you define multiple locations for a vendor that use the same tax identification number, the total for the vendor is the combined total for the two locations.

Sorting by vendor tax identification number can help you identify errors such as unrelated vendors with the same tax identification number because you can see any discrepancy in the usual one-to-one correspondence between the vendor identification number and the vendor tax identification number.

Similarly, the payable entity amounts are totaled by payable entity tax identification number.

Earnings and Withholding Verification Detail Report-1099

Use the 1099 Earnings and Withholding Verification Detail report to review paid invoices that your enterprise must report to the Internal Revenue Service (IRS).

Content

The report shows, by vendor, the invoices that are subject to 1099 reporting. It also shows the amount of tax withheld for an invoice. If no money was withheld for an invoice, it shows zero.

The report selects paid invoices based on the earnings and withholding rule you choose for the report. All invoice lines that specify that earnings and withholding rule appear on the report. The report includes all categories for the earnings and withholding rule.

The report includes the following information for each invoice:

- Invoice number
- Invoice date
- Invoice line number and description
- Date of the payment and the payment reference number
- Discounted amount of the line expense
- Amount of tax withheld

Totals

The report lists the following totals:

- Category by vendor number
- Vendor tax identification number
- Payable entity tax identification number

The amount totals are in the transaction currency.

Because Payables sorts totals by vendor tax identification number instead of vendor, a total for a vendor can be a combined total. For example, if you define multiple locations for a vendor that use the same tax identification number, the total for the vendor is the combined total for the two locations.

Sorting by vendor tax identification number can help you identify errors such as unrelated vendors with the same tax identification number because you can see any discrepancy in the usual one-to-one correspondence between the vendor identification number and the vendor tax identification number.

Similarly, the payable entity amounts are totaled by payable entity tax identification number.

Regulatory Earnings and Withholding Report

Use this report to review paid invoices that your enterprise must report to a tax authority.

The report has three versions:

- Detail
- Output file
- Output file with summary

Content

A description of the content for each report option follows.

Detail

The detail report shows, by vendor, the invoices that your enterprise must report to the tax authority. It also shows the amount of tax withheld for an invoice. If no money was withheld for an invoice, it shows zero.

The detail report includes the following information for each invoice:

- Invoice number
- Invoice date
- Invoice line number and description
- Date of the payment and the payment reference number
- Discounted amount of the line expense
- Amount of tax withheld

Output File

The output file shows, by vendor tax ID, the totals for the tax form by tax classification that your enterprise must report to the tax authority, including tax withheld.

The output file includes the following information for each vendor tax ID:

- Vendor name
- Address lines 1 and 2
- City, state, and postal code

Output and Summary Report

The summary report shows, by vendor tax ID, the gross amount and withheld amount for the tax form.

The summary report includes the following information for each vendor tax identification number:

- Vendor name

- Gross amount
- Withheld amount

Selection Criteria

The report selects paid invoices based on the earnings and withholding rule and tax form you choose for the report. All invoice lines that specify that earnings and withholding rule appear on the report. The report includes all categories for the earnings and withholding rule and tax form. A minimum reporting amount may be entered to qualify payment requests that appear on the report.

Totals

The detail report lists the following totals:

- Category by vendor number
- Vendor tax identification number
- Payable entity tax identification number

The amount totals are in the transaction currency.

Because Payables sorts totals by vendor tax identification number instead of vendor, a total for a vendor can be a combined total. For example, if you define multiple locations for a vendor that use the same tax identification number, the total for the vendor is the combined total for the two locations.

Sorting by vendor tax identification number can help you identify errors such as unrelated vendors with the same tax identification number because you can see any discrepancy in the usual one-to-one correspondence between the vendor identification number and the vendor tax identification number.

Similarly, the payable entity amounts are totaled by payable entity tax identification number.

The summary report totals by form.

Record Layouts

For record layouts, see Dividends Output Transaction.

Forms Printing and Magnetic Media

You can use any third-party software to copy an ASCII file generated by Payables and use it to generate 1099 forms or magnetic media for submission to the IRS following government specifications.

Geac has tested this process with the Year End Solutions! (Y.E.S.) package by Newport*Wave,* Incorporated. For information on this package, contact Newport*Wave* at 1-800-999-2611.

Total Payments Report

Use this report to track all payments made on a date or range of dates.

Content

The report lists all payments that have been paid for the specified date or range of dates. It includes totals for the payments included in the report. It includes the following information for each payment reference number:

- Vendor
- Total payment amount
- Discount taken amount
- Discount lost amount
- Withholding amount
- Net payment amount

Totals

The report lists the following totals:

- Number of payments
- Total amount of payments
- Discount amount of payments
- Discount lost amount of payments
- Earnings and withholding amount of payments

The amount totals are in the transaction currency.

Selecting Information to Include

Select information for the report using the following report parameters:

- From Date
- To Date
- Payable Entity

Cancelled Payments Detail Report

Use this report to track all invoices reopened because of a payment cancellation.

Content

The report lists all invoices that are reopened for the specified date or range of dates. It includes totals for the invoices included in the report and the following information for each payment reference number:

- Vendor
- Total payment amount
- Discount taken amount
- Discount lost amount
- Withholding amount
- Net payment amount

Totals

The report lists the following totals:

- Number of payments
- Total amount of payments
- Discount amount of payments
- Discount lost amount of payments
- Earnings and withholding amount of payments

The amount totals are in the transaction currency.

Selecting Information to Include

Select information for the report using the following report parameters:

- From Date
- To Date
- Payable Entity

Payables Balancing Summary Report

Use this report to track activity for

- Invoices added
- Invoices cancelled
- Invoices deleted
- Total payments
- Payments cancelled.

Content

For a specified date or range of dates, the report lists all invoices that were added, cancelled and deleted, and all payments that were made or cancelled.

Totals

The report lists the following totals:

- Invoices added
- Invoices cancelled
- Invoices deleted
- Gross invoice total
- Invoices added discount
- Invoices cancelled discount
- Invoices deleted discount
- Total discount
- Net invoice total
- Total payments
- Discount taken on payments
- Discount not taken on payments
- Withholding
- Payments cancelled
- Discount on payments cancelled
- Discount not taken on payments cancelled
- Discount lost on payments cancelled
- Withholding on payments cancelled

- Net payments
- Total net activity

Selecting Information to Include

Select information for the report using the following report parameters:

- From Date
- To Date
- Payable Entity

Aged Unpaid Invoices Report

Use this report to determine if the funds in your account are adequate after you adjust for unpaid invoices.

Content

For a specified due date or range of dates, the report lists all unpaid invoices. You can run the report by booking currency or transaction currency. The report includes the following information for each due date:

- Vendor
- Invoice number
- Scheduled payment number
- Invoice date
- Payment due date
- Gross amount

Totals

The report lists the following totals:

- Number of unpaid invoices
- Total amount of unpaid invoices
- Discount amount of unpaid invoices

Selecting Information to Include

Select information for the report using the following report parameters:

- Payable Entity
- Due Date 1
- Due Date 2
- Due Date 3
- Due Date 4

Trial Balance by Ledger Distribution Report

Use this report to compare the liability in Payables with that in SmartStream Ledger.

Content

The report lists invoices by ledger distribution. It lists each vendor with associated invoices.

It reflects all unpaid invoices posted to ledger. Unpaid invoices include the following status types:

- Complete
- Complete;Part Pymts
- On Hold
- Partially Paid
- Temp on Hold
- On Hold;Pending
- On Hold;Rejected
- Pending
- Rejected

Invoices with the following status types are not included in the report:

- No Accrual
- No Accrual;Pending
- No Accrual;Rejected

Partial Payments

Partial payments that appear on the report must have an invoice status of Complete and an effective date earlier than the report date.

Examples

The following examples illustrate processing and reporting. The currency in the examples is the U.S. dollar (USD).

Example 1

The report date in Example 1 is February 28. The report contains the invoice because only the first accrual was posted.

Action	Status	Accrual Effective Date	Amount Posted
Invoice A is added	Complete	Feb. 28	500
Invoice is paid	Paid	Mar. 15	

Example 2

The report date is March 30. The report contains the invoice for the new liability account only.

Action	Status	Accrual Effective Date	Amount Posted
Invoice B is added	On Hold	Feb. 28	500
Maintenance to liability account	On Hold	Mar. 15	500

Example 3

The report date is March 28. The report contains the invoice with a negative amount posted to the liability account.

Action	Status	Accrual Effective Date	Amount Posted
Invoice C is added	Complete	Apr. 15	
On-demand payment	Paid	Mar. 28	500

Example 4

The report date is February 28. The report contains each partial payment.

Action	Status	Accrual Effective Date	Amount Posted
Invoice D is added	Complete	Feb. 28	500
Divided into 5 partial payments	Complete; Part Pymts	Feb. 28	

Totals

The report lists the following totals:

- Total amount
- Net amount
- Balance from ledger

The amount totals are in the booking currency.

Selecting Information to Include

Select information for the report using the following report parameters:

- Period End Date
- Ledger Entity

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Financials
Projects

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1 Overview of SmartStream Projects

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1-1 About Projects
1-2 Before Using SmartStream Projects
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About Projects

You can use SmartStream Projects to manage internal projects that are capital, expense, or both capital and expense projects. You also can use Projects to manage external projects that you perform for clients and that generate revenue.

With Projects you can

- Manage costs for a project
- Allocate costs and revenues
- Capitalize and retire assets

You can use Projects to add and manage various kinds of projects such as

- Construction
- Purchase, upgrade, or removal of an asset
- Research and development
- Expense tracking.

Before Using SmartStream Projects

Before using SmartStream Projects, you must make policy decisions and set up the following policies:

- Security
- Enterprise
- Currency
- Asset entity
- Ledger entity
- Payable entity
- Purchase entity
- Projects common
- Project entity

See SmartStream Projects Policy for more information about setting up these policies.

Using Projects

After making business decisions for Projects, you can perform the following activities:

- Adding projects
- Allocating costs
- Capitalizing and retiring assets
- Generating reports

Adding Projects

With project information set up as defaults in project entity policy, you can add projects by entering minimum information. If needed, you also can use the Projects windows to add details or override default information for specific projects or components.

SmartStream Financials automates the workflow for adding projects, work breakdown structures, and components through Projects and SmartStream Structures. SmartStream Financials transfers basic information between the applications so that you do not have to reenter it.

In addition to using Projects windows to add and manage projects and components, you can use scheduled processes for the same tasks.

Managing Project Costs

To manage project costs, you can track commitments and expenditures by:

- Updating project journals from SmartStream Purchasing and Payables and non-Geac systems.
- Relieving commitments based on expenditures for SmartStream purchase orders and invoices.
- Drilling down to purchasing and payables information.
- Entering project journals.
- Allocating cost within or across projects.
- Checking available funds for project transactions.
- Generating Ledger journals.
- Reporting on project costs.

Allocating Costs

You can use the allocation function of Projects to allocate costs within a project or across projects.

Capitalizing and Retiring Assets

To help manage your assets, you can use Projects to perform the following functions:

- Capitalize or retire an asset (update Asset Management with information from Projects).
- Group multiple project components into one asset.
- Split one project component into many assets.
- Perform recurring capitalization each time the Capitalization scheduled process runs for the component's project or project entity.

Generating Projects Reports

Projects delivers reports that you use to manage projects effectively. You also can tailor reports to your needs. For example, you can sort differently, determine data to include or exclude, set levels of totals, set ranges, and select summary or detail options.

Currency

Projects can process multicurrency transactions. If you enter a project for a currency that is different from your booking currency, SmartStream Currency converts the project amounts to your booking currency. Projects generates journal entries in the booking currency. You can store project balances in a project currency and by component in component ledger currencies.

Accounting Information

When processing a project transaction, you designate the ledger accounts to post the transaction to, unless the ledger accounts are already set up for the project. When transactions are processed, you can generate journal entries to record the financial impact of the activity in your ledger.

Integration with Other SmartStream Products

Projects integrates with the following SmartStream products:

- Asset Management
- Ledger
- Payables
- Purchasing
- Structures
- Supplies

Asset Management

Projects integrates with Asset Management to capitalize and retire assets.

You can set up projects with components that represent assets you want to capitalize or retire. If your enterprise has Asset Management installed, Projects:

- Passes information about these components to Asset Management.
- Checks Asset Management to ensure that information you enter in Projects is valid. For example, if you enter an asset location, Projects verifies that it has been defined in Asset Management.

See Asset Management for more information.

Ledger

SmartStream Ledger validates accounting information you enter for projects transactions according to the validation policies and validation structure you set up for your ledger entities, payable entities, and purchase entities.

See the Ledger Guide for more information.

Payables

Projects integrates with Payables to track expenses incurred for a project. If a project is associated with an invoice, Payables generates a project journal. The Projects Posting scheduled process posts the journal to Projects.

See the Payables Guide for more information.

Purchasing

Projects integrates with Purchasing to track project commitments. If a project is associated with a purchase order, Purchasing generates a project journal. The Project Posting scheduled process posts the journal to Projects.

See the Purchasing Guide for more information.

Structures

When you add a project, SmartStream Structures automatically builds a Work Breakdown structure for the project.

See Structures for more information.

2 SmartStream Projects Policy

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Projects Policy

Before using SmartStream Projects to track and manage costs for your projects, you must make business policy decisions and set up the following policies:

- Security
- Enterprise
- Ledger entity
- Payable entity
- Purchase entity
- Projects common
- Project entity

Security

To ensure the security of your enterprise's information, SmartStream uses several levels of security.

Enterprise Security

Before you can use Projects, be sure the following kinds of security information are set up for the enterprise as a whole:

- Database administration
- User security
- Security group

See SmartStream Administrator's Help for information on setting up this security information.

Projects Security Codes

In addition to the security required by SmartStream, you must set up security codes for each project and component in Projects. After you define these security codes in Projects, you use them in the SmartStream Security Data Control window to set up security data control for Projects.

Activity and Data Control Security

After you set up security for your enterprise, set up the following kinds of security information for SmartStream Projects:

- Activity
- Data control

Activity Security

Set up activity security to control which Projects activities each SmartStream user can access and their level of access.

For most Projects windows, you set up activity security by project entity. The exceptions are the Projects Common windows, which apply to all project entities. The security options on these windows apply to the entire activity, not to a specific project entity.

Example of Projects Activity Security

You use project entity PRJENT1 primarily for your Development Division. Therefore, several users in that division require complete access to Projects information for PRJENT1 so they can effectively manage their development projects.

Upper-level managers use a second project entity, PRJENT2, for their projects.

USER1 is a project manager in the Development Division. For that division's projects, this user needs to perform various Projects tasks, such as choosing the amount classes that are valid for PRJENT1. To allow this, use the Activity Security window to give user ID USER1 full maintenance access to the Project Entity Amount Class window for project entity PRJENT1.

USER1 also needs occasional access to PRJENT2 projects, but only to display balances of specific management projects. Use the Activity Security window to give USER1 inquiry-only access to the Projects Balance Inquiry window for project entity PRJENT2. You do not give USER1 access to any other windows for PRJENT2.

Data Control Security

Set up data control security to further control the Projects activities that each SmartStream user can access for projects and components and their level of access.

To set up Projects data control security, you

- Define security codes on the Projects Common Security Code window.
- Use the Security Data Control window to identify which security codes each user or user group can access and the type of access allowed for each activity.
- Assign a security code to each project and component. Projects requires you to enter the security code when you first add a project or component.

Naming Convention for Security Codes

Because you can enter ranges of security codes on the Security Data Control window, you might want to develop a naming convention for your security codes. For example, the first three characters of every security code could correspond to the responsible department. Using this method, you can group the security codes by ranges and set up your data control security faster.

Example of Projects Data Control Security

To continue the previous Projects activity security example, you define the following security codes for your enterprise as:

- ADMIN, which you use for the majority of the projects
- MGR, which you use for a few projects that contain sensitive or confidential information, such as employee salaries.

The Development Division consists of several departments, including the Administrative Services department. Employees in this department frequently enter project information for the department managers.

ADMIN1 is an Administrative Services employee. You give ADMIN1 full access to projects and components that have the ADMIN security code so that they can enter project journal information, keep the status information current, and so forth. However, because ADMIN1 should not have access to those projects that have the MGR security code, you omit MGR from the range of valid security codes entered for this user.

You define security codes on the Projects Common Security Code window, so you can use the same security codes for projects associated with all project entities. Because all upper-level managers require either full or inquiry-only access to PRJENT2 projects, use the Security Data Control window to give each manager the appropriate level of access to both security codes: ADMIN and MGR.

Using Different Security Codes for a Project and Its Components

You can assign different security codes to a component and its project. The only Projects activity that checks both types of security codes is the Projects Status Maintenance window, because it allows you to enter changes for both a project and its components. Depending on what you plan to change, you must have authorization for the project, one or more individual components, or the project and its components.

How Activity Security and Data Control Security Function

The primary difference between activity security and data control security is that with data control security you can restrict access only for the project and component; with activity security you can restrict access at a higher level, the project entity.

The following table identifies the stages of processing when Projects determines your level of access to an activity:

Stage	Type of Security	Projects verifies that you have access to the…
1	Activity	Window for the project entity you are trying to access, if applicable. Projects also checks your level of access to determine whether you can only display information or display and change information.
2	Data Control	Project or component, if you are accessing a project or component window. Projects checks the security code assigned to the project or component and verifies that the Security Data Control window includes that security code for your user ID and the window you want to access.

Enterprise Policy

Enterprise policy defines policies that apply to all products used by your enterprise. Review your enterprise policies to determine whether you need to change any existing options to accommodate Projects.

For information about setting up enterprise policy, see Establishing Enterprise Policy.

Enterprise Options for Projects

Options that you define as part of enterprise policy control several aspects of your projects. The following table identifies the elements of enterprise policy that apply to projects you add and manage:

Task	Window
Set up amount class types	Amount Class Types
Choose your enterprise's Currency option	Enterprise Policy Window: Currency
Set up rate entities and rates	Rate Entity Maintenance
Set up your fiscal calendar	Periodic Calendar Year
Set up your user-defined accounting key	User-Defined Accounting Key Log On

Amount Class Types

Projects is delivered with two amount class types. You also can set up other amount classes for use in Projects.

Commitment Amount Class

Usually you use the Commitment amount class for project amounts that you have committed but have not yet spent. If you have Purchasing installed, purchase orders post to the Commitment amount class in Projects.

Although this amount class has a predefined name, you can change it. To change the name:

Step	Action
1	Delete the predefined Commitment amount class.
2	Add a new amount class with a type code of Commitment but with a different name.

Rule: You can change the name only if no project entity is using the amount class.

You must set up the Commitment amount class type on the Amount Class Types window before you can use it in the Project Entity Amount Class window. You can

define only one amount class with this type code. For instructions, see Amount Class Types window.

Actual Amount Class

Usually you use the Actual amount class for amounts that you have already spent. If you have Payables installed, invoices automatically post to the Actual amount class in Projects.

Although this amount class has a predefined name, you can change it. To change the name:

Step	Action
1	Delete the predefined Actual amount class.
2	Add a new amount class with a type code of Actual but with a different name.

Rules

You can change the name only if no SmartStream product is using the amount class.

You can define only one amount class with this type code.

Other Amount Classes

You can set up other amount classes for Projects with a type code of Miscellaneous or with no type code. For example, your enterprise might set up a budget amount class to group related amounts for a project. If you want to use Projects' optional funds checking feature, you must define at least one budget amount class.

Currency Options

Your enterprise can use a single currency or multiple currencies. If your enterprise selects Multiple for the currency option in enterprise policy, you can choose the currencies Projects uses to manage balances. For more information about Projects currency options, see Currency for Storing Balances.

Rate Information

Projects uses rate entities when converting an amount to a different currency and uses rates when generating monetary transactions from statistical transactions.

Rate Entity

A rate entity is a set of rate policies and information used to convert amounts from one currency to another.

A rate entity usually represents a rate authority such as a bank, government agency, or currency exchange market. It also can represent a period rate established by an enterprise.

Projects uses the rate entity to find the rate of exchange for converting transaction amounts to the project ledger currencies for a project.

Use SmartStream Currency to define rate entities. You must define at least one rate entity, but you can define more—as needed—based on the number of rate authorities from which your enterprise gets information.

Rate

A project rate is a value that you can apply to an existing project journal transaction to generate a new project journal transaction.

You can apply a rate to a statistical transaction for a project journal line to generate a monetary transaction. You also can apply a rate to a monetary transaction to generate a second monetary transaction.

Use the Project Entity Rate Code window to set up the rate codes you use for project journals. Use the Project Entity Rate Accounting Distribution window to enter default accounting distributions for each rate code.

Projects rates are **not** associated with currency exchange rates. Use Currency to define the currency exchange rates that Projects uses.

Fiscal Calendar

You can use different fiscal calendars for different project entities, but all ledger entities for a particular project entity must use the same calendar.

In Projects you must retain a calendar year for all years that have charges for your projects. For instructions about setting up your calendar, see Setting up Enterprise Calendars.

User-Defined Accounting Key

If you have any other SmartStream Financials products installed, you have already created a user-defined accounting key (UDAK).

If Projects is the first SmartStream product you install that requires a user-defined accounting key (UDAK), you must create it. For instructions, see Designing Your Accounting Key.

Each SmartStream product that uses the UDAK is delivered with a standard, predefined accounting key. One of the elements in this predefined key is *Project*. This field is **not** the same as the Project field used to identify a specific project in Projects. Your enterprise can use these fields for the same information, but in the delivered products they do not contain the same information nor are they related.

How Projects Uses the Accounting Key

You can associate each layer of a project—the project, the components, and the cost elements—with a default accounting key, or accounting distribution. You can choose for Projects to generate a journal entry to post to the associated accounting distribution for any or all charges to project cost elements.

Overriding the Accounting Key

You can choose to allow transaction overrides for the default accounting distributions when you post journals for a cost element. For example, you might identify a specific

accounting distribution as the default for all charges on a project, but you want to let users override the default and identify a different accounting distribution for some components of the project. In this case, choose the Allow Transaction Override option.

Setting Up Policy in Other SmartStream Products

If you have installed other SmartStream products that integrate with Projects, you must set up their policies also.

Ledger Entity Policy

To use Ledger with Projects, you must first set up ledger entities and the following policies:

- Validation Policy. For more information, see Define Validation Policies.
- Chart of Accounts. For more information, see Managing Charts of Accounts and Balances.
- Ledger Date Policy. For more information, see Journal and Reporting Dates.

Payable Entity Policy

If your enterprise uses SmartStream Payables and you plan to generate project journals in Payables, set up payable entity policy.

For more information about the payables policies you must set up to integrate with Projects, see Overview for Payable Entities.

Purchase Entity Policy

If your enterprise uses SmartStream Purchasing and you plan to generate project journals in Purchasing, set up purchase entity policy.

For more information about the purchasing policies you must set up to integrate with Projects, see Setting Up Purchase Entities in the Purchasing Guide.

SmartStream Formulas

If your enterprise plans to use Projects Allocation activities, use Formulas to identify the type of balances and the timeframe for which to extract amounts for Projects formulas and to define formulas that Projects uses to extract data.

For information about setting up formulas, see Reporting Tools.

SmartStream Asset Management

If your enterprise plans to use Asset Management with Projects to capitalize and retire assets associated with projects, set up Asset Entity policy.

SmartStream Structures

Because Projects uses Structures to build Work Breakdown structures, you must establish object groups representing project entities in Structures before adding projects.

For more information, see the Structure Creation Process.

Projects Common Information

You can use Projects common information for all your project entities and projects. It includes general categories of information.

Setting Up Projects Common Information

The following table lists the tasks for setting up projects common information and specifies the Projects Common window to use for each task:

Task	Window
Define and manage the classification codes for Projects.	Classification
Identify the physical locations and work locations for Projects.	Location
Identify the cost element types grouping similar cost elements.	Cost Element Type
Define cost elements for Projects.	Cost Element
Define security codes for Projects.	Security Code

Classification Code

You can set up classification codes to organize project and component categories for reporting.

Example Classification Codes

- Building
- Construction
- MKTG
- Overhead
- Renovation
- R&D

Location

You can set up locations to identify project sites, organizational units that are responsible for projects, and so on. A location can be a physical location such as a city or a work location such as a department.

Example Location Codes

- 135
- Accounting
- ATL
- Boston

- Dallas
- MKTG

Cost Element Type

You can set up cost element types to group similar cost elements for reporting.

Example Cost Element Types

- Capital
- Labor
- Materials
- Overhead

Cost Element

A cost element is a user-defined cost category. It is the lowest level of the project key where you can charge costs. You can use cost elements to group and track project-related costs or spread cost to all projects.

Example Cost Elements

- Overtime
- Regular
- Internal
- External

You assign a cost element type for each cost element that you add.

You can use the combination of cost element type and cost element to add specific cost categories, for example:

Cost Element Type	Cost Element
Labor	Overtime
Labor	Regular
Materials	External
Materials	Internal

Security Codes

You must set up security codes for each project and component in Projects.

After you set up these Projects security codes, enter them in the Security Data Control window to set up data security for each Projects window that can affect project setup, component setup, capitalization, or balance.

Capitalization Policy

If your enterprise plans to use Projects to capitalize and retire assets, you can set up capitalization policy to identify the relationship between project cost elements and asset books.

If your enterprise has not installed Asset Management, Projects uses capitalization policy, you set up, to determine which asset base and book transactions to generate. You can develop a conversion process to convert the scheduled process output ASCII text file to a format that meets your asset's system requirements.

For more information about setting up capitalization policy, see Defining Capitalization Policy.

Project Entity Policy

A *project entity* is a set of processing options and defaults that control the processing of Projects transactions. The project entity defines the policy and high-level default information for all projects associated with the project entity.

If your enterprise needs different policy settings and defaults, add policy for another project entity. You can define as many project entities as your enterprise needs.

Setting Up Project Entities

The following table lists the tasks for setting up project entities and specifies the SmartStream window and, if applicable, the view to use for each task:

Task	Window
Determine the different sets of project entity controls you need.	None
Identify the project entity, ledger, currency, and calendar information for the project entity.	Project Entity Window: Main
Select options for checking funds and summarizing costs.	Project Entity Window: FC/Summary
Define user-defined fields.	Project Entity Window: User Fields
Define the amount classes and activity statuses to use for projects associated with the project entity.	Project Entity Amount Class
Define rates to use by projects associated with the project entity.	Project Entity Rate
Associate accounting distributions with rate codes for the project entity.	Project Entity Rate Accounting Distribution

Identifying Project Entities

Use the following information to identify project entities and to select project processing options and defaults.

Policy Decisions

When you set up project entities, consider the following questions:

- How many project entities do you need?
- What are the criteria for organizing them?
- What is a short identifier for each project entity?
- What is a descriptive name for each project entity?

Criteria for Organizing Project Entities

You can set up project entities according to any organizational criteria you need. The following list shows some examples of models for setting up project entities:

- Different geographical divisions of your enterprise
- Different functional divisions or subsidiaries of your enterprise
- Departments or divisions for which you want to have separate reporting or which have different policy options
- Departments that process amounts only in a single currency and other departments that process amounts in multiple currencies

Identifier and Name

Choose a unique *identifier* for each project entity. Once you save a project entity you cannot change this identifier. You must also enter a descriptive *name* for the project entity.

Example Project Entity Identifiers and Names

Identifier	Name
INAOP	International North America Operations
IPROP	International Pacific Rim Operations
DOMOP	Domestic Operations

Default Processing for Projects

When you enter a project entity identifier for a project the policy defaults and options you select for that project entity automatically apply to the project unless you enter different values for the same options or defaults in the project.

Preventing Future Use of Project Entities

You cannot delete a project entity from Projects. However, if you no longer need to use a project entity, you can prevent a new project from being added to it in the future.

Project Entity Processing Options

When you set up a project entity, you can select several options to control how Projects processes project charges.

Policy Decisions

When you select processing options for a project entity, consider the following questions:

- What default currency do you plan to use for the project entity's project balances?
- What default ledger entity, if any, do you plan to associate with the project entity's projects?
- What default ledger currency do you plan to use for the project entity's projects?
- What calendar do you plan to use for the project entity and ledger entity and all associated projects?
- What is the current fiscal year you plan to use for this project entity and ledger entity?
- What is the next effective date you plan to use for unposted project journals?
- Do you want to perform funds checking? Do you want to display warning or error messages?

- What is the default level of the Work Breakdown structure for which you want to summarize costs?
- What user-defined fields do you need? Do you want Projects to pass the information to Asset Management?
- What amount classes do you want to use for the project entity? What activities do you want to update the amounts?
- What default rate codes do you plan to use?
- What default rate code accounting distributions do you plan to use? Can they be overridden?

The following discussion provides information and examples to help you make these decisions.

Currency for Storing Balances

You first defined currency policy when you set up enterprise policy. The currency option you selected in enterprise policy determines what currency information, if any, you can define for your project entities.

The following table shows how your choice for the enterprise currency option affects the currency policy you can set up for your project entities:

If your enterprise currency option is…	You can store Projects balances in these currencies…	And your projects are processed using…
Single	None	No project currency A single Projects Ledger currency A single transaction currency.
Multiple	Project and Ledger currencies	A single project currency for each project Single or multiple Projects Ledger currencies within each project Multiple transaction currencies.
	Ledger currency only	No project currency A single Projects Ledger currency per project Multiple transaction currencies.

Ledger Entity

You identify a ledger entity for the project entity. SmartStream can use information from the ledger entity as default information for the project entity.

You initially set up the ledger entity in either Ledger or Structures.

Ledger Currency

If you enter a ledger entity for the project entity, the currency for that ledger entity's primary book is the default currency for the project entity's ledger. If your enterprise

currency option is Single currency, the ledger currency for the project entity is the same as the enterprise currency.

Calendar

The project entity must use the same periodic calendar as the ledger entity with which the project entity is associated. All ledger entities subsequently associated with project components must also use this calendar.

Project Fiscal Year

If you identify a ledger entity for the project entity, the fiscal year for the ledger entity is the default fiscal year for the project entity. You can add projects with earlier fiscal years and move them forward to the current fiscal year, but you cannot add projects with a later fiscal year than the project entity fiscal year.

After you associate a project with the project entity, use the Year Open scheduled process to change the project fiscal year.

Next Effective Date

Projects uses the Next Effective Date you enter as the default effective date for unposted project journals. If you do not enter a Next Effective Date, Projects uses the first day of the project's fiscal year as the next effective date in online journals and the system date in offline journals.

Project Currency

Projects uses the project currency to store amounts charged to projects associated with the project entity and to summarize project balances.

If your enterprise currency option is Single or if you chose to store balances for the project entity in the Ledger currency only, you cannot choose a project currency. If your enterprise currency option is Multiple and if you chose to store balances in both the project currency and ledger currency, you can choose the project currency. You can override this default project currency for individual projects.

Funds Checking and Summary

You can define default values for funds checking and summary options for the project entity. You can define defaults for inquiry at one funds checking and summary tier. These defaults apply to all projects associated with the project entity.

Funds Checking Options

Depending on the options you choose, Projects can check available funds when you process charges. You can choose one of the following options:

- Do not use funds checking at all.
- Post transactions and display a warning message if the funds are insufficient.
- Do not post transactions with insufficient funds but do send an error message.

If You Check for Available Funds

If you choose to check funds, you can have Projects check them

- In the project currency or in the Projects ledger currency.
- At the detail component level or at the summary level.

Amount Class for Summary Option

If you choose to have funds checked for the project, the amount class used for funds checking summarization is the amount class that Projects uses to check funds and the amount class that appears as budget in inquiries.

If you chose Funds Checking with Errors, you can choose to allow funds checking by component to allow some components to override the errors.

Tolerances

You can identify funds checking tolerances . A tolerance can be a percentage or an amount over or under budget at which Projects generates warnings or errors. The tolerance can be positive or negative.

The following table shows examples of how Projects uses tolerances:

A tolerance of…	Generates warnings or errors when commitments or expenditures for the project are…
10%	10% over budget.
100 USD	100 USD over budget.
-20%	80% of the total budget.
-200 USD	200 USD less than the total budget.

You can set up both a percentage tolerance and an amount tolerance; Projects uses the tolerance that yields the lowest budget.

Summarization Options

The funds checking and summary tier identifies the level of the project where Projects checks funds. The default is tier 2, which is the first Work Breakdown structure component tier and is immediately under the project. You can override the default.

If you are not checking funds or if you are checking funds for detail components, you can only display the funds checking and summary information. Projects uses the funds checking and summary tier specified on the Project Entity window unless you override the tier on the Project window.

Storing Summary Balances

You also can choose not to store summary balances.

Identifying the Amount Class

You identify the amount class for funds checking. Even if you are not checking funds, Projects uses the amount class as the budget amount class for balance inquiry.

Requiring Ledger Currency Balances

The Ledger Balances at Summary Tier option indicates whether ledger currency balances are required at the funds checking and summary tier. Projects displays a default value for this option based on whether you select the options to summarize balances.

User Fields

Projects has user fields that you can use to track information about the project entity.

The user fields you set up for the project entity and the policies you set up for those fields become defaults for the projects associated with the project entity. The labels you define for project entity user fields become labels for fields in the User Fields views of the Project and Component windows for each project associated with the project entity.

Projects has three kinds of user fields, as shown in the following table:

Kind of User Field	Number Available	Possible Use
Alphanumeric	30	SIC Code
Amount	4	Estimate to Completion
Date	2	Revised End Date

For each user field, you can

- Enter a label.
- Determine the number and type of characters to use for the field.
- Indicate whether the field is required for the projects associated with the project entity and their components.
- Indicate whether to pass the field to Asset Management for capitalizable projects.

Project Entity Amount Class

The Actual and Commitment amount classes and those used when checking funds and summarizing balances, if any, are default amount classes for all project entities. You cannot delete these amount classes. If you want to use any other amount classes for the projects associated with a project entity, you must identify them.

You can decide whether to set up an amount class as a default for all the projects associated with the project entity.

Activity Option

The Activity option for the amount class determines the types of activities you can enter for each amount class. The default activity option for each amount class comes from the activity status defined for the amount class in the enterprise Amount Class Types window. You can override the default value for the project entity. The activity option you select for the amount class for the project entity takes precedence over the enterprise activity status.

For this activity option...	The following activities update the amount class...
Journal Entry Only	Unposted journals created through: ▪ The Unposted Journal window ▪ The Unposted Journal Load scheduled process ▪ Scheduled processes in other applications such as Payables or Purchasing
Maintenance Only	Transactions from direct maintenance of balances using the Projects Balance Maintenance window or the Projects Balance Load scheduled process.
All Activities	Any activity.
Inactive	No activity.

Project Entity Rates

You can apply rates to project journal transactions to generate new project journal transactions.

You can apply a rate to a…	To generate a...
Statistical transaction for a project journal line	Monetary transaction.
Monetary transaction	Second monetary transaction.

You define all the rates for the project entity.

Rate Code Accounting Distributions

The Ledger Journal Offset accounting distribution is the only accounting distribution you can set up for a rate code in Projects.

You can set up

- A ledger journal offset for rates that Projects posts to Ledger
- A separate ledger journal offset distribution for each ledger entity.

Before Using the Project Entity

After setting up project entity policy, you must perform the following tasks before using the project entity:

- Determine which server the project entity and its projects will reside on. For more information, see Table Family Distribution.
- Define security for the project entity. For more information, see the security windows.
- Establish a structures object group. For more information, see Object Group Maintenance.

3 Setting Up a Project

Chapter Contents

3-1 What Is a Project?
3-3 Integration with SmartStream Structures
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What Is a Project?

A project is any organized undertaking that your enterprise recognizes as a discrete unit of work. The construction of a new building and the acquisition of a major asset could both be considered projects.

Project Organization

Each of these jobs requires an organized approach with clearly specified tasks. For example, a project for the construction of a building might have the following major tasks:

- Acquire site.
- Design building.
- Construct building.

Each of these tasks would be divided further into more discrete steps. The task to acquire site might have the following steps:

Step	Action
1	Survey property.
2	Make bid.
3	Write contract.
4	Apply for financing.
5	Sign contract.
6	Close on loan.

Parts of a Project

In SmartStream Projects, a project has the following elements or parts:

- Project entity
- Project
- Component
- Cost element

These parts make up the project key. When you set up a project, you associate the project with a project entity you have already defined.

Integration with SmartStream Structures

SmartStream Projects uses Structures to build a special kind of structure called a Work Breakdown structure (WBS) to establish the relationship between a project and its components.

Relationship of Projects to SmartStream Structures

The following table shows the association of data in SmartStream Structures and data in Projects.

This Structures data...	Corresponds to this Projects data...
Group name	Project entity ID.
Structure name	Project ID.
Structure description	Project description.
Point name	Component ID.
Point description	Component description.

Work Breakdown Structure

When you add a project in SmartStream Projects and identify the project amount class, project accounting distribution, and project cost element, Structures automatically adds a corresponding Work Breakdown structure.

Projects uses the Work Breakdown structure to capture and segregate project information. You can set up the Work Breakdown structure to reflect the way you plan to budget and manage the project.

Points

The project setup process adds the top point of the Work Breakdown structure. The top point is a summary point. In Structures you add other points (data and summary points) to the structure, points that correspond to the project's detail and summary components.

Components

When Structures builds a Work Breakdown structure, it generates component information in Projects. After the components are created in Structures, you can add more detail information about the components using the Component Activity of Projects.

The components you add on the Work Breakdown structure depend on project considerations such as:

- Sequencing or phasing of project activities
- Budgeting issues (whether the project is a capital or expense project)
- Accountability and responsibility

- Regulatory and other compliance issues (tax, generally accepted accounting principles, regulated industry requirements, and more)
- The need to track milestones and checkpoints that may correspond to summary and detail components

Workflow

SmartStream provides an integrated flow for adding a project, building the Work Breakdown structure and components, and adding detail for the components.

The following table describes the tasks you perform to set up a project:

Task	Window	Required?
Add a project.	Project	Yes
Add or delete valid cost elements for the project based on the amount classes selected for the project entity.	Project Cost Element	Yes
Identify the default accounting distribution for the project.	Project Accounting Distribution	No, you can define it at the component level, or you can define it on this window if your enterprise chose on the Project window to allow accounting distribution maintenance.
Identify the valid amount classes for the project and identify the dates that the amount class is valid.	Project Amount Class	No, if the project entity has default amount classes and the project has date ranges.
Define the component.	Structure	Yes
Define the detail associated with a component added using Structures.	Component	Yes

For more information about setting up your project structure, see Creating a Structure.

For more information about adding component detail, see Adding Components.

Defining Projects Information

Project Type

When you create a project you assign it a project type.

For a...	Use this project type...
Regular project to which you post charges.	Project.
Model project you can use to simplify the project setup process.	Template.

Using a Template

You can use a template to simplify setting up a project. Use the template to copy project organizational information so you do not have to enter the same information repeatedly.

Minimum Information

The minimum information you need to set up for a project is

- Project
- Project amount class
- Project accounting distribution
- Project cost element
- At least one detail component

Project Information

After Structures builds the project structure and its component points, use Projects to enter additional information about the components. The information you enter and the options you select help you manage the project.

Default Information

Some information in the project entity and in project common policies becomes default information for the project. Much of the project information becomes default information for the component. You can override many of the defaults.

Category

You select the appropriate category to determine whether a project's components can generate capital assets and what type of accounting transactions are generated for costs posting to capital components.

Project Security

To add a project you must have access to the project addition activity. Your SmartStream administrator must give you security access through data security control.

Project Cost Maintenance

You can select an option to allow changes to project cost accounting distribution information for a project and its components.

Currencies

The ledger currency for the project comes from the ledger entity.

The default project currency comes from the project entity. You can change the project currency only when the project status is Preparing, In Error, or Pending Approval.

Estimated Amount

You can enter an estimated amount for the project. Use the estimated amount for any information you want to track, for example, an unapproved budget or a forecast. You also can enter a currency for the estimated amount. Estimated amount information is for reference only.

Rate Information

If your enterprise plans to convert transactions to the project currency, you must select a rate entity and a rate type to use for the conversion.

Budgets

You can set up project and component budgets that Projects uses to monitor a project's financial performance. You can define a summary tier that determines the level of summarized budgets you will use for funds checking. You can set up a baseline budget and maintain it for historical purposes while you revise working budgets separately.

Tracking Project Budgets

You can track project budgets using any or all of the following bases:

- Month to date (MTD)
- Year to date (YTD)
- Project to date (PTD)

Setting Up Project Budgets

Depending on your amount class options, you can set up budgets using the following windows or scheduled processes:

- Projects Unposted Journals window
- Projects Balance Maintenance window
- Projects Unposted Journal Load scheduled process
- Projects Balance Load scheduled process

You can set up options that Projects checks before posting journals (this feature is called *funds checking*). Depending on your funds-checking options, Projects can prevent a journal from posting if it exceeds the budget or is not within a user-defined tolerance amount or percentage.

Funds Checking and Summary

If you are checking funds for the project entity, the funds checking options you selected for the project entity are default values for associated projects. You can override those defaults and set up project-specific parameters for funds checking.

Payables invoices entered in Projects are not included in Funds Checking processing.

For information about the funds checking options, see Funds Checking Options.

Summary Options

If you are not using the funds-checking option, you can set parameters for inquiry at one summary tier.

For information about the summary options, see Summarization Options.

User Fields

In the project entity you:

- Define the labels for the user fields, the format (or *mask*) for each field.
- Select an option to defined the fields as required.
- Select an option to pass the information to Asset Management for capitalizable projects.

Those user fields appear on the Project User Field window.

All user field values entered for the project become defaults for the user fields for each Work Breakdown structure component for the project. You can override those fields or add other user fields for a component.

Capitalization

You can capitalize project costs for component assets, asset adjustments, or asset retirements.

You can identify an asset entity, asset category, asset location, manufacturer, and model or part identifier.

The fields on the Capitalization view of the Project or Component window are not required, even if the project is a capital project. Any values entered on the Capitalization view of the Project or Component window become defaults for each component on the project, but you can override them.

Project Client Information

If you are processing a project for a client, you can use the client's information about the project for reporting. Projects can keep track of information about the client and the contract for the project.

Project Amount Class

You can add or delete amount classes for the project based on the project entity's amount classes. You also can identify the dates for which the amount class is valid. Default amount classes can come from the project entity and default dates can come from the project. You cannot delete the amount class after you charge activity to it.

Project Accounting Distribution

You can identify part or all of a default accounting distribution for the project. If you selected the option on the Project window not to allow accounting distribution

maintenance, you must identify an accounting distribution for the project on the Project Accounting Distribution window.

Project Cost Elements

You add the cost elements that are valid for a component of the project. For each cost element, you can identify the following information:

- Whether to make the cost element a default element for each component of the project
- Whether to allow users to override the cost element's default accounting distribution when posting journals for the cost element

The distribution type for the accounting distribution is always Project Cost.

Alias for the Distribution

If you enter an alias, Projects displays the associated accounting distribution associated with the alias.

Scheduled Processing

Entering a charge for a cost element in Projects automatically generates a journal that the Project Journal Load scheduled process can post to Ledger.

Adding Components

After you save project information on the Project window and Structures builds the Work Breakdown structure, you can add components for the project in Structures.

Component Information

Add a component by entering the component identifier, the component description, and the type as a summary or data point.

The top point of the structure is a summary point. A detail component is a type of component that you charge amounts to. You can assign detail components to summary components and roll up the detail component balances to the summary component for reporting purposes.

Type

You identify a component as detail or summary when you first add the component in SmartStream Structures. In Projects, you cannot change the component type; you can only display it.

Detail components in Projects are the same as data points in Structures.

After adding the components through Structures, use the Component window in Projects to add detail for the components.

The following table describes the tasks you perform to set up a component.

Task	Window	Required?
Identify the default accounting distribution for the component.	Component Cost Element	No, if there are default cost elements from the project cost element or component accounting distribution.
Identify the default accounting distribution for the component.	Component Accounting Distribution	No, if there are default component accounting distributions from the project accounting distribution.
Set up the Capitalization request	Capitalization Request	Optional, but must be defined before the Capitalization scheduled process can run.
Set up the Capitalization transaction	Capitalization Transaction	Optional, but must be defined before the Capitalization scheduled process can run.

Default Information

The project entity identifier, project identifier, component identifier, and component description come from the Work Breakdown structure.

Many default values for the component come from the project or component information of the component's immediate ancestor, but you can override the defaults.

Component Capitalization Information

Some component capitalization information is required if the component category is Capital. Project or component capitalization information for the component's immediate ancestor becomes default values for the component capitalization information, but you can override the defaults.

Component Accounting Distribution

You can identify all, part, or none of a default accounting distribution for the component. If you entered a full or partial accounting distribution on the Project Accounting Distribution window, it is the default for the component accounting distribution. You can override the default or add information for any missing accounting distribution for each component.

If you did not select the option to allow project cost maintenance for the project, you cannot change the default project cost accounting distribution on the Component window.

Component Cost Element

You can select the cost elements to use for a component and identify the default project cost accounting distribution for each cost element.

If you did not select the option to allow project cost maintenance by component for this project, you cannot override the default project cost distribution type for the component on the Component window.

For each cost element, you can indicate whether to allow costs to be charged to the Actual and Commitments amount classes. You can also indicate whether the default accounting distribution can be overridden when a transaction is entered.

If you indicated on the Project Cost Element window that the cost element should be a default for components, then the cost element, its related accounting distribution, and the Allow Transaction Override option are default values for the Component Cost Element window. You can override the default information as needed for each component.

Component Security

You must have security access to the component activities. Your SmartStream administrator must give you access via data security control. Data security control is set up using Projects security codes.

Ledger Entity

You must identify a ledger entity for every component. The default ledger entity comes from the component's immediate ancestor.

Ledger Currency

The default ledger currency comes from the ledger entity specified for the component, and you cannot change the ledger currency.

You can change the ledger currency for a component only if the component has no balance.

You can change the ledger currency on a component only if there are no component cost element balance rows for this component in the ledger currency.

If the project's Ledger Balances at Summary Tier indicator is yes, and if the tier of the component is below the funds checking and summary tier, the ledger currency must be the same as the ledger currency of the component's ancestor on the funds checking and summary tier.

Estimated Amount

You can enter an estimated amount for the component. Use the estimated amount for any information you want to track--for example, an unapproved budget or a forecast. You can also enter a currency for the estimated amount. The default currency comes from the component's immediate ancestor. Estimated amount information is for reference only. The component estimated amount is not related to estimated amounts for the project or the component's immediate ancestor.

Funds Checking

If you are performing funds checking for the project, and if you chose to allow funds warning by component, you can choose a funds checking severity option for detail components.

User Fields

The user fields for the component are the user fields you set up for the project entity. User fields are optional unless you indicated in the project entity that they are required. Default values for the component user fields come from the component's immediate ancestor.

Capitalization

You can enter capitalization information for components that represent assets you capitalize or retire.

Projects passes the information to SmartStream Asset Management, if installed.

Setting Up Budgets and Forecasts

You can enter budgets or forecasts into amount classes for components and cost elements.

See Projects Balance Maintenance Window for information on how to set up budgets or forecasts using the window.

See Projects Balance Load for information on how to set up budgets or forecasts using the scheduled process.

Using a Scheduled Process to Load Project Information

You can use the Project and Component Load scheduled process to enter project and component information. See Project and Component Load for details.

If an error occurs in scheduled processing, you will receive a message. When you respond to the message, Projects displays an online correction window that shows information about the error to help you correct it.

4 Managing Projects

Chapter Contents

4-1 About Project Management
4-2 Managing Your Projects

About Project Management

After you start processing project transactions and charging costs, commitments, and budgets to a project, SmartStream Projects helps you manage your projects.

Managing Your Projects

Using Projects you can

- Track commitments and expenditures
- Allocate costs within or across projects
- Process journals
- Manage project balances
- Maintain the status of your projects
- Change the fiscal year of a project
- Close, cancel, or suspend a project or any of its components
- Capitalize projects
- Generate reports.

Tracking Commitments and Expenditures

To track commitments and expenditures, you can perform the following functions:

- Update SmartStream Projects with amounts from SmartStream Purchasing and SmartStream Payables.
- Relieve commitments based on expenditures for SmartStream purchase orders and invoices
- Drill down to purchasing and payables information
- Enter a percentage complete

Update from Purchasing and Payables

You can use the Projects Posting scheduled process to update Projects with amounts from Purchasing and Payables and from non-Geac products.

For invoices that have associated projects, Payables generates project journals with transaction amounts and ledger amounts. The Projects Posting scheduled process calculates the project amount and posts it.

For purchase order line schedules that have associated projects, Purchasing generates project journals. The Projects Posting scheduled process posts the journals.

For more information about posting project journals that originate in other SmartStream or non-Geac products, see the Projects Posting scheduled process.

Relieve Commitments Based on Expenses

For invoices that have attached purchase orders and associated projects, Payables creates project journals that relieve the commitment amount created from the purchase order. An entry with the Actual transaction and ledger amount is also created. The Projects Posting scheduled process posts the journals.

Drill Down to Purchasing and Payables

You can use the Projects Balance Inquiry window to drill down to Purchasing and Payables to view the source transactions where project costs originate. You can also drill down from Ledger to project journals and from Asset Management to Projects Capitalization summary.

Percentage Complete

You can enter a percentage complete on the Projects Status Maintenance window. You can use the percentage complete along with budget, actual, and commitment balances to forecast estimated cost at completion and project variances in reporting.

Allocating Costs

You can use Projects to allocate costs or revenue amounts within or across projects.

For more information, see Projects Allocation.

Processing Journals

Projects and other SmartStream products can generate project journals.

For more information about generating project journals, see Projects Journals.

Generating Ledger Journals

Projects generates ledger journals for posting in SmartStream Ledger.

For more information about generating ledger journals, see Projects Journals.

Posting Projects Journals

You can use the Projects Posting scheduled process to post project journals to Projects and to Ledger.

For more information about posting project journals, see Projects Posting.

Managing Project Balances

You can add, replace, and delete monetary and statistical balances for any amount class for a project.

For more information about managing project balances, see Projects Balance Maintenance window or Projects Balance Load scheduled process.

Maintaining Project Status

You can use the Status and Percentage Complete fields for components. You can also process components by changing the status and percentage complete at higher levels to apply to components at lower levels of the Work Breakdown structure.

Changing the Project's Fiscal Year

If a project continues beyond the end of a fiscal year or if a project's fiscal year is earlier than its project entity's fiscal year, you can use the Projects Year Open scheduled process to change the project's fiscal year.

Completeing Projects

Projects helps you manage the end of a project and control the processing of charges. When a project is complete, you might still need to charge costs to it to fulfill previously entered commitments. At some point, you need to officially close the project so that no more costs can be charged to it. This helps safeguard against erroneous changes to closed projects.

Projects has two statuses you use to manage charges at the end of a project.

Set the project status to...	To accept
Complete	Limited late charges to relieve commitments and capitalize uncapitalized cost.
Closed	No further charges.

Capitalizating Projects

If Asset Management is installed, the integrated workflow between Projects and Asset Management can automatically create assets in Asset Management. Depending on the type of project or component, capitalization can occur throughout the project or at the completion of the project.

You also can use Projects to track the cost to retire an existing asset and integrate that workflow with Asset Management.

For more information on capitalizing projects, see Processing Capitalization and Retirement Projects.

Generating Reports

To help you track costs, you can produce the following reports:

- Projects Balance Reconciliation
- Project Detail
- Projects Summary

For more information, see Projects Reports.

5 Projects Journals

Chapter Contents

5-1 About Projects Journals
5-2 Project Journals
5-5 Ledger Journals
5-10 Reversal Journals
5-11 Projects Currency Options
5-13 Using Multiple Currencies for Project Journals

About Projects Journals

Projects processes two types of journals:

- Project journals, which affect only the balances stored in Projects
- Ledger journals, which Projects generates from project journals and which affect the balances stored in SmartStream Ledger

Identifying Project and Ledger Journals

When you generate a journal transaction in Projects, you identify the type by designating it for posting to either

- Projects only, which means that it is a project journal
- Projects and Ledger, which means that it is a project journal and a ledger journal.

Exceptions

Consider the following exceptions for identifying project and ledger journals:

- You can post an individual transaction for a journal line to Ledger only. However, you must post at least one transaction for each journal line to Projects.
- The Capitalization scheduled process generates ledger journals only, so you do not identify a journal as a ledger journal or project journal when you run this process.

Project Journals

Project journals can be generated in any of the following ways:

- The Project Journal Load scheduled process can generate them.
- The Projects Allocation scheduled process can generate them.
- You can add them on the Unposted Project Journal window.
- The Project Journal Reversal procedure in the Projects Posting scheduled process generates reversal journals for project journals that have a reversal option of Periods Ahead or Specific Date.
- Other SmartStream products generate them, for example, Payables, Purchasing, and Supplies.

Generating Ledger Journals from Project Journals

When you generate project journals in Projects, you can designate them for posting to Ledger. Use the guidelines in the following table:

For a journal that is generated by the...	Specify it as a ledger journal by...
Project Journal Load scheduled process	Entering **Y** (yes) in the appropriate Post to Ledger fields for the journal line.
Projects Allocations scheduled process	Selecting the Post to Ledger option on the Projects Allocation Request window.
Unposted Project Journal window	Selecting the appropriate Post to Ledger option for the journal line.
Project Journal Reversal procedure in the Projects Posting scheduled process	Not entering any value. If you selected the original journal for posting to Ledger, Projects automatically selects the reversal journal for Ledger posting also.

You can post monetary journal transactions to Ledger but not statistical journal transactions. You can post only those amounts in the Actual amount class to Ledger.

The Projects Posting process evaluates each project journal transaction. Based on each transaction's Post to Ledger option, the process determines whether to generate a corresponding ledger journal line.

Ledger Journal Balances

Unlike project journals, ledger journals must be balanced. Whether a ledger journal is balanced automatically depends on how the associated project journal is generated.

A ledger journal is...	If the associated project journal is generated by the...
Balanced automatically	Projects Allocation scheduled process.
Not balanced automatically	Unposted Project Journal window or the Project Journal Load scheduled process.

Balancing Procedure

To balance ledger journals that were generated using the Unposted Project Journal window or Project Journal Load process, perform one of the following steps:

- Select the Generate Ledger Journal Offset option for the journal on the
  - Main view of the Unposted Project Journal window for journals entered online
  - Project Journal Control transaction for journals entered through the Project Journal Load scheduled process.

  When you select this option, the Projects Posting process generates two ledger journal lines for each ledger journal: one to post the project cost and one to post the ledger offsetting amount.

- For every journal amount you enter that posts to Ledger, enter an offsetting amount that also posts to Ledger. For example, if the total of all debit lines for journal 123 is 100 USD, you must enter credit lines totalling 100 USD for journal 123.

  If the total debits that you post to Ledger for a specific journal do not equal the total credits you post to Ledger for that journal in both the transaction and Projects ledger currencies, Projects displays an error.

Posting Project Journals

The following table describes the process for posting project journals:

Stage	Description
1	You add a posting request on the Projects Posting Request window.
2	You run the Projects Posting scheduled process using Job Scheduler.
3	Projects Posting processes all project journals that meet the criteria on the request.
4	If the project journal is processed with no errors, the Projects Posting process updates the project balances and changes the journal status to Posted.

Project Journal Balances

Because project journals are one-sided and consist entirely of project costs, you can post project journals to Projects that are not balanced. You can enter debits to

increase project balances and credits to decrease project balances; the debits and credits do not have to equal.

Ledger Journals

Journals that you post to SmartStream Ledger are *ledger journals*. Two scheduled processes in Projects generate ledger journals:

- The Capitalization scheduled process automatically generates ledger journals using the accounting distributions that you defined for the project or the component.
- The Projects Posting scheduled process generates ledger journals from project journals, using information that you entered using the Unposted Project Journal window or the Projects Allocation or Project Journal Load scheduled process.

Posting Ledger Journals Generated in Projects

The following table describes the process for posting ledger journals that Projects generates:

Stage	Description
1	You add a posting request on the Ledger Posting Request window, identifying the journal source as Projects.
2	You run the SmartStream Ledger Posting scheduled process.
3	Ledger Posting processes all ledger journals that meet the criteria on the request.

Accounting Distributions Used for Posting Ledger Journals

Ledger journals generated in Projects post to the following types of accounting distributions:

Ledger journals generated by this process...	Post to these types of accounting distributions...
Capitalization	▪ Project Clearing (152) ▪ Project Cost (150) ▪ Asset Production (154)
Projects Posting	▪ Project Cost (150) ▪ Ledger Journal Offset (156)

For ledger journals that either process generates, Projects determines the specific accounting distribution for the distribution type based on the component cost element you charge the journal amount to.

Examples of Ledger Journals Generated by the Capitalization Process

Example 1

You enter a transaction to capitalize a component at 100 percent with accumulated costs of 205 USD. The component has a category of Capital.

The ledger transactions post to the following accounting distributions:

- Project Clearing, which is used as the debit offset for all capitalized transactions
- Project Cost, which is used for all charges booked to components that have a category of Capital

The ledger posting transactions are as follows:

Project Clearing

DR	CR
Asset 1: 100 Asset 2: 25 Asset 3: 80	

Project Cost: Material

DR	CR
	150

Project Cost: Labor

DR	CR
	20

Project Cost: Overhead

DR	CR
	35

Example 2

You enter a transaction to capitalize a component at 100 percent with accumulated costs of 205 USD. The component has a category of Asset Production.

The ledger transactions post to the following accounting distributions:

- Project Clearing
- Asset Production, which is used for all charges booked to components that have a category of Asset Production

The ledger posting transactions are as follows:

Project Clearing

DR	CR
Asset 1: 100 Asset 2: 25 Asset 3: 80	

Asset Production

DR	CR
	205

Example of Ledger Journals Generated by the Projects Posting Process

Example 1

You enter a journal on the Unposted Project Journal window with a monetary 1 amount of 50 USD. You want to post this amount to the MATERIALS cost element for the BUILDING component of your plant construction project. Because this amount represents money you have spent, you want to post it to the Actual amount class.

Based on this information, the ledger posting transaction is as follows:

Project Cost: Actual

DR	CR
50	

Because the debits and credits must be equal for ledger journals, you must either select the Generate Ledger Journal Offset option for the journal or enter a journal for an offsetting amount.

If you select the Generate Ledger Journal Offset option, the Projects Posting process automatically generates the following posting transaction:

Ledger Journal Offset

DR	CR
	50

If you do not select the Generate Ledger Journal Offset option, you must post a credit for 50 USD to the Project Cost distribution type (type 150).

Example 2

You allocate 2500 USD of computer hardware cost for project 123 and select the option to generate ledger journals and project journals. You want to post the computer cost to the COMPUTER cost element for the RESTRUCTURE component of your building renovation project, project ABC. Because this amount represents money you have spent, you want to post it to the Actual amount class.

Based on this information, the Projects posting transaction is as follows:

Project: ABC Component: RESTRUCTURE Cost Element: Computer

DR	CR
2500	

The project journals for Projects allocation are always balanced, so Projects credits the project you allocated amounts from for an equal offsetting amount:

Project: 123 Component: HARDWARE Cost Element: Computer

DR	CR
	2500

Because you selected the option to generate ledger journals for the allocation request, Ledger

- Debits the Project Cost accounting distribution for project ABC, component RESTRUCTURE, cost element COMPUTER.
- Credits the Project Cost accounting distribution for project 123, component HARDWARE, cost element COMPUTER.

Reversal Journals

A *reversal journal* is a journal that reverses a previously posted journal.

Criteria for Generating a Reversal Journal

When you run the Projects Posting scheduled process, it initiates the Project Journal Reversal procedure. During this procedure, the process generates a reversal journal for each project journal that

- Was generated in Projects
- Is selected for reversal
- Has a status of Completed.

Contents of a Reversal Journal

The Projects Posting process copies information from the original journal to the reversal journal, with these exceptions:

- The debit or credit code for the reversal journal is the opposite of that for the original journal.
- The effective date for the reversal journal is calculated based on reversal information entered for the original journal.
- The reversal journal's sequence number is the original journal's maximum sequence number plus one.
- The process does not copy any comments from the original journal to the reversal journal.

Reversing Project and Ledger Journals

When the Project Journal Reversal procedure generates a journal, it copies the original journal's Post to Projects and Post to Ledger options to the reversal journal. When the Projects Posting process generates the reversal journals, it posts project reversal journals and generates ledger reversal journals based on these options.

Projects Currency Options

You can select two currency options for project amounts:

- Enterprise currency option
- Project entity currency option

Enterprise Currency Option

Your enterprise can store amounts in a single currency or allow multiple currencies for SmartStream products. As part of enterprise setup, you select Single or Multiple as your currency option.

Project Entity Currency Option

If the enterprise currency option is Single, you cannot override the currency option for the project entity; all project amounts are processed in the single enterprise currency.

Multicurrency Options

If the enterprise currency option is Multiple, you can select one of the following currency options to store balances for each project entity:

- Project and Ledger Currency. You can select separate project and ledger currencies for individual projects. Projects stores project and component amounts in both the project currency and the Projects ledger currency.
- Ledger Currency Only. You must enter all project amounts in the Projects ledger currency. Projects stores project and component amounts in the ledger currency only.

Projects Ledger Currency

The Projects *ledger currency* is the currency Projects uses to convert transaction amounts to ledger amounts. Note that the term is prefaced by the word *Projects* because the ledger amounts referred to here are only for storing the amounts in Projects. Whether Projects passes an amount to Ledger depends on whether you selected the Post to Ledger option for the journal line.

Projects always stores project and component amounts in ledger currency, regardless of whether the journal posts to Ledger.

Based on the currency options, you may be able to define multiple Projects ledger currencies for a single project. If the enterprise currency option is Multiple and the project entity currency option is

- Ledger Only, all components of the project use the same Projects ledger currency
- Project and Ledger Currency, each component of the project can have a different Projects ledger currency.

Project Currency

The *project currency* is the currency Projects uses to convert transaction amounts to project amounts. Projects stores amounts in the project

currency only if the

- Enterprise currency option is Multiple
- Project entity currency option is Project and Ledger Currency.

If the enterprise currency option is Single, or if the project entity currency option is Ledger Only, Projects does not store amounts in the project currency.

If the project currency is used, all components of the project use the same one.

Using Multiple Currencies for Project Journals

If your enterprise currency option is Multiple and you select the project entity option to store amounts in both the project and ledger currencies, you can identify up to three currency types when you generate a project journal:

- Projects ledger currency. The ledger currency used for a project journal line is the Projects ledger currency for the component entered for the line. You cannot change the Projects ledger currency for a journal.
- Project currency. The project currency used for a project journal line is the project currency for the project. You cannot change the project currency for a journal.
- Transaction currency, which is the original currency for a journal amount. The default transaction currency for a project journal is the project currency for the project entity. However, if your enterprise currency option is Multiple, you can override the default by entering a different currency
  - For the Project Journal Control transaction in the Project Journal Load scheduled process
  - On the Main view of the Unposted Project Journal window.

For example, you might enter a project journal that uses three different currencies:

Currency Type	Currency	Amount
Ledger	US Dollars	100
Project	Canadian Dollars	120
Transaction	Pounds Sterling	65

Changing or Bypassing the Currency Conversion

To convert project journal amounts from the transaction currency to the ledger and project currencies, Projects uses a calculation based on the currency's default exchange rate. You can change the calculation by overriding the default exchange rate information. When you generate project journals using the Project Journal Load scheduled process, you can bypass the currency conversion process.

Changing the Currency Conversion Calculation

You can change the result of the currency conversion calculation by overriding any of the following default exchange rate information for the Projects ledger currency, project currency, or both:

- Rate entity
- Rate type
- Rate of exchange

You can change the exchange rate information using the

- Project Journal Line transaction in the Project Journal Load scheduled process
- Currency view of the Unposted Project Journal window

Bypassing the Currency Conversion

If you generate project journals using the scheduled process, you can manually enter the ledger and project amounts for project journal lines. If you manually enter one or both of these amounts, you must enter **Yes** in the Ledger Currency Converted and Project Currency Converted fields for the Project Journal Line transaction. Projects

- Ignores any default rate information or rate information you entered.
- Bypasses the conversion calculation.

6 Processing Capitalization and Retirement Projects

Chapter Contents

6-1 About Capitalization and Retirement
6-2 Capitalization or Retirement Process
6-3 Defining Capitalization Policy
6-5 Defining Asset and Cost Information for Projects
6-8 Identifying a Component for the Capitalization Scheduled Process
6-9 Reviewing Results of the Capitalization Scheduled Process

About Capitalization and Retirement

When you add a project in Projects, you assign it a category that indicates whether you will use its components to accumulate asset costs or the cost to remove assets.

When you enter capitalization or retirement information for a component, you define assets that are associated with the component. Projects passes costs to the assets in SmartStream Asset Management during the capitalization or retirement process.

You can capitalize a component or send the cost of removal to Asset Management at any time if the associated project has a status of Active or Complete.

Capitalization or Retirement Process

The following table describes the process of capitalizing a project and accumulating the cost of removal for a project:

Stage	Description
1	If you want the Capitalization scheduled process to assign voucher numbers to the ledger journals it generates, choose the Automatically Generate Voucher Numbers option in your enterprise policy.
2	Define asset information for the project or component using the Capitalization view of the Project or Component window.
3	Define capitalization policy for the enterprise using the Capitalization Policy window.
4	Optionally define capitalization policy for individual components using the ▪ Capitalization Component Policy window ▪ Capitalization Component Policy transaction for the Project and Component Load scheduled process.
5	Define asset information and cost information using the ▪ Capitalization Transaction window ▪ Component Capitalization transaction for the Project and Component Load scheduled process.
6	Identify components for the Capitalization scheduled process using the Capitalization Request window.
7	Use Job Scheduler to run the Capitalization and Copy Projects Asset Transactions scheduled processes.
8	Use Job Scheduler to run the Asset Maintenance scheduled process to update asset information in Asset Management.
9	Optionally display the capitalized or retired assets using the Capitalization Summary window.

Note: You can reverse stages 5 and 6 to meet the needs of your enterprise.

Defining Capitalization Policy

Capitalization policy identifies which asset books Projects updates with amounts from project cost elements. An *asset book* defines how an asset is depreciated using accounting rules that your enterprise defines.

You define capitalization policy that applies to all projects for your enterprise and optionally define options for overriding this policy for individual components. Use the following windows to define these policies:

- Capitalization Policy window to define the capitalization policy for the enterprise
- Capitalization Component Policy window to define options to override the capitalization policy for a specific component cost element

Associating Cost Elements

You also can make an association between an asset cost element and a Projects cost element that is defined for either

- The enterprise
- A component.

If you...	Projects updates...
Associate a cost element with an asset cost element	The overall asset book **and** the specific asset cost element with amounts from Projects cost elements.
Do **not** associate a cost element with an asset cost element	Only the overall asset cost with amounts from Projects cost elements.

Enterprise Policy

Capitalization policy defined for your enterprise has the following characteristics:

- Applies to all valid cost elements for the enterprise
- Applies to a capitalization project or a retirement project
- Automatically sends all cost element amounts to asset book 1
- Becomes default information for cost elements for the component

You can override enterprise policy decisions for components, except the policy of copying costs to asset book 1.

Component Policy

Capitalization policy defined for a specific component has the following characteristics:

- Applies to valid cost elements for the specified component
- Applies to a capitalization project or a retirement project
- Overrides asset information defined for the enterprise for the specified component

You cannot override or delete the association between a component and asset book 1.

Capitalization Policy Options You Can Override

You can use the Capitalization Component Policy window to override two basic capitalization policy options for a component cost element.

Include or Exclude an Asset Book

You can choose to

- Include additional asset books that are not associated with the cost element on the Capitalization Policy window. For example, the Capitalization Policy window associates the MATERIAL cost element with asset books 1 and 2, but you choose to add an association to book 3 for a particular component. Projects sends the costs for the MATERIAL cost element to asset books 1, 2, and 3 for that component.
- Exclude an asset book for a particular component. For example, the Capitalization Policy window associates cost element MATERIAL with asset book 2, but you choose to exclude book 2 for a particular component. Projects does not send the costs for the MATERIAL cost element to asset book 2 for that component.

Associate the Component Cost Element with a Specific Asset Cost Element

You can choose to

- Associate the component cost element with specific asset cost elements of included asset books. For example, the Capitalization Policy window associates cost element MATERIAL with asset book 2 but does not identify any specific asset cost elements for the asset book. You choose to specify asset cost element 5 for the asset book. Projects sends the costs for the MATERIAL cost element to asset cost element 5 of asset book 2 for that component.
- Remove the association between a component cost element and a specific asset cost element of an included asset book. For example, the Capitalization Policy window associates cost element MATERIAL with asset cost element 4 of asset book 2, but you choose to remove the asset cost element so that Projects sends the costs for the MATERIAL cost element to the overall asset book instead of to a particular asset cost element.

Defining Asset and Cost Information for Projects

When you define asset and cost information for a component of a project, Projects uses the information to generate the following transactions for scheduled processing:

When you...	Projects generates the...
Capitalize a project	Asset maintenance transaction.
Send the cost of removal to SmartStream Asset Management	Retirement transaction.

If you entered capitalization information when you set up the project or component, you can change it on the Capitalization Transaction window before running the Capitalization scheduled process.

Asset Maintenance Type

The asset maintenance type, which you define when you add a project or component, controls how Projects adds or adjusts assets in Asset Management when you run the Capitalization scheduled process.

Defining Assets

When you capitalize a component, you can define

- Assets that Projects can add or update with the costs of the component
- Existing assets or property accounts that Projects can update with the cost of removal for a component

When defining more than one asset or property account, you can split component costs among them by specifying either cost amounts or cost percentages.

Defining Cost as Amounts or Percentages

You enter amounts or percentages for a component to define either

- How much of the component cost to capitalize for a specific asset
- How much of the cost of removal to include in the retirement transaction.

You can enter amounts or percentages for a component, not both.

Defining Cost as an Amount

The capitalization amount or the cost of removal is the to-date cost that you want to capitalize or record as the cost of removal.

All capitalization amounts are expressed in the Projects ledger currency.

If you enter an amount, Projects records it in an asset maintenance transaction or retirement transaction the first time you run the Capitalization scheduled process for

the component. For each component, Projects tracks the amount that was applied to an asset and does not reapply the amount when you process the component again.

Example

The currency used in the following example is US dollars (USD).

You capitalize 500 for a component. If you enter 800 for the capitalization amount the next time that you process the component, Projects capitalizes 300 because 500 of the to-date cost already is processed.

Defining Cost as a Percentage

The capitalization percentage or the cost of removal percentage is the percentage of the to-date cost that you want to capitalize or record as the cost of removal.

If you enter a percentage, Projects calculates and records that percentage of the to-date cost in an asset transaction or retirement transaction the first time you run the Capitalization scheduled process for the component. For each component, Projects tracks the calculated amount that was applied to an asset and does not reapply the amount when the component is processed again.

Example

The currency used in the following example is US dollars (USD). Projects calculates the capitalization amount using the percentage method as follows:

To-date cost/Capitalization percentage

- Capitalized to-date cost

= Next capitalized amount

The to-date cost is 1000. You capitalize 10 percent of the to-date cost. If the cost increased to 1500 and you enter 50 percent the next time that you run the Capitalization process, Projects capitalizes 650 because it already capitalized 100 of the to-date cost.

Asset Retirement Percent

The *asset retirement percentage* is the percentage of the value of the asset that you want to retire. You can enter the asset retirement percentage at the same time that you enter the cost of removal or the percentage of the cost of removal.

For example, your project might be half complete and you want to retire the first completed phase. You enter in the retirement transaction 100 percent of the cost of removal accumulated so far, but you retire only 50 percent of the asset.

When an asset is completely retired, SmartStream Asset Management removes the asset from Asset Management. However, Projects stores the information for the retirement project associated with the asset.

Copying Costs to Asset Books

When copying component costs to asset books, you can either

- Copy costs only to the asset books that you define in capitalization policy
- Copy costs to all asset books from a category table for the asset.

When you copy costs to all books, Projects generates a Book 0 transaction. Asset Management processes Book 0 transactions that are generated in Projects the same as those that are generated in Asset Management.

You can save time by using the option of copying costs to all books on the Capitalization Transaction window rather than entering all the asset books on the Capitalization Policy or Capitalization Component Policy window. Also, the Capitalization scheduled process is more efficient if you use the Copy to All Books option because it processes only one transaction instead of multiple transactions.

You must define books, category tables, and location tables in Asset Management to copy costs and to convert them successfully for asset books.

Identifying a Component for the Capitalization Scheduled Process

Before running the Capitalization scheduled process, you identify the components that you want to process. You select from a list of components that have a category of Capital or Asset Production.

When you identify a component for the Capitalization scheduled process, you define when you want to process the component:

- Process it once during the next run of the Capitalization scheduled process
- Process it during the next run of the Capitalization scheduled process and every following run of the scheduled process

After you choose a component for the Capitalization process, you cannot choose any component below it in the Work Breakdown structure branch or any ancestor component above it in the WBS branch.

Reviewing Results of the Capitalization Scheduled Process

You can use the Capitalization Summary window to review capitalization and retirement transactions that were processed during the last run of the Capitalization scheduled process.

You must run the Copy Asset Transactions scheduled process to be sure the transactions are copied to SmartStream Asset Management.

7 Projects Reports

Chapter Contents

7-1 About Projects Reports
7-3 Projects Balance Reconciliation Report
7-5 Projects Summary Report
7-6 Project Detail Report
7-8 Troubleshooting Your Projects Summary or Project Detail Report
7-9 Archive/Purge Preview Reports
7-11 Requesting the Projects Reports

About Projects Reports

Projects provides three types of reports that you can use to monitor your projects:

- Projects Balance Reconciliation report, which helps you reconcile balances in SmartStream Ledger and Projects
- Reports containing information about specific projects
  - Projects Summary report
  - Project Detail report
- Previews of Archive/Purge processing
  - Archive Project to Disk report
  - Archive Project to History report
  - Archive Project History to Disk report
  - Archive Journal to Disk report
  - Archive Journal to History report
  - Archive Journal History to Disk report

Projects Balance Reconciliation Report

Use this report to identify differences between SmartStream Ledger account balances and balances in the corresponding accounts in Projects. If the balances do not match, you can manually post offsetting amounts to Projects, Ledger, or both.

Content

The report contains the amounts booked to Projects and Ledger for a specific ledger entity, and the difference between these two amounts.

Report Usage Example

You are the project accountant for an enterprise that has decided to build a new plant. To help track this project, your enterprise has installed and implemented Projects.

Before the Projects implementation, you added SmartStream Ledger accounts specifically for the plant construction project. The accounting keys for these Ledger accounts match the project accounting distributions defined for the corresponding component cost elements in Projects.

You want your staff to book all charges against the plant construction accounts through Projects. However, because your staff members are still becoming accustomed to using Projects, they sometimes book charges directly to the Ledger plant construction accounts, forgetting to go through Projects.

You run the Projects Balance Reconciliation report to get a list of the discrepancies between your plant construction balances in Projects and those in Ledger. You can then conduct research to determine why the balances do not match and, if necessary, manually post offsetting amounts to Projects, Ledger, or both.

Interpreting the Report Information

The following table provides information to help you interpret the information on the Projects Balance Reconciliation report.

If...	It is probably because...
Ledger booking amount is more than the project booking amount	▪ Journal entries have posted in SmartStream Ledger but have not yet posted in Projects, or ▪ Other SmartStream products post balances to Ledger but not to Projects, or ▪ Users overrode the default accounting distribution for one or more charges in Projects. If so, Projects posted the charge to a ledger account that does not correspond to the account assumed for this report.
Project booking amount is more than the Ledger booking amount	▪ Journals have posted in Projects but have not yet posted in SmartStream Ledger, or ▪ Other SmartStream products post balances to Projects but not to Ledger (for example, SmartStream Payables invoices containing project information post to Projects but not to Ledger), or ▪ Users changed accounting distribution information in Ledger. If so, Projects posted the charge to a ledger account that does not correspond to the account assumed for this report.

Projects Summary Report

Use this report to obtain summary information for all or selected projects within one or more project entities.

Run the Balance Reorganization scheduled process before running the Projects Summary report.

Note: This report and the Project Detail report use information that the Balance Reorganization process generates. If you do not want to use the same information for both reports, initiate the Projects Summary and Project Detail reports at different times so that you can change your Balance Reorganization options and rerun the scheduled process in between.

Content

The report summarizes information by project currency and project manager within each project entity:

- Comparison of period-to-date balances in three amount classes:
  - Actual
  - Commitment
  - User-defined
- Indication of whether the project is under or over budget

Report Usage Example

You are the division manager for an enterprise that has decided to undertake two new construction projects.

You periodically run the Projects Summary report to monitor the cost of each project. If a project is over budget, you can review the Project Detail report for that project to determine which components and cost elements are causing the project to exceed its budget.

Project Detail Report

Use this report to print details about a selected project.

Run the Balance Reorganization scheduled process before running the Project Detail report.

Note: This report and the Projects Summary report use information that the Balance Reorganization process generates. If you do not want to use the same information for both reports, initiate the Projects Summary and Project Detail reports at different times so that you can change your Balance Reorganization options and rerun the scheduled process in between.

Content

The report summarizes project information by cost element and component within each project:

- Comparison of project-to-date balances in three amount classes:
  - Actual
  - Commitment
  - User-defined
- Indication of whether the project and each of its components and cost elements are under or over budget
- Percentage of completion of the project and each of its components
- Percentage of the budgeted amount that has been used
- Estimates of the total cost of the project and each of its components
- Estimates of the cost to complete the project and each of its components

Report Usage Example

You are the project manager for a new construction project. Members of your staff are responsible for specific components of the project. Each person has a separate budget for the component and can enter charges against the component in Projects.

You periodically run the Project Detail report to see details about the project so that you can

- Monitor the progress of the project
- Review the estimated costs of completing the project and each component of the project.

Troubleshooting Your Projects Summary or Project Detail Report

The following table identifies common scenarios in which the information on your Projects Summary or Project Detail report might be incorrect.

If the report shows...	It is probably because...
A dash in every amount column	The Balance Reorganization scheduled process was not run. The Balance Reorganization process creates the table that the report module uses to generate the Projects Summary and Project Detail reports. If the process was not run, the table does not contain any balances to print on the reports. Run the process and then rerun the report.
Dashes in the Estimated Cost to Complete and Estimated Total Cost fields	The user-defined Percentage Complete field is blank. You can enter the project and component percentage of completion on the General Information views of the Project and Component windows.
A dash in the budget amount class column	The amount class chosen for the report is not valid for the project entity or project. The next time you run this report, try selecting ▪ A different amount class on the Projects Report Parameters window ▪ Different amount classes on the Projects Balance Reorganization Request window. Run the Balance Reorganization scheduled process for the new request and then rerun the report.
Data that you suspect is outdated	The Balance Reorganization scheduled process was not run recently. The Balance Reorganization process creates the table that the report module uses to generate the Projects Summary and Project Detail reports. The report module uses the last balance table created, which may contain outdated data. Rerun the Balance Reorganization process and then rerun the report.

Archive/Purge Preview Reports

Use the Archive/Purge Preview reports to list the information that will be purged or archived and purged. Depending on the archive/purge preview report selected, the following report formats display.

Preview Report	Formats
Archive Project to Disk report	▪ Project Archive/Purge format ▪ Project Journal Archive/Purge format
Archive Project to History report	▪ Project Archive/Purge format ▪ Project Journal Archive/Purge format
Archive Project History to Disk report	▪ Project Archive/Purge format ▪ Project Journal Archive/Purge format
Archive Journal to Disk report	Project Journal Archive/Purge format
Archive Journal to History report	Project Journal Archive/Purge format
Archive Journal History to Disk report	Project Journal Archive/Purge format

Project Archive/Purge Format

When you select this format, the preview reports print with the following characteristics.

Content

Reports using this format contain the following information for each project processed:

- Project entity ID
- Project ID
- Project description
- Project closed date
- Project status
- Error messages

Scope

Reports include all projects that meet the selection criteria that you entered in the archive/purge request.

Report Usage

You can produce these reports after you run the archive/purge process with the Preview option selected. These reports list all projects that were not purged and any errors that occurred during the process. After you review the report, you can correct

errors, change the selection criteria or run parameters, and repeat the process as needed to achieve the results you want.

Project Journal Archive/Purge Format

When you select this format, the preview reports print with the following characteristics.

Content

Reports using this format contain the following information for each project journal processed:

- Project entity ID
- Project journal ID
- Project journal sequence number
- Journal status
- Date posted
- Error messages

Scope

These reports include all project journals that meet the selection criteria that you entered in the archive/purge request.

Report Usage

You can produce these reports after you run the archive/purge process with the Preview option selected. These reports list all project journals that were not purged and any errors that occurred during the process. After you review the report, you can correct errors, change the selection criteria or run parameters, and repeat the process as needed to achieve the results you want.

Requesting the Projects Reports

You request Projects reports in Microsoft Access. To start Access, select Projects Reporting from your SmartStream Activity List.

For detailed instructions, see Producing a Projects Report.

8 Projects Allocation

Chapter Contents

8-1 About Projects Allocation
8-3 Projects Allocation Process
8-4 Extracting Amounts
8-9 Defining Projects Formulas
8-13 Allocating Amounts
8-18 Defining Allocation Sequences and Cycles
8-25 Processing and Loading the Allocation

About Projects Allocation

Projects Allocation is a Projects feature that you can use to distribute costs to one or more projects within a project entity according to rules that you define. The basic concept of using allocations is that you have balances that you want to distribute. Using allocations, you can spread the cost of rent among all the projects that share the space, distribute the salary expense for an administrative assistant that works for several project managers, and so forth.

You can

- Use Structured Query Language (SQL) or SmartStream Structures criteria to extract balances from Projects monetary amounts or statistical quantities
- Perform allocation calculations using a fixed amount, fixed percentage, or variable percentage
- Distribute amounts to project keys for one or more accounting periods
- Review allocation results before processing the allocation transactions.

Types of Allocations

Projects Allocation processes three basic types of allocations:

- Fixed percentage

- Variable percentage
- Fixed amount

Other Allocations

You can use the basic types of allocations to build other allocations:

- Layered
- Multiple-method

Projects Allocation Decisions

Before you enter allocation information, you must

- Determine the type of allocations your projects need
- Determine what amounts you plan to allocate:
  - How to calculate amounts
  - Whether to charge the same amount each time or to charge an amount based on a changing value
- Determine whether to generate ledger journals in addition to project journals
- Determine whether to add new amount classes to process allocations for Projects.

Projects Allocation Process

The following table describes the stages and activities in the Projects Allocation process:

Stage	Description	Activity
1	Define the pools to use for extracting amounts.	Projects Allocation Pool
2	Define the Projects formulas used to extract amounts.	SmartStream Formulas
3	Define the project keys that hold the distributed amounts.	Projects Allocation Distribution
4	Build the allocation by ▪ Entering a formula, pools, and distribution to use for it ▪ Selecting allocation cycles to process in an allocation request.	 Projects Allocation Cycle Projects Allocation Request
5	Run the Projects Allocation scheduled process.	Job Scheduler
6	Review and verify the results.	SmartStream Query & Reporter
7	Run the Copy Projects Allocation Transaction scheduled process to copy the allocation results to the Project Journal Load Transaction table.	Job Scheduler
8	Run the Project Journal Load scheduled process to load and validate generated project journals in the Project Journal Load Transaction table.	Job Scheduler
9	Run the Projects Posting scheduled process to ▪ Post the project journals that Projects Allocation generates ▪ Generate ledger journals, if you select this option for the allocation request.	Job Scheduler
10	Run the Ledger Posting scheduled process to post any ledger journals that the Projects Posting process generates.	Job Scheduler

Extracting Amounts

Projects extracts information from a pool that provides either source amounts or source quantities. Projects uses these extracted amounts and quantities to calculate allocation amounts.

You initially specify the type of pool and the SQL and Structure extract criteria on the Projects Allocation Pool window. Later, when you define Projects formulas, you define more specific extract criteria, for example, the amount class and periods to extract the amounts from.

Types of Pools

You extract information from either source pools or variable pools.

Note: You can specify two other types of pools, working pools and remainder pools, when defining an allocation distribution for source pool amounts. For more information about these pools, see Calculation Pool.

Source Pool

A *source pool* contains the amounts that you want Projects to extract for a

- Fixed amount allocation
- Fixed percentage allocation.

Variable Pool

A *variable pool* contains the amounts that you want Projects to extract for a variable percentage allocation.

Type of Pool Balance

As part of defining a source pool or variable pool, you define the type of balances the pool contains.

Balance Type	Description
Monetary	The balances in the pool are monetary amounts (for example, 10,000 USD). When you select a monetary pool type, the Projects Allocation scheduled process extracts monetary amounts from the Component Monetary Balance table.
Statistical	The balances in the pool are statistical quantities (for example, 120 employees). When you select a statistical pool type, the Projects Allocation scheduled process extracts statistical quantities from the Component Statistical Balance table.

An individual source pool or variable pool can contain monetary amounts or statistical quantities, but not both.

Extract Criteria

You define how the Projects Allocation scheduled process extracts amounts from pools by using SQL criteria, Structure criteria, or both.

For...	You...
SQL criteria	Specify ▪ Where to extract the amounts from: component or cost element ▪ A value to limit the extract further, for example, the name of a specific component or cost element ▪ An operator (=, <, >, ...) to indicate the relationship between the component or cost element and the value.
Structure criteria	Select a data point or summary point from a project's Work Breakdown structure on the Select Structure window.

For information about SmartStream Structures, see the Structures online help.

Example

This example shows the results of an extract using

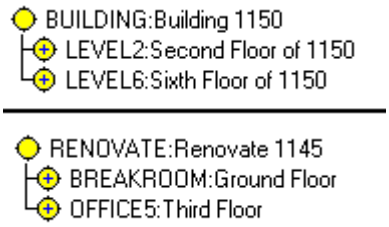
- SQL criteria
- Structure criteria
- Both types of criteria.

You want to extract amounts from two projects, BUILDING and RENOVATE. The following table identifies the specific components and cost elements you want to extract amounts from for each project:

Project	Component	Cost Element
BUILDING	LEVEL2	MATRL
		LABOR
		OVERTIME
	LEVEL6	MATRL
		LABOR
		OVERTIME
RENOVATE	BREAKROOM	MATRL
		LABOR
		OVERTIME
	OFFICE5	MATRL
		LABOR
		OVERTIME

Structures Diagram

The following diagram shows how the equivalent structure is displayed in SmartStream Structures. Note that Structures does not display cost elements.



Using SQL Criteria Only

You extract amounts using the following SQL criterion:

Cost Element = LABOR

With this criterion, Projects extracts all LABOR cost elements, regardless of the project or component:

Project	Component	Cost Element
BUILDING	LEVEL2	MATRL
		LABOR
		OVERTIME
	LEVEL6	MATRL
		LABOR
		OVERTIME
RENOVATE	BREAKROOM	MATRL
		LABOR
		OVERTIME
	OFFICE5	MATRL
		LABOR
		OVERTIME

Result

The extract result is as follows:

- BUILDING LEVEL2 LABOR
- BUILDING LEVEL6 LABOR
- RENOVATE BREAKROOM LABOR
- RENOVATE OFFICE5 LABOR.

Using Structure Criteria Only

You extract amounts using the BUILDING branch Structure criterion:

With this criterion, Projects extracts all components for the BUILDING branch of the Work Breakdown structure:

Project	Component	Cost Element
BUILDING	**LEVEL2**	**MATRL**
		LABOR
		OVERTIME
	LEVEL6	**MATRL**
		LABOR
		OVERTIME

(continued)

Project	Component	Cost Element
RENOVATE	BREAKROOM	MATRL
		LABOR
		OVERTIME
	OFFICE5	MATRL
		LABOR
		OVERTIME

Using Both SQL and Structure Criteria

You extract amounts using the following criteria:

SQL Criterion	Structure Criterion
Cost element = OVERTIME	RENOVATE branch

With these criteria, Projects extracts all OVERTIME cost elements for the RENOVATE branch of the Work Breakdown structure:

Project	Component	Cost Element
BUILDING	LEVEL2	MATRL
		LABOR
		OVERTIME
	LEVEL6	MATRL
		LABOR
		OVERTIME
RENOVATE	BREAKROOM	MATRL
		LABOR
		OVERTIME
	OFFICE5	MATRL
		LABOR
		OVERTIME

Defining Projects Formulas

A *Projects formula* contains the information that Projects uses to extract amounts from source pools or variable pools for allocation:

- Type of amounts to extract (user-defined or actual)
- Year
- Period of time

You define Projects formulas in SmartStream Formulas.

Parts of a Formula

A Projects formula consists of four parts:

Part	Description	Examples
Year	The year that you want to extract amounts for.	Current year Last year
Amount class type	The Projects amount class that you want to extract amounts from.	Actual
Projects balance type	The type of balance you want to extract.	Capitalized-to-date Periods Project-to-date
Time frame	The period or range of periods you want to extract amounts for. The time frame applies only if you select Periods for the Projects Balance Type.	Extract from period 1 Extract from periods 1-3

Example 1

This example shows how you can use the parts of a Projects formula:

Parts of a Projects formula

Year	Amount Class Type	Projects Balance Type	Time Frame	Description
Current year	Actual	Project-to-date	Not applicable	Projects extracts amounts posted to the Actual amount class from the project start date to the end of the current fiscal year.
Prior year	Actual	Periods	Periods 1-3	Projects extracts amounts posted to the Actual amount class for periods 1, 2, and 3 of the previous year.

Year	Amount Class Type	Projects Balance Type	Time Frame	Description
Two years prior	Actual	Uncapitalized-to-date	Not applicable	Projects extracts uncapitalized amounts posted to the Actual amount class from the project start date to the end of year for the year before the previous year.
Current year	Actual	Periods	Period 4	Projects extracts amounts posted to the Actual amount class for period 4 of the current year.
Prior year	Actual	Uncapitalized-year-to-date	Not applicable	Projects extracts uncapitalized amounts posted to the Actual amount class from the beginning of the previous year to the end of that year.

Example 2

In this example, Projects uses a formula to extract and distribute amounts to a project key. The allocation calculation type is fixed percentage.

You extract amounts from a monetary balance key that contains the following amounts:

Balance Key Segment	Amount
Previous year	10
Period 1 of 12	20
Period 2 of 12	30
Period 3 of 12	25
Period 4 of 12	0
...	…
Period 12 of 12	0
Year-to-date (YTD)	75
Project-to-date (PTD)	85
Capitalized-to-date (CTD)	20
Previous Year CTD	12

You have defined the following Projects formulas:

Formula	Description
CYTD	Extract current year-to-date
CYPD2	Fixed formula: Extract current year period 2
CYPD1_2	Fixed formula: Extract current year periods 1 and 2
CYPTD	Extract current year project-to-date
CYUTD	Extract current year uncapitalized-to-date
CYUYTD	Extract current year uncapitalized year-to-date

You use these Projects formulas to distribute the extracted amounts as follows. (You select the From and To Periods shown in the following table when you define a distribution for your allocation. The **YT** designation in the From Period column allocates amounts evenly to all accounting periods.)

Formula Name	From Period	To Period	Allocate to Period 1	Allocate to Period 2	Allocate to Period 3	Total Allocated
CYTD	2		Not applicable	75	Not applicable	75
CYTD	1	2	(20/50) * 75	(30/50) * 75	Not applicable	75
CYTD	YT		75/12	75/12	75/12	75
CYPD2	2		Not applicable	30	Not applicable	30
CYPD2	1	2	(20/50) * 30	(30/50) * 30	Not applicable	30
CYPD2	YT		30/12	30/12	30/12	30
CYPD1_2	2		Not applicable	50	Not applicable	50
CYPD1_2	1	2	(20/50) * 50	(30/50) * 50	Not applicable	50
CYPD1_2	YT		50/12	50/12	50/12	50
CYPTD	2		Not applicable	85	Not applicable	85
CYPTD	1	2	(20/50) * 85	(30/50) * 85	Not applicable	85
CYPTD	YT		85/12	85/12	85/12	85
CYUTD	2		Not applicable	65	Not applicable	65
CYUTD	1	2	(20/50) * 65	(30/50) * 65	Not applicable	65

Formula Name	From Period	To Period	Allocate to Period 1	Allocate to Period 2	Allocate to Period 3	Total Allocated
CYUTD	YT		65/12	65/12	65/12	65
CYUYTD	2		Not applicable	67	Not applicable	67
CYUYTD	1	2	(20/50) * 67	(30/50) * 67	Not applicable	67
CYUYTD	YT		67/12	67/12	67/12	67

Allocating Amounts

After you determine the amounts to allocate, you define the allocation distribution, which specifies how to allocate the amounts and the project keys to allocate the amounts to. When you define a distribution, you identify the following information for each sequence within the distribution:

- Calculation pool
- Calculation type
- Target and offset project keys to send the allocated amounts to

Calculation Pool

The calculation pool is the type of pool you want to use for a particular distribution sequence. Select from the following types of calculation pools:

- Source pool
- Working pool
- Remainder pool

Source Pool

The *source pool* contains the amounts that you want to allocate. It contains either monetary amounts or statistical quantities, not both.

Example

You want to allocate labor expenses based on the number of offices in a building.

Working Pool

A *working pool* contains the amount left after you allocate a fixed amount or a fixed percentage of the source pool. You allocate working pool amounts to a distribution using a fixed percentage or variable percentage allocation.

This type of allocation is called multiple-method allocation.

Example

You allocate 50 percent of a 1000 USD source pool amount. The remaining amount is 500 USD. You define this amount as a working pool and allocate the working pool using a fixed percentage allocation, 100 percent.

Remainder Pool

A *remainder pool* is usually the last allocation sequence in an allocation cycle. A remainder pool contains the amount remaining in the source pool or working pool after Projects Allocation processes the last sequence in a distribution with a fixed percentage allocation.

A remainder pool rounds off any differences in amounts to ensure that 100 percent of the source pool is allocated.

Example

The following table shows an example remainder pool:

Seq	Fixed Percentage	Source Amount	Allocated Amount	Remainder Pool
10	.12345678	1000.00	123.46	876.54 (1000.00 - 123.46)
20	.10236548	1000.00	102.37	774.17 (876.54 - 102.37)
30	.23548798	1000.00	235.49	538.68 (774.17 - 235.49)
40	.53868779	1000.00	538.69	-0.01 (538.68 - 538.69)
50	Not applicable	Not applicable	-0.01	0
Totals	**1.00000000**	**1000.00**	**1000.00**	

Calculation Type

The Projects Allocation scheduled process can perform three types of allocation calculations:

Calculation Type	Description	Example
Fixed amount	You specify an exact amount for the allocation.	You allocate 45 USD from the source pool.
Fixed percentage	You specify an exact percentage for the allocation calculation.	You allocate 35 percent of the source pool.
Variable percentage	Projects calculates a percentage based on changing values, such as number of employees. You use variable percentage when the allocated percentage changes periodically.	You specify for the allocation cycle a variable pool for Projects to calculate a variable percentage. Projects multiplies a source pool amount by the variable percentage. The result is the amount that Projects allocates.

Example

This example shows how Projects uses the calculation pool, calculation type, and target and offset project keys to define a unique allocation.

The example defines a fixed percentage allocation that allocates expenses to four components with one offset project key. Sequence 30 allocates the amount in the

remainder pool to the target component SUBLABOR to ensure that Projects allocates 100 percent of the source pool.

Seq	Target or Offset	Component	Pool Type	Calculation Type	Fixed Percentage	Source Amount	Amount Allocated
10	Target	ENG	Source	Fixed percentage	12	1333.33	159.99
20	Target	HR	Source	Fixed percentage	24	1333.33	319.99
30	Target	ADMIN	Source	Fixed percentage	64	1333.33	853.33
30	Target	SUBLABOR	Remainder	Not applicable	Not applicable	Not applicable	0.02
40	**Offset**	**PROJALL**	**Not applicable**	**Not applicable**	**Not applicable**		**-1333.33**

Target and Offset Project Keys

As part of defining a distribution, you define the project keys that hold the amounts and the type of project key: target or offset.

Project key	Description
Target	Holds the result of the allocation.
Offset	Holds the offset from the preceding target sequences. The sum of the target and offset amounts is always zero. You must define at least one offset accounting distribution for each target distribution you define.

Sequences

The way you define distributions depends on your enterprise policies and procedures. Projects can accommodate different accounting practices. Depending on your enterprise policy, you can establish sequences of

- One target to one offset
- Many targets to one offset.

Example 1

The following table shows a one-to-one correlation between target and offset amounts:

Seq	Target or Offset	Project Key	Amount
10	Target	NY2 BLDG4 LVL6 LABOR	- 50,000
20	**Offset**	**NY2 BLDG4 LVL6 COLLECT**	**- - 50,000**
30	Target	NY2 BLDG4 LVL6 OVERTIME	- 3,000

Seq	Target or Offset	Project Key	Amount
40	**Offset**	**NY2 BLDG4 LVL6 EXTRA**	**- - 3,000**

Example 2

The following table shows many targets with a single offset:

Seq	Target or Offset	Project Key	Amount
10	Target	NY2 BLDG4 LVL6 LABOR	- 50,000
20	Target	NY2 BLDG4 LVL6 OVERTIME	- 3,000
30	Target	NY2 BLDG4 LVL6 MATRL	- 45,000
50	**Offset**	**NY2 BLDG4 LVL6 PROJALL**	**- - 98,000**

How Projects Allocates Amounts

Projects allocates amounts in seven different ways using the calculation pool, calculation type, and target or offset option that you identify on the Projects Allocation Distribution window:

	Calculation Pool		Calculation Type	Target or Offset
1	Source	x	Fixed Percentage	Target
2	Source	x	Variable Percentage	Target
3	Source	- (minus)	Fixed Amount	Target
4	Working	x	Fixed Percentage	Target
5	Working	x	Variable Percentage	Target
6	Remainder		Not applicable	Target
7	Not applicable		Not applicable	Offset

Using Masking

To define the distributions that Projects uses to allocate amounts to, enter the project keys that hold the allocated amounts. If you want to allocate amounts to more than one project key, you can substitute symbolic characters for a specific component or cost element name. This substitution is called *masking*.

Masking Characters

The masking character for the source pool is the pound sign (#), and the masking character for the variable pool is the ampersand (&).

Masking Rules

You can use masking when the components or cost elements of the project key that you are extracting amounts from (the source pool or variable pool) are the same as the project keys you are allocating amounts to.

If you use masking for components or cost elements, you must subtotal for those components or cost elements.

Masking Examples

You accumulate computer hardware expenses in the COMPUTER cost element; this is the source pool for allocation.

Example 1

You want to allocate the computer expenses to the same project and component, but to different cost elements.

You use masking for the component to copy the source component values to the target project keys.

In this example, the source pool is as follows:

- Project: BLDG
- Component: ADMIN
- Cost element: COMPUTER

Variable Pool	Masking	Distribution project key
None	Comp. - Cost Elem.	Proj. - Comp. - Cost Elem.
	##### - ENG	BLDG - ADMIN - ENG
	##### - HR	BLDG - ADMIN - HR
	##### - MIS	BLDG - ADMIN - MIS

Example 2

You use masking to allocate the computer expenses by the component in the source pool and the cost element in the variable pool.

In this example, the source pool is as follows:

- Project: MOVE
- Component: EQUIP
- Cost element: COMPUTER

Variable pool	Masking	Distribution project key
Proj. - Comp. Cost Elem.	Comp. - Cost Elem.	Proj. - Comp. Cost Elem.
MOVE - LEV3 ENG	##### - &&&&	MOVE - EQUIP - ENG
MOVE - LEV3 HR	##### - &&&&	MOVE - EQUIP - HR
MOVE - LEV3 MIS	##### - &&&&	MOVE - EQUIP - MIS

Defining Allocation Sequences and Cycles

When you build an allocation, you define combinations of sequences and cycles that uniquely identify the processing order for that allocation.

Sequence

A *sequence* requires the following information:

Requirements	You define the requirement by...
Allocation output options	Choosing allocation output options on the Projects Allocation Cycle window.
A pool to extract amounts from	Entering an identifier for a pool you defined during the allocation setup process. A source pool is required. A variable pool is optional.
An allocation distribution identifying the project keys that hold the amounts	Entering an identifier for a distribution you defined earlier during setup. You also specify the amount class type and year that you want to allocate the extracted amounts to.
Subtotalling	Choosing subtotalling for components or cost elements on the Projects Allocation cycle window.

Cycle

One or more sequences make up an allocation *cycle*. The order that you define the sequences in defines the allocation processing order in the cycle.

Defining Allocation Output

When defining allocation output, you specify the

- Tables you want the Projects Allocation scheduled process to write allocation results to
- Option for whether you want Projects to validate project keys during allocation
- Method for processing any errors that occur.

Tables Where Projects Stores Results

Projects stores allocation results in tables. You can choose to have Projects store your allocation results in either of the following tables:

- Projects Allocation Distribution journal tables
- A communication table

Projects Allocation Distribution Journal Tables

If you choose the Project Journal output option, Projects writes results to the following tables:

- Projects Allocation Distribution Journal Control
- Projects Allocation Distribution Journal Line

You can use SmartStream Query & Reporter to display the allocation results. After reviewing the results, you can run the Copy Projects Allocation Transactions scheduled process to copy the information to the Project Journal Load Transaction table. After the transactions are in this table, they are available for posting during the next run of the Projects Posting scheduled process.

Communication Table

A *communication table* serves as a temporary storage area during allocation processing. You can use a communication table with layered allocations, where the output from one allocation becomes the input for a later allocation. When you use the communication table option, Projects passes amounts between sequences and cycles in an allocation.

Communication Table Example. You spent 50,000 USD to move your employee base from two old buildings to two new buildings. You want to allocate moving expenses to each department based on the number of employees actually moving for that department. Because this allocation requires two separate passes—one pass to calculate how much of the total 50,000 USD to allocate to each building, and a second pass to proportionately divide each building's expense among the various departments—you use a layered allocation with two allocation sequences in the allocation cycle:

Sequence 1

You want to allocate 30 percent of the total moving expenses to building 1 and 70 percent to building 2. Therefore, from the total expense of 50,000 USD:

- Building 1 receives 30 percent, or 15,000 USD.
- Building 2 receives 70 percent, or 35,000 USD.

In sequence 1, Projects allocates 30 percent and 70 percent to the buildings. Because this is not the final allocation, Projects writes 15,000 and 35,000 to the communication table.

Sequence 2

In sequence 2, Projects reads the amounts from the communication table and allocates the amounts based on number of employees:

For Building 1: Building 1 houses 275 employees from three departments, administrative, engineering, and human resources. Projects reads 15,000 from the communication table and allocates the amounts to each department as follows:

Cost Element	Number of Employees	Fixed Percentage	Amounts Allocated
ADMIN	50	18% (50/275)	- 2,700 (**15,000** * 0.18)
ENG	150	55% (150/275)	- 8,250 (**15,000** * 0.55)
HR	75	27% (75/275)	- 4,050 (**15,000** * 0.27)
Totals	**275**	**100%**	**- 15,000**

For Building 2: Building 2 houses 917 employees from the same three departments. Projects reads 35,000 from the communication table and allocates the amounts to each department as follows:

Cost Element	Number of Employees	Fixed Percentage	Amounts Allocated
ADMIN	150	16% (150/917)	- 5,600 (**35,000** * 0.16)
ENG	642	70% (642/917)	- 24,500 (**35,000** * 0.70)
HR	125	14% (125/917)	- 4,900 (**35,000** * 0.14)
Totals	**917**	**100%**	**- 35,000**

Validate Project Keys Option

You can select an option for Projects to validate the project key during allocation. If you choose this option and enter a project key that does not exist, the Projects Allocation scheduled process writes the error to the error table and continues processing. Projects does **not** automatically generate a project key.

As part of validation, Projects also verifies that the

- Component you are allocating to is a detail component and can therefore accept charges
- Amount class you are allocating to is valid for the project.

If you do not select the validation option, Projects does not validate the project key. If you enter a project key that does not exist, the Projects Allocation process still generates a project journal for the allocation. When the Projects Posting scheduled process tries to post the project journal, Projects displays a message because the project key is incorrect.

Error Processing

You can select options for how the Projects Allocation scheduled process handles errors that occur during processing. The following table describes the options:

Option	If an error occurs, Projects Allocation...
Stop Processing	Stops processing.
Go to Next Sequence	Stops processing the current sequence and goes to the next sequence.
Go to Next Cycle	Stops processing the current cycle and goes to the next cycle.

Note: This error processing option does not apply to project key validation errors. If you choose validation for the cycle and the Projects Allocation process encounters a project key error, the process always writes the error to the error table and continues processing.

Defining Pool Information

When defining pool information, you select a

- Project entity to extract from
- Source pool identifier and, optionally, a variable pool identifier
- Projects formula for the pools
- Currency type for the pools, if you are extracting monetary amounts
- Unit of measure for the pools, if you are extracting statistical quantities

Projects uses the source pool and variable pool information you enter to calculate the amount to use in the allocation, as shown in the following table:

For a...	Projects...
Fixed amount allocation	Extracts amounts from the source pool you choose and allocates all or part of the resulting amount based on the fixed amount you enter on the Projects Allocation Distribution window.
Fixed percentage allocation	Extracts amounts from the source pool you choose and allocates all or parts of the resulting amount based on the fixed percentage you enter on the Projects Allocation Distribution window.
Variable percentage allocation	Multiplies the amounts from the source pool you choose by the variable percentages it calculated based on the variable pool you choose. Projects allocates the resulting amount.

Defining Distribution

You enter an identifier for a distribution that you previously defined during the Projects Allocation setup process. You also select the year, amount class type, and periods you want to allocate amounts.

Defining Subtotalling

Within a source pool or variable pool, you can subtotal amounts before allocating them. *Subtotalling* adds individual amounts in the source pool or variable pool and stores them in the same pool. If you use subtotalling, Projects does not store the individual amounts that make up the subtotal.

You use subtotalling to

- Allocate amounts to many accounts (for high-volume allocations)
- Generate rates for variable percentage allocations.

Subtotalling is required for a variable pool, but is optional for a source pool unless you are using masking.

Example 1

You use subtotalling to summarize a source pool amount of 20,000 USD.

In this example, the source pool is derived from

Project	Component	Cost Element	Amount
BLDG	LEVEL1	COMPUTER	4,000
BLDG	LEVEL1	PHONE	3,000
BLDG	LEVEL2	COMPUTER	8.000
BLDG	LEVEL2	PHONE	5,000

If you subtotal by component, the result is as follows:

Project	Component	Amount
BLDG	LEVEL1	7,000
BLDG	LEVEL2	13,000

If you subtotal by cost element, the result is as follows:

Cost Element	Amount
COMPUTER	12,000
PHONE	8,000

Example 2

You use subtotalling to summarize variable pool amounts, resulting in variable percentages for a variable percentage allocation.

In this example, the source pool is derived from

Project	Component	Cost Element	Quantity
BLDG	LEVEL1	COMPUTER	106
BLDG	LEVEL1	PHONE	112
BLDG	LEVEL1	OVERHEAD	56

If you subtotal by component, the result is as follows:

The subtotal amount is...	And the variable percentage results are...
274 (106 + 112 + 56)	.387 .409 .204

Example 3

You use subtotalling and masking for extracting and allocating amounts.

Your enterprise charges building labor costs to general accounts and allocates the amounts to different areas of the company (HR, ADMIN, ENG) based on the number of offices each area uses.

You

- Use a source pool and a variable pool to calculate the amounts based on the number of offices used by each area.
- Subtotal using the cost element from the source pool.
- Subtotal using the component from the variable pool.

You use the following masking:

Project	Component	Cost Element
BLDG	&&&&&	#####

You subtotal using the cost element from the source pool:

Project	Component	Cost Element	Amounts
BLDG	LEVEL1	LABOR	- 55,000
BLDG	LEVEL2	LABOR	- 72,500
BLDG	LEVEL3	LABOR	- 72,500
	Source Pool Subtotal Amount =		- 200,000

You subtotal using the component from the variable pool:

Project	Component	Number of Offices
BLDG	HR	- 32
	ENG	- 54
	ADMIN	- 25
	Variable Pool Subtotal Amount =	- 105

The following table identifies the variable percentage result from the variable pool subtotal amount:

Project	Component	Offices	Variable Pool Subtotal	Result
BLDG	HR	32	105	32/105 = .30
	ENG	54	105	54/105 = .51
	ADMIN	25	105	25/105 = .24

The allocation result is as follows:

Project	Component	Cost Element	Amount Allocated
BLDG	HR	LABOR	60,000 - (200,000 * 30%)
BLDG	ENG	LABOR	102,500 - (200,000 * 51%)
BLDG	ADMIN	LABOR	48,500 - (200,000 * 24%)

Processing and Loading the Allocation

After you define allocation rules and add allocation cycles, you run the Projects Allocation scheduled process to generate Projects Allocation transactions. Processing an allocation requires that you

- Request and schedule the allocation
- Review and copy the allocation results.

Requesting and Scheduling the Allocation

To request an allocation, select the cycles you want to process from a list of available cycles for a project entity. You select the cycles in the order you want to process them and assign this definition a request identifier.

Job Scheduler

Use the Job Scheduler window to schedule an allocation. You enter the project entity and request identifier that you want to process.

Warning: Avoid changing the Projects allocation setup on any of the allocation windows while running the Projects Allocation scheduled process. Changes to setup can cause unexpected or incorrect results.

Reviewing and Copying Allocation Results

Use SmartStream Query & Reporter to review the allocation results. If you find errors, correct them on the Projects Allocation windows and then rerun the Projects Allocation scheduled process.

After you review the allocation and are sure it is correct, run the Copy Projects Allocation Transaction scheduled process to copy the allocation transactions to the Project Journal Load Transaction table. You then run the following scheduled processes:

- Project Journal Load to load and validate project journals
- Projects Posting to update project balances

If you selected the option to generate ledger journals on the allocation request, the Projects Posting process also generates ledger journals from the project journals. You must then run the SmartStream Ledger Posting scheduled process to post the ledger journals.

SMARTStream®

Financials
Purchasing

Version 6.5

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1 Overview of Purchasing

Chapter Contents

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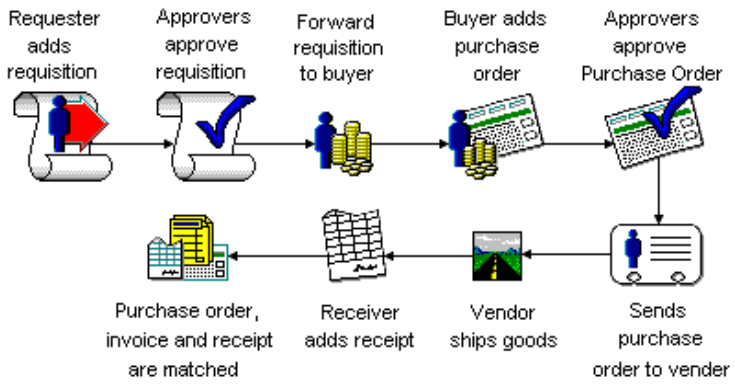
About Purchasing

With SmartStream® Purchasing and its interaction with other SmartStream products, your enterprise can use a seamless flow to process requisitions and purchase or stockroom requests.

Diagram

The following diagram illustrates a typical workflow that your enterprise can use to process purchasing documents:



If SmartStream Supplies Management is installed, Purchasing can forward a request to a stockroom, as well as to a vendor.

If SmartStream Funds Control is installed and funds checking is enabled for requisitions and purchase orders, the requisition and purchase order lines must pass funds checking before they can be attached to a purchase order, issued from a stockroom, or sent to a vendor.

Setting Up Purchasing Policy

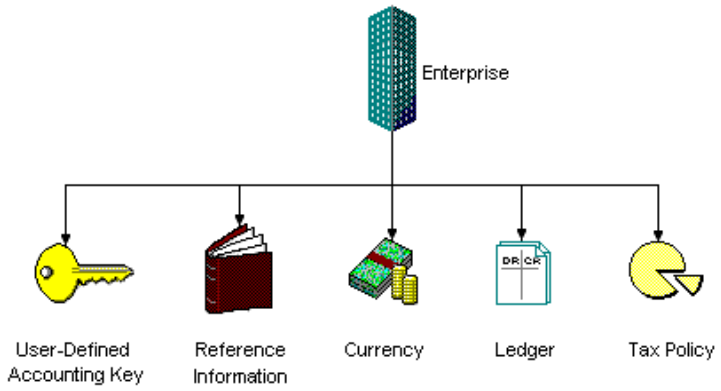
You use Purchasing activities to set up

- Purchasing reference information
- Different sets of processing options and defaults for processing requisitions and purchase or stockroom requests.

Before setting up these Purchasing policies, review the policy and reference information you established for your enterprise and sites earlier during the implementation process.

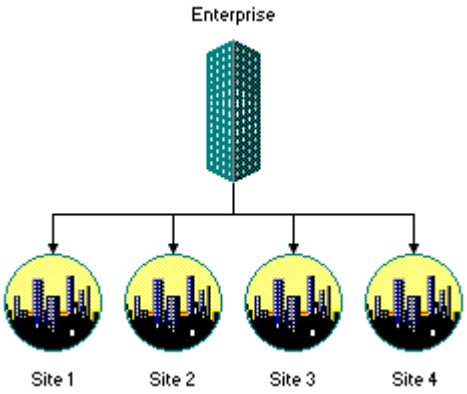
Enterprise Setup

The enterprise you define during implementation represents all the components of your business operations and provides the framework for setting up your purchasing policies. This includes your accounting key, general enterprise defaults and reference information, currency, ledger, and tax policy.

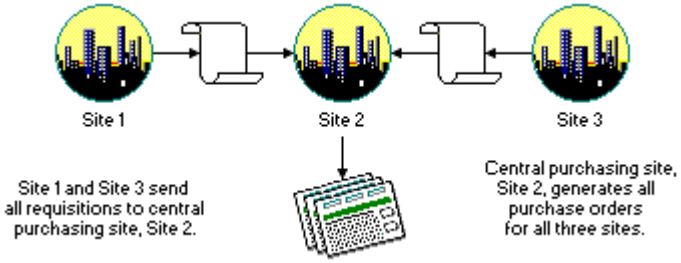


Distributed Processing by Site

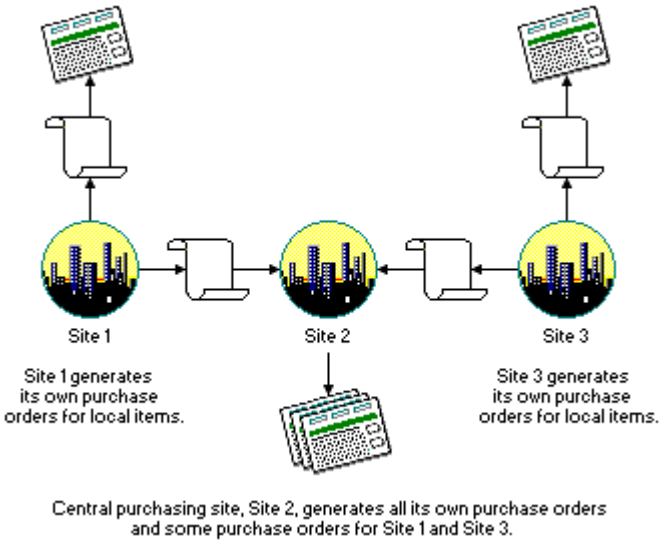
With SmartStream, you can define multiple sites that represent divisions or departments in your enterprise. This enables you to accommodate different needs for centralized, decentralized, and consolidated ordering in the enterprise.



For example, if all your divisions buy common items using a corporate contract, you can set up your purchasing structure to combine and channel all those purchases through a single purchasing department, or purchase site.



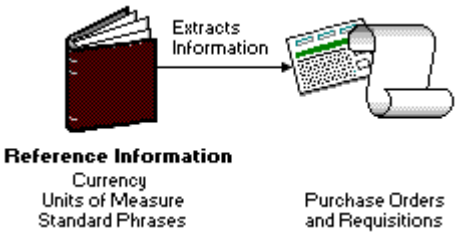
For items specific to a particular division, you can define policies that enable the related requesters and buyers at that site to purchase those items locally.



Reference Information and Policies

You add commonly repeated information for processing requisitions and purchase orders only one time by defining this information as defaults in various policy components, many by site. The values appear automatically on your internal documents that reference these policy components.

This includes information such as units of measure, ship-via methods, internal delivery addresses, and standard phrases to include on purchase orders and blanket orders.



Approval Policy

You can specify the persons and groups that must approve requisitions and the conditions for which the requisitions must be approved before being forwarded for further processing. You can specify the persons and groups that must approve purchase orders and the conditions for which the purchase orders must be approved before being sent to a vendor.

If a requisition or purchase order meets the approval conditions, SmartStream automatically routes it to the appropriate personnel for review and approval.

Use the Approval List, Substitutes Administration, and My Substitute windows to set up approvers and substitute approvers. Use Workflow Workbench to set up approval conditions. For more information about approval policy and the approval process, see the Setting Up the Approval Process chapter in the *General Enterprise Setup* guide.

Items and Vendor Items

Purchasing provides catalogs of your vendor items and internal items. When your requesters and buyers add requisitions and purchase orders, they can select the items and vendor items they need from these catalogs. A selected item brings default information such as the unit of measure, discount information, and description to the appropriate document line.

You can cross-reference internal items to multiple vendor items and vendors.

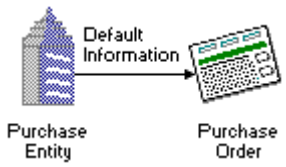
You can add items and vendor items directly on the appropriate SmartStream windows, or you can load the catalogs electronically through scheduled processes.

Site Catalogs

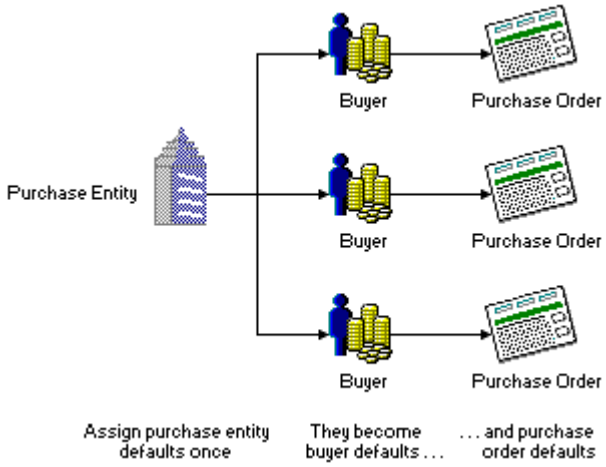
You can choose to add internal items and vendor items to custom catalogs that you define for a specific site within your enterprise. All requesters for the site have access to the same site catalogs. If you assign site catalogs to requisition entities, all requesters for the requisition entity have access to the same catalogs.

Purchase Entities

You identify all the different sets of requirements, or *purchase entities*, that you need to process purchase orders for each of your sites. Assign default options and controls to each entity and then reference the appropriate purchase entity when you process a purchase order at the site. These default options and controls automatically determine how to process a purchase order.



You can simplify defining your buyers by assigning buyers who use the same policies for processing purchase orders to the same purchase entity. The options and controls for the purchase entity then apply to all the assigned buyers.



Accounting Distribution Defaults

You can enter accounting distributions as you enter requisitions and purchase orders, or you can add accounting distributions in various policy components that serve as defaults for your requisitions and purchase orders.

Purchasing obtains the accounting distribution defaults according to the account derivation sequence you set up for your policy components.

Ledger Aliases

To reduce data entry, you can define an alias for a complete or partial accounting distribution. Then, instead of entering a value for each element of an accounting distribution when processing a requisition or a purchase order or setting up policy defaults, you can enter the alias for the distribution.

Processing Requisitions

A *requisition* is a formal request for goods or services from a requester to the purchasing department or, if Supplies Management is installed, to a stockroom.

A *replenishment requisition* is a requisition for replenishing the items in a stockroom. You must have Supplies Management installed to add this type of requisition. You can replenish items either by purchasing them from a vendor or by transferring them from another stockroom.

You can use Purchasing to submit a requisition, route it for approval, and automatically generate a purchase order or forward the request to a stockroom.

Adding Requisitions

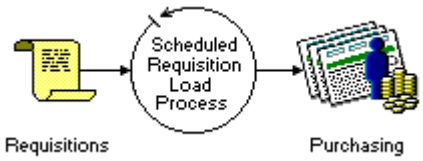
You can add regular requisitions using the Requisition window or the Requisition Load scheduled process. You can add replenishment requisitions using the Replenishment Requisition window or the Replenishment and Requisition Load scheduled processes.

Window Process

If you use the window process, you can browse through the item or vendor item catalog and select the items you want. You can also select items from catalogs for a site. Default information associated with the items appears on the requisition when you select the item.

Requisition Load Scheduled Process

You can set up a scheduled process to load requisitions generated by another product.

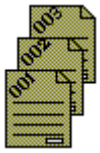


Next Available Numbering

When you set up policies for your purchase sites, you can use the Next Available Number feature to set up a sequence for Purchasing to use when automatically generating identifiers for your requisitions.

Automatic Voucher Numbering

Purchasing can assign voucher numbers automatically to your requisitions as you enter them.



You can

- Define a number sequence based on your needs
- Elect to override voucher numbers generated automatically
- Enter voucher numbers manually.

Requisition Forms

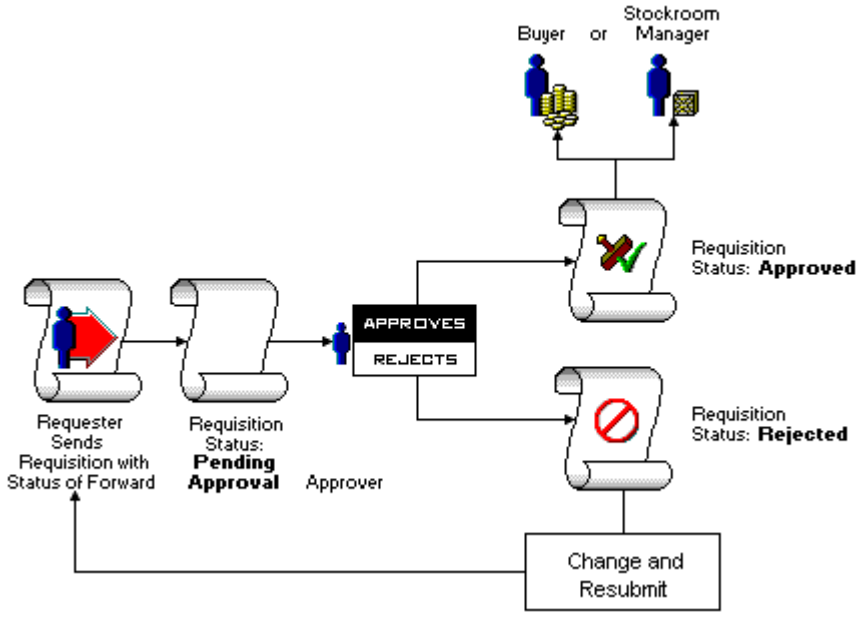
Design and store requisition forms to simplify the entry of repetitive requests. A requester can complete a requisition in a single step by selecting the appropriate form.

You also can set up a requisition form for an item that has many components, such as a computer workstation. You verify the information on the form when adding it and eliminate the need to review it each time you make another request for the item.

Approval Review

You can establish approval workflow that starts the approval review. In the workflow, you identify conditions that require requisition approval and assign a user, a list of users, or a workgroup to approve the requisitions. The approvers receive workflow tasks to review the requisition and approve or reject it.

After approval, the appropriate buyer or stockroom manager receives an informational message telling them of the approved request.



You can review the status of the requisition during all stages of the approval review.

Attaching Requisitions to Purchase Orders

When you process an open purchase order, you can select lines from approved requisitions to attach to the purchase order lines or line schedules.

After requisitions are approved, the Requisition-to-Purchase Order scheduled process periodically picks up requisitions for contracted items and automatically generates purchase orders for the items.

The scheduled process can also attach requisition lines to existing purchase orders before you send them to vendors.

You can choose to combine all lines for the same item from approved requisitions into a single purchase order line. This allows you to take advantage of quantity price breaks.

When processing a requisition, you designate the ledger accounts to post with the cost of items or services specified on the requisition. When invoices are processed for items or services, journal entries are generated to record the financial impact of the purchasing activity in your ledger.

Stockroom Requests

If you request items from a stockroom rather than a vendor, Purchasing forwards the request to the stockroom for further processing. For more information, see Overview of Stockroom Activities in the *Supplies Management* guide.

Funds Exceptions

If you have SmartStream Funds Control installed and funds checking is enabled for requisitions, requisition lines that have accounting distributions with funds control exceptions cannot be attached to a purchase order or issued from a stockroom. You must first resolve the exceptions.

Processing Purchase Orders

A *purchase order* is a formal request for goods and services to be purchased from your vendors or for information about goods and services. It can be a paper or an electronic document. You can process purchase orders for vendor items, internally defined items, and description-only items.

Adding Purchase Orders

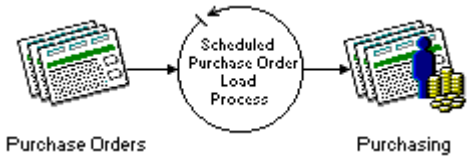
You can add purchase orders using the Purchase Order window, through a scheduled process using an external file, or through a Requisition-to-Purchase Order scheduled process.

Purchase Order Window

If you use the Purchase Order window, you can browse the item and vendor item catalogs to select the items you want. You also can select items and vendor items from custom catalogs defined for the site. Default information associated with the item or vendor item appears on the purchase order when you select the item.

Purchase Order Load Scheduled Process

You can add multiple purchase orders by loading them from an external file using the scheduled process.

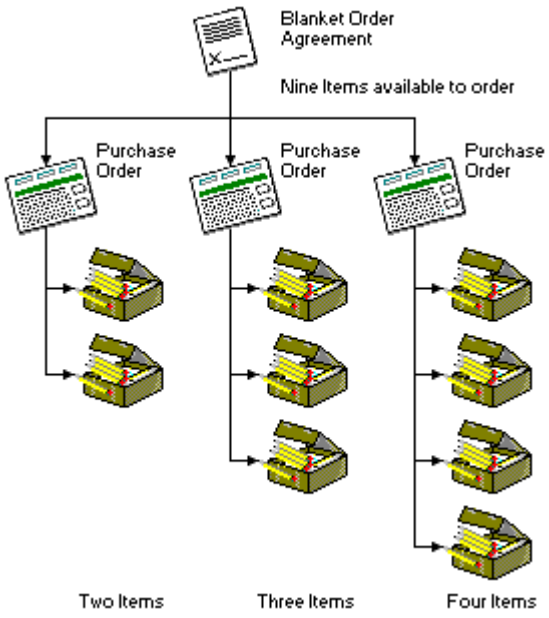


Requisition-to-Purchase Order Processing

You can set up options for a scheduled process that periodically generates purchase orders automatically for approved requisitions.

Using Blanket Orders

You can set up contractual agreements, or blanket orders, with vendors and generate multiple purchase order releases for the items or amounts on the blanket orders.



A purchase order release is a purchase order line that is generated from information on a blanket order.

You can set up a blanket order that specifies maximum quantities or amounts of an item to order using the blanket order. You can also set up a blanket order that specifies only a range of dates during which the agreement can be used to order items.

Next Available Numbering

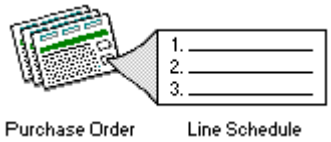
When you set up policies for your purchase sites, you can use the Next Available Number feature to set up a sequence for Purchasing to use when automatically generating identifiers for your purchase orders. You can also use this feature to set up number generation sequences for blanket orders.

Automatic Voucher Numbering

Like other SmartStream products, Purchasing can assign voucher numbers automatically to your purchase orders as you enter them.

Purchase Order Line Schedules

When you add a line to a purchase order, Purchasing automatically generates a line schedule for the line. You can add more line schedules to divide a purchase order line into multiple delivery dates and locations.



Approval Review

You can establish approval workflow that starts the approval review. In the workflow, you identify conditions that require purchase order approval and assign a user, a list of users, or a workgroup to approve the purchase orders. The approvers receive workflow tasks to review the purchase order and approve or reject it.

Automatically Forward for Approval

For blanket orders, you can choose to have Purchasing automatically forward for approval any purchase order releases created through the Requisition-to-Purchase Order scheduled process.

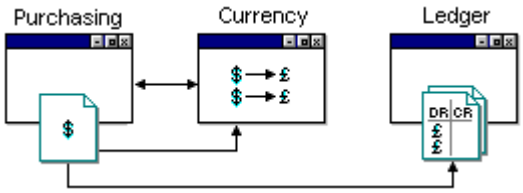
Attaching Requisitions to Purchase Orders

When you process an open purchase order, you can select lines from approved requisitions to attach to the purchase order lines or line schedules.

For more information about attaching requisitions to purchase orders, see Processing Requisitions.

Currency

Purchasing can process multicurrency transactions. If you enter a purchase order for a currency that is different from your booking currency, Currency converts the amounts on the purchase order to your booking currency. Journal entries are generated in the booking currency.



Accounting Information

When processing a purchase order, you designate the ledger accounts to post with the cost of items or services specified on the purchase order. When invoices are processed for items or services, journal entries are generated to record the financial impact of the purchasing activity in your ledger.

Sending Purchase Orders

After adding and completing a purchase order, you select it to send to the vendor. You can send selected purchase orders using a scheduled process that you define. You can send purchase orders by fax, or you can prepare the purchase orders for EDI transmission.

If your purchase entity policy allows purchase orders to be sent automatically, Purchasing can automatically select to send a purchase order to the vendor without you having to choose it if the purchase order meets the following conditions:

- If it requires approval, it has been approved.
- If it requires SmartStream Projects funds checking, it has been posted by Projects.
- If it requires SmartStream Funds Control funds checking, it has no funds control exceptions.

Managing Purchase Orders

You can review the status of a purchase order at any time during its processing. If you change information on a purchase order after sending it to the vendor, Purchasing generates a change order.

Depending on the status of a purchase order header, you can cancel, delete, or save it as Incomplete. You can cancel or delete lines and line schedules.

Integration with Other SmartStream Products

Purchasing integrates with the following SmartStream products:

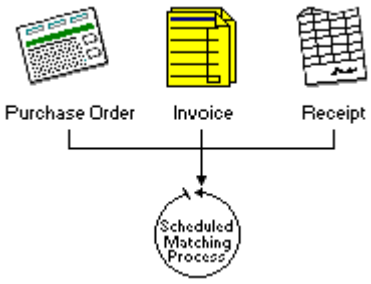
- Funds Control
- Ledger
- Payables
- Projects
- Receiving
- Supplies Management

Invoice Processing of Items and Vendor Items

Purchasing integrates with SmartStream Payables to ensure that the proper journal entries for expensed items and vendor items are generated during invoice processing.

Matching Documents

You can use Purchasing with Payables and SmartStream Receiving to match invoices to their related purchase orders and receipts.



When you add a matched invoice to Payables, some information from the related purchase order appears as defaults on the invoice. Payables can automatically notify the buyer of any matching exceptions.

Evaluated Receipt Settlement (ERS) Processing

For selected vendors, you can further automate the matching process by using a scheduled process that automatically generates invoice transactions from information on the receipts for goods delivered by these vendors.

Processing Accounting Information

SmartStream Ledger validates accounting information you enter on a purchase order according to the validation policies you set up for your ledger entities, requisition entities, and purchase entities.

Projects

If you have SmartStream Projects installed, Purchasing creates journals for purchase orders that are associated with a project. The journals are posted to the Commitment amount class in Projects. When matched to an invoice, the commitment is relieved.

Supplies Management

If you have SmartStream Supplies Management installed, you can request items from a stockroom as well as a vendor. You can also add requisitions to replenish items in a stockroom.

Funds Control

If you have SmartStream Funds Control installed, you can verify that funds are available before processing requisitions and purchase orders.

2 Purchasing Policy

Chapter Contents

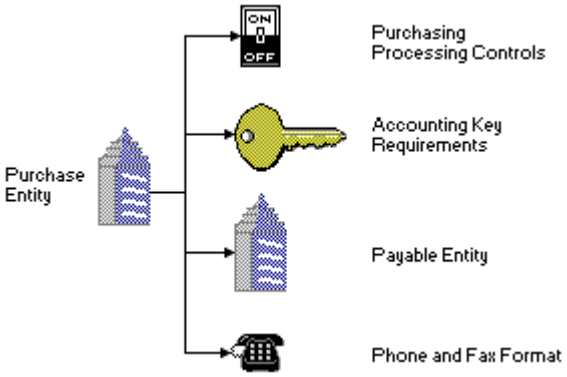
2-1 About Purchasing Policy
2-3 Adding Purchase Entities
2-8 Selecting Purchasing Processing Options
2-11 Purchase Entity Accounting Key Requirements

About Purchasing Policy

Use purchase entities to determine routine policies for purchasing goods and services at the various sites of your enterprise.

How You Set Up Purchase Entities

The following diagram illustrates the information that makes up a purchase entity:



The following table lists the tasks in a suggested order for setting up a purchase entity. It also specifies the SmartStream window to use for each task, where appropriate.

Task	Description	SmartStream Window
1	Identify the different purchase entities you need.	Purchase Entity: Purchasing
2	Select purchasing processing options and defaults for each purchase entity.	Purchase Entity: Purchasing
3	Specify the accounting key and ledger validation requirements for each requisition entity.	Requisition Entity: Accounting Key Information

Adding Purchase Entities

Before you can process purchase orders for goods and services, you must add purchase entities to control the purchasing process.

Criteria for Organizing Purchase Entities

You can set up your purchase entities according to any organizational criteria you need:

- Different geographical divisions of your enterprise
- Different functional divisions or subsidiaries of your enterprise
- Departments that you separate for reporting purposes or those that need different policy controls
- The ability to negotiate favorable purchasing contracts through centralized or distributed purchasing

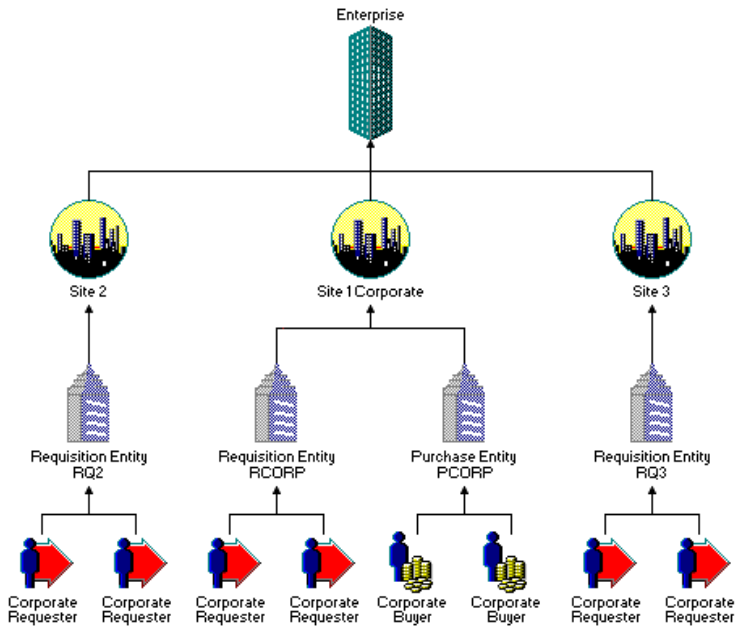
Each purchase entity must have a unique identifier and a descriptive name. After saving the purchase entity, you cannot change this identifier.

Example 1

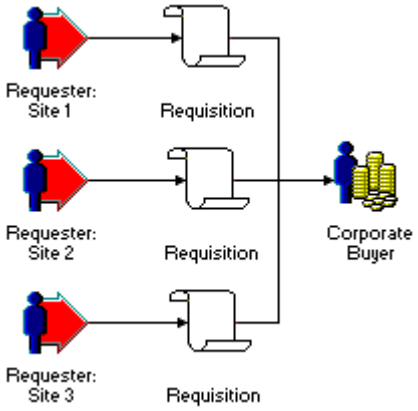
Your enterprise has two regional offices, or sites, besides its corporate location, but the corporate location controls all purchasing activities for the whole enterprise. This enables your enterprise to negotiate price breaks for buying goods and services in volume.

You define a single purchase entity at site 1 (Corporate) for your enterprise and assign all your corporate buyers to this purchase entity.

Various persons at the two regional sites, as well as at the corporate site, request goods and services according to the differing needs of each site. You define a requisition entity with processing options and defaults tailored for each site and assign the requesters for each site to the requisition entity for the site.



Requesters at each site generate requisitions. When a requisition is approved, Purchasing forwards it to the appropriate corporate buyers, who generate purchase orders for the goods or services.

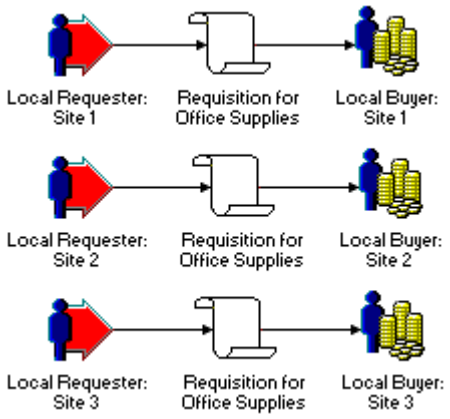


Example 2

Your enterprise (from Example 1) learns that it can save money by allowing the two regional sites to buy office supplies from local vendors, instead of routing these purchases through corporate purchasing. You need to change your original purchasing policy structure to implement this new procedure.

You define a new requisition entity for each regional site and tailor its policy controls for dealing with local office supply vendors. You assign requesters who deal with the local vendors to these new requisition entities. You also define a purchase entity and a local buyer for each regional site.

When the regional requesters generate requisitions for office supplies, Purchasing forwards them to the regional buyers after approval. The regional buyers generate purchase orders to the local vendors for office supplies.



Payable Entity Associated with a Purchase Entity

A *payable entity* is a set of processing options and defaults that control the processing of payment requests from your vendors. Some values for a payable entity are also defaults for purchase orders. You must associate a payable entity with each purchase entity.

A payable entity includes options and controls for processing

- Payment terms
- Expense accounting distributions
- Tax rules and rates.

When you add a purchase order, Purchasing gets values for these controls from the vendor, if available. If the vendor does not have defaults for these values, Purchasing uses the values from the payable entity, instead.

Currency Defaults

The currency that Purchasing uses as the transaction currency for a purchase order depends on whether the vendor and payable entity referenced on the purchase order are set up as single-currency or multicurrency.

If the vendor is...	And the payable entity is...	Then...	And...
Single-currency	Single-currency	Purchasing uses the vendor currency	The transaction currency for both must be the same.
Single-currency	Multicurrency	Purchasing uses the vendor currency	You cannot override it on the purchase order.
Multicurrency	Single-currency	Purchasing uses the payable entity currency	You cannot override it on the purchase order.
Multicurrency	Multicurrency	Purchasing uses the vendor currency	You can override it on the purchase order.

Choose a payable entity whose defaults work most efficiently with the information for your vendors at the site.

Ship-To Address

Choose a ship-to address to identify the physical location at the site where you want vendors to deliver goods or perform services on purchase orders. This ship-to address is a default for purchase orders processed using the purchase entity.

To specify a different ship-to address for some goods on a purchase order, you can override this default address on an individual purchase order line.

Phone and Fax Information

You can accept the enterprise defaults for phone and fax format, or you can select different formats.

Example

Your enterprise is based in the United States, and you have a site in Canada. When you define your enterprise site, you choose an international phone and fax format so you can communicate easily with your Canadian site.

You add a site for your Canadian location. Because buyers purchase goods and services locally at this site, you must set up a purchase entity for the site. Your buyers do not need the international phone and fax format for their local purchasing activities, so you replace the enterprise international format with a local format.

Inactivating and Reactivating Purchase Entities

You cannot delete a purchase entity, but you can inactivate it if you no longer need to use it.

You cannot use an inactive entity to process new requisitions or purchase orders, but inactivating an entity does not affect existing requisition and purchase documents.

You can inactivate an entity if you want to set up a purchase entity but do not want to use it for processing purchase orders until later. Define all the information for the entity and save it, then immediately make it inactive. Reactivate it when you are ready to use it.

Selecting Purchasing Processing Options

When you set up a purchase entity, you can select options for automating certain processes for working with purchase orders processed using a purchase entity.

Adding Purchase Order Lines

You can add purchase orders by

- Entering them on the Purchase Order window
- Loading an externally generated file of purchase orders using a scheduled process
- Running the Requisition-to-Purchase Order scheduled process.

Using the Requisition-to-Purchase-Order Scheduled Process

The Requisition-to-Purchase-Order scheduled process automatically generates purchase orders and completes them by attaching requisition lines to them. This process can combine similar requisition lines on purchase order lines to take advantage of volume discounts.

To maximize the use of an existing purchase order, the Requisition-to-Purchase-Order scheduled process can attach requisition lines to it if it has a status of Open.

Select this option for the purchase entity if you want the Requisition-to-Purchase-Order scheduled process to generate purchase order lines automatically from approved requisitions for all purchase orders processed using the purchase entity.

Generating Purchase Order Releases

You can use blanket orders to process repetitive orders efficiently or to specify the terms of a long-term purchasing contract with a particular vendor.

When you set up the purchase entity for the buyers who order from this vendor, you can select the option to allow the Requisition-to-Purchase-Order scheduled process to generate releases automatically for the blanket order from approved requisitions. This type of purchase order is a *purchase order release*.

When buyers use this purchase entity to add blanket orders, the option to automatically generate purchase order releases serves as a default for those blanket orders. If you do not select the option for the purchasing entity, a buyer can select the option when adding a blanket order.

Sending Purchase Orders Automatically

You can choose to allow Purchasing to select eligible purchase orders automatically for sending if there is no hold on ordering from the vendor.

If you choose this option for the purchase entity, when the Requisition-to-Purchase Order scheduled process creates a release that does not require approval and does

not require projects funds checking with errors, Purchasing can select that purchase order automatically to send to the vendor.

Cataloging Vendor Items Automatically

You can include a vendor item that is not in your vendor item catalog on a purchase order. When you set up a purchase entity, you can streamline the process of adding new vendor items to the catalog by selecting the option to catalog vendor items automatically.

If you select this option, Purchasing adds to the catalog any uncataloged vendor items referenced on purchase orders processed using the purchase entity when you send the purchase orders.

Buyers who want to use this method of adding vendor items to the catalog must enter the following information for the uncataloged vendor items on the purchase order:

- Description
- Price
- Unit of measure.

Using the Requisition Date as a Default

If you select this option for a purchase entity, the Requisition-to-Purchase Order scheduled process uses the required date for a requisition line as the default for related purchase order line schedules processed using that purchase entity.

Adding Description-Only Items

A buyer can enter a description without an identifier for an item or vendor item on a purchase order if you select the option for the purchase entity to allow description-only items.

Although an identifier is not required, the buyer must enter the price and unit of measure for a description-only item on the purchase order.

Requisition Header Comments Defaulting to Purchase Order

If you select this option for a purchase entity, Purchasing copies requisition header comments to the purchase order header comments automatically when a requistion line is attached to a purchase order on the Purchase Order window or during scheduled requisition-to-purchase-order processing for all purchase orders processed using the purchase entity.

Purchasing follows these rules when copying header comments:

- Only comments with the type of All or External are eligible for copying.
- If the purchase order header has comments, Purchasing adds the requsition header comments to the end of the comments for the purchase order header.

- If multiple lines from the same requisition are attached to a purchase order, Purchasing copies the requisition header comments only once.
- Updated comments can be reviewed and changed after the purchase order is saved.

Requisition Line Comments Defaulting to Purchase Order

If you select this option for a purchase entity, Purchasing copies requisition line comments to the purchase order line comments automatically when a requistion line is attached to a purchase order on the Purchase Order window or during scheduled requisition-to-purchase-order processing for all purchase orders processed using the purchase entity.

Purchasing follows these rules when copying line comments:

- Only comments with the type of All or External are eligible for copying.
- If the purchase order line has comments, Purchasing adds the requsition line comments to the end of the comments for the purchase order line.
- If multiple requisition lines are attached to a purchase order line, Purchasing copies the comments for each requisition line to the purchase order line comments.
- Updated comments can be reviewed and changed after the purchase order is saved.

Purchase Entity Accounting Key Requirements

You can specify options that control the processing of the accounting information on purchase orders processed by a purchase entity.

Required Accounting Key Information

When adding a purchase order, you can enter accounting distributions that specify how to post the cost of the items or services on the purchase order.

If you want to require buyers to enter accounting distributions on purchase orders, enter this requirement for purchase orders by specifying it for the purchase entity. You can require buyers to enter accounting distribution values for the ledger entity and all the associated elements of your accounting key, or you can require only some of the accounting key information.

Validation Requirements

To validate the accounting distributions on purchase orders, select an option to require validation when you set up the related purchase entity. SmartStream Ledger uses your chart of accounts to validate the accounting distributions on all purchase orders controlled by this purchase entity.

3 Setting Up Purchasing Reference Information

Chapter Contents

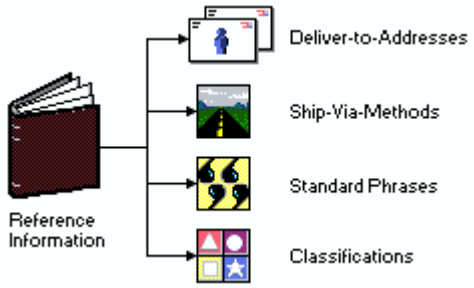
3-1 About Purchasing Reference Information
3-3 Adding Deliver-To Addresses
3-4 Adding Ship-Via Methods
3-5 Adding Standard Phrases
3-6 Adding Classifications

About Purchasing Reference Information

Purchasing reference information is information about purchasing processes that rarely changes and that you use repetitively. Include this information on the purchasing documents that you process.

How You Set Up Reference Information

The following diagram illustrates the tasks for setting up purchasing reference information for a site:



The following table lists the tasks in a suggested order for setting up purchasing reference information for a site. It also specifies the SmartStream window to use for each task.

Note: Perform these tasks within the complete sequence of setting up your reference information for a site.

Task	Description	SmartStream Window
1	Add internal delivery addresses for distributing goods after you receive them from a vendor.	Deliver-To Address
2	Add identifiers and descriptive information for the shipping methods or carriers that your vendors use.	Ship-Via Code Definition
3	Add identifiers and the text for standard phrases you use during purchasing processing.	Standard Phrase Code Definition
4	Add identifiers and descriptions for classification to use in grouping vendors and vendor items.	Classifications

Adding Deliver-To Addresses

Deliver-to addresses are locations within your enterprise where you want to distribute goods after receiving them.

Deliver-To Addresses on Purchasing Documents

If you enter a deliver-to address on a purchase order, it serves as the default for any lines on the purchase order that do not have attached requisitions. You can change the address for a particular purchase order line or line schedule.

Attached Requisitions

The deliver-to address defined for a requester or for the requester's requisition entity serves as the default for a purchase order line schedule that has an attached requisition. You cannot change this default address on the purchase order line schedule.

Purchasing uses the deliver-to address defined for a requester, if it is different from the deliver-to address for the related requisition entity.

Address Format

You can tailor the address format to the specific needs of the requester or other person who finally receives the goods.

Address Information

Enter the exact physical location where you want the goods delivered.

Example

Sharon and David are requesters who work at corporate headquarters. Sharon requests supplies for the software development lab and David requests supplies for marketing.

Because they both work at corporate headquarters, they use the same ship-to address; however, their offices are on different floors.

You set up the following deliver-to addresses to tell your receiving personnel where to deliver items for Susan and David after the vendor delivers them to the ship-to address:

Site	Deliver-To Address Identifier	Name	Deliver-To Address
CORP	C9	Sharon Smith	3rd Floor, ETS Dept. 2189 Peachtree Road Atlanta, GA 30326
CORP	C3	David Jones	9th Floor, AP Dept. 2189 Peachtree Road Atlanta, GA 30326

Adding Ship-Via Methods

Ship-via methods identify the transportation methods used to carry goods from vendors to a purchasing site.

Identifying Ship-Via Methods

You can define a ship-via method as a type of transportation (rail or air freight), a specific carrier (specific trucking company or delivery service), or a general method that allows the buyer more flexibility (best way).

Defaults

You can specify a ship-via method as a default when you add a vendor. That ship-via method serves as a default for any blanket orders or purchase orders that reference the vendor.

You can override a default ship-via method on a purchase order. For example, the trucking company you usually use to transport certain goods is temporarily not available. The buyer who generates purchase orders for the affected vendor changes the default ship-via method to an alternate trucking company and purchase orders sent during this period.

If you change a ship-via method after sending the purchase order, Purchasing generates a change order. You send the change order to the vendor.

Comments

You can enter ship-via comments to provide special instructions or information about the means of transportation. The comments appear on the purchasing documents you print.

Example

An enterprise transports heavy office equipment across country from one site to another. The second site also occasionally requires delivery of lightweight, critical goods by air express.

You set up the following ship-via method so that the buyer can select the means of transportation used for shipping the goods:

Site	Ship-Via Method Identifier	Description	Comments
LA	RAIL	Railroad	Use available rail freight carriers to send heavy office equipment.
LA	AEXP	Air Express Company	Use Air Express Company to send lightweight, critical goods.

Adding Standard Phrases

Standard phrases are statements that identify special requirements for purchasing processing, such as packing and shipping instructions.

Using Standard Phrases

You can set up as many standard phrases as you need for each site. Define a short identifier and compose the text, or comments, for each phrase.

When you process blanket orders and purchase orders, you can select one or more standard phrases to print on the document.

Example

Your enterprise has certain standards for processing purchase orders and purchase order numbers that you need to communicate to your vendors.

You set up the following standard phrases so that buyers can assign these statements for Purchasing to print on purchase orders:

Identifier	Comment
CONFIRM	Confirmation order. Do not duplicate.
PONUMB	Include the purchase order number printed on all invoices, packing slips, and work orders.

Adding Classifications

You define classifications to use for grouping items and vendors at a site for reporting purposes.

Using Classifications

You can design classifications to classify your vendors for various purposes, and you can assign more than one classification to a vendor.

For example, some of your vendors are EDI trading partners. Some of these same vendors are also minority vendors, and you need to prepare reports on minority vendors for a government agency. You use a classification for minority vendors for the report.

Example

Your enterprise purchases propane from a vendor who is an EDI trading partner.

You set up the following classifications to distinguish between your vendors who use electronic data interchange (EDI) and those who do not and to identify the hazardous materials you purchase.

Identifiers	Description
EDI	Vendor is an EDI trading partner.
ZMAT	****Caution**** Item made of hazardous materials.

4 Processing Requisitions

Chapter Contents

4-1 About Requisitions
4-4 How You Add a Requisition
4-6 Requisition Default Information
4-8 Requisition Lines
4-10 Requisition Accounting Distributions
4-14 Replenishment Requisitions
4-15 Requisition Forms
4-16 Pricing Requests
4-17 Scheduled Processing for Requisitions
4-19 Correcting Requisition Transactions
4-20 Changing Requisitions
4-21 Managing Requisitions
4-23 Approving Requisitions
4-25 Funds Control Integration

About Requisitions

A requisition identifies the items or services you need, where and when you want them delivered, and the appropriate accounting information.

A requisition is usually entered by people in your enterprise who are responsible for supplying goods and services to other people in your enterprise. For example, an administrator adds a requisition for office supplies.

Types of Requisitions

SmartStream Purchasing processes the following types of requisitions:

Type	Description
Requisition	A standard, formal document that requests a buyer to buy certain goods or services and authorizes the purchase after approval. If Supplies Management is installed, the document can also request the items from a stockroom.
Replenishment Requisition	A request to replenish specific items in a stockroom by purchasing them or having them transferred from another stockroom. This type of requisition is available only if Supplies Management is installed.
Pricing request	A document that asks a buyer to research the price of an item or service.
Form	A template you design for adding requisitions for frequently ordered items or services quickly.

You can add a requisition using a Purchasing window or you can load multiple requisitions from an external file using scheduled processes.

Requisition Lines

A requisition contains a header and requisition lines that identify the items or services you need. Each requisition line represents a single request. It specifies the item or service and information such as the vendor, price, unit of measure (UOM), and quantity that you need. You can define as many requisition lines as you want on a requisition.

If you have SmartStream Projects installed, each requisition can have multiple projects identified, but only one project per requisition line.

Requisition Status

The status of a requisition indicates the requisition's progress through the processing cycle. The status changes many times during the cycle. Purchasing displays the status for the header and each requisition line.

Approval

When you add a requisition and forward it for processing, Purchasing routes it through the approval process. If the requisition meets the approval conditions set up in workflow, Purchasing notifies the buyer or stockroom of the approved request.

Requisition Line Exceptions

When a requisition goes through approval, SmartStream sends a To Do message to resolve any requisition line exceptions.

- For a purchase request, the exception is sent to the buyer or buyer workgroup entered on the line.

- For a stockroom request, the exception is sent to the individual or group that is assigned the task through workflow.

Funds Exceptions

If you have SmartStream Funds Control installed and a funds control exception is identified, an informational message is sent to notify the requester of the exception and a To Do message is sent to the individual or workgroup assigned to resolve the exception.

Requisition lines that have accounting distributions with funds control exceptions cannot be attached to a purchase order or issued from a stockroom.

How You Add a Requisition

When you add a requisition, you enter information about the requisition and make decisions that control how Purchasing processes it. You can add requisitions using the Requisition window or scheduled processes.

If Supplies Management is installed, you can also add replenishment requisitions using the Replenishment Requisition window or scheduled processes.

Window Process

The following table describes the process for adding a basic requisition:

Stage	Description
1	Enter requisition header information on the Main view of the Requisition or Replenishment Requisition window. You can enter information such as the requisition identifier, requisition site, and date needed.
2	Enter additional requisition header information on the Header Detail view as needed. You can enter a description for the requisition, suggested purchasing information and, after saving the requisition, you can enter requisition comments.
3	Add a requisition line on the Main view by entering or selecting an item. You can change some of the default information that appears and add additional information as needed.
4	On the Main view, press the Enter key to add another requisition line.
5	Repeat steps 2 through 4 until you have entered all the items or services you need on this requisition.
6	Review the requisition line information on the Line Detail view and, after saving the requisition, add line comments as needed.
7	Review the default accounting distributions on the Accounting Distributions view. Change this information as needed.
8	To process the requisition, select Forward and then Save. Purchasing forwards the requisition for approval and funds checking, if required. To save an incomplete requisition, select only Save. You can complete the requisition later.

Scheduled Process

You add regular requisitions using the Requisition Load scheduled process. For more information, see

- Scheduled Processing for Requisitions in this guide
- The Purchasing chapter in the *Financials Technical Reference*.

You add replenishment requisitions using the Replenishment and Requisition Load scheduled processes. In addition to the above, see

- Replenishment in the Supplies Management chapter of the *Financials Technical Reference*
- Replenishment Program in the *Supplies Management* guide.

Requisition Default Information

When you add a requisition, Purchasing automatically provides some requisition information as defaults. You can change some of this information when entering requisitions.

Sources of Requisition Defaults

Default information for a requisition comes from the following SmartStream components:

- Funds Control Policy
- Requester
- Requisition Entity
- Site
- Site Commodity
- Site Item
- Stockroom
- Stockroom Item
- Vendor
- Vendor Item

You can choose not to define requisition defaults for some policy components.

Policy Default Sequence for Requisitions

If you define different values for the same requisition option in more than one policy component, Purchasing gets the values in a specific default sequence, as shown in the following table. The sequence can vary, depending on the type of item, where you define default values, and whether you have cross-referenced items and vendor items.

For this field...	The default values come from...
Site	dbs.ini (system file).
Ship To	For regular requisitions: requester, then requisition entity.
	For replenishment requisitions: stockroom.
Buyer	See Buyer or Buyer Workgroup.
Currency	Site.
Deliver To	For regular requisitions: requester, then requisition entity.
	For replenishment requisitions: stockroom.
Description	See Description.

For this field...	The default values come from...
Purchase Site	See Purchase Site.
Requester	SmartStream User ID.
UOM	See UOM.
Unit Price	See Unit Price.

For more information about the default sequence for accounting distributions on a requisition, see Requisition Accounting Distributions.

Default Example

You did not include a deliver-to address when you set up John as a requester. When John adds a requisition, Purchasing examines his information for a default deliver-to address.

Because John has no default deliver-to address, Purchasing examines the information for requisition entity XYZ because John is assigned to XYZ. You did not include a default deliver-to address when you set up XYZ, so no default address appears on the requisition that John is adding.

A deliver-to address is not required on the requisition. John can add a deliver-to address or leave it blank.

Approval

After you enter a requisition, change any default information as allowed; then forward and save the requisition. Purchasing determines whether the requisition meets the conditions for approval set up in workflow. If so, Purchasing displays the approval identifier. You cannot change this identifier.

Funds Control

If you have SmartStream Funds Control installed and funds checking is enabled for requisitions, the default funds control effective date is determined by Funds Control policy, where it can be set to be either the document entry date or the date the goods or services are required. If Funds Control policy has not been defined, Purchasing uses the document entry date as the default. You can change this date on the accounting distributions of the requisition, if needed.

Requisition Lines

Each requisition line represents a request for a specific item or service. You can add as many requisition lines as you want to a requisition.

Adding Requisition Lines

You can add lines to a requisition by entering the values, by selecting items and vendor items from your item and vendor item catalogs, or by selecting items and vendor items from site catalogs.

Types of Items

Purchasing refers to all goods and services as *items*. You can enter the following basic types of items on a requisition line:

Type	Description
Item	Any product or service available at the site.
Vendor item	A specific service or item of goods that a vendor sells. Vendor items can be cataloged or uncataloged.
Description-only item	A specific service or item that does not have an identifier.

Supplies Management

If Supplies Management is installed, you can add stocked and stocked, expensed items, as well as nonstocked items.

You can also add consignment items if Supplies Management is installed. Consignment items are stocked items and are treated the same as other stocked items.

Vendor Item Cross-Referenced to Item

If a vendor item is cross-referenced to an item, the vendor item is associated with an item in the database. You can cross-reference one or more vendor items to an item and can designate one of the vendor items as the preferred vendor item.

When you enter an item on a requisition line, Purchasing searches for a preferred vendor item that is cross-referenced to the item. If Purchasing finds a preferred vendor item it uses information from both the item and vendor item on the requisition line.

If you enter a vendor item that is cross-referenced to an item, the item is the default for the requisition line, whether or not the vendor item is designated as preferred.

Defaults from the Requisition Header to the Requisition Line

Purchasing uses information from the requisition header as defaults for the requisition line. You can change the default values on a requisition header as your requirements change. Any changes you make apply to the requisition line.

If you make changes to the header, Purchasing does not apply the new default values to the requisition lines when you

- Save the requisition and then make changes to the header
- Change the default values on the line before you make changes to the header.

Requisition Accounting Distributions

When you add a requisition, you specify the accounts you want SmartStream Ledger to post with the cost of the items or services that have an associated cost.

You must specify an accounting distribution for the expenditure distribution type on each requisition line. However:

- On a regular requisition, you cannot enter accounting distributions for items that you define as stocked, expensed items at the issue site. These items are expensed when received into inventory and are issued from a stockroom to a requester without charge.
- On a replenishment requisition, you can enter accounting distributions only for stocked, expensed items that you purchase from a vendor.

Sources of Accounting Distribution Defaults

The default accounting distributions for a requisition can come from one of the following policy components:

- Commodity
- Project
- Requester
- Requisition entity
- Site
- Vendor

You can override these defaults, as needed. If no defaults appear, you can enter the accounting distributions you need.

Accounting Distribution Default Sequence

Purchasing obtains values for the accounting distributions on a requisition according to the account derivation hierarchy you set up for your SmartStream policy components.

Example

Your account derivation hierarchy causes Purchasing to search for accounting distributions in the following policy components, in the order listed:

- Commodity associated with the item
- Associated vendor
- Requester
- Controlling requisition entity

- Requisition site.

When you process a requisition for the item, Purchasing gets accounting distribution defaults for the requisition line from the commodity referenced on the line, if the accounting distribution defaults are present. If the commodity does not have default values for some elements of the accounting distribution, Purchasing searches the vendor for any of the missing defaults.

This process continues until Purchasing searches each of the policy components. If no defaults exist for any of the policy components, enter the remaining values directly on the requisition line.

If you enter accounting distributions directly on a requisition line, these values override any defaults from the policy components.

Accounting Key Requirements

In requisition entity policy, you can specify accounting key elements for which a requester must include accounting distribution values on a requisition. A requester can override default accounting distributions or add any missing values on a requisition; however, the requester must include values for any elements you specified as required in requisition entity policy.

Purchasing validates accounting distributions entered on a requisition if

- You selected the option to require validation in the related requisition entity policy
- SmartStream Projects project keys are entered on the requisition line
- SmartStream Funds Control is installed.

Example

You specify that the following accounting key elements are required when you set up requisition entity RQ01:

- Division
- Department

You assign requester Bob to RQ01. When setting up the options and defaults for Bob, you enter the following default accounting distributions:

- LDS031 for Division
- MKTG for Marketing
- 3456 for Cost Center

You do not enter default accounting distributions for the commodities or vendors involved.

When Bob adds a requisition, Purchasing automatically places the accounting distributions for Bob on the requisition.

Bob overrides the default value for the division by entering LDS031 and deletes the department value MKTG. However, when Bob tries to save the requisition, Purchasing does not allow it. Bob must leave the value MKTG for the department or enter another department.

Partial Accounting Distributions

When you set up default accounting distributions in various policy components, you can define complete or partial distributions. If you defined a partial accounting distribution and the requisition entity that controls a requisition requires values for all the elements of your accounting key, the associated requester must enter the remaining elements when adding the requisition.

Example

Your accounting key consists of a ledger entity and the following accounting key elements:

- Division
- Account
- Department
- Product
- Project

Your account derivation sequence is as follows:

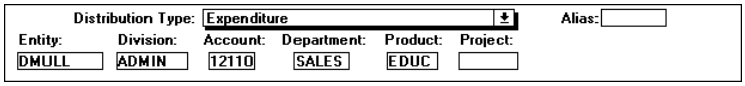
- Commodity
- Vendor
- Requester
- Requisition entity
- Site

You define an expenditure accounting distribution as a default for requisition entity BK003. You enter accounting distributions for Division, Account, Department, and Product.

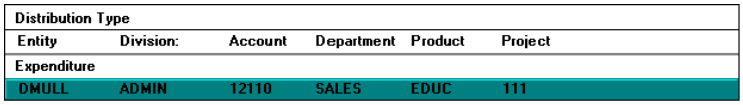
You associate every requester at the regional sales office with BK003. The value for one of your accounting key elements (Project) varies from requester to requester and does not remain constant for a requester over time.

You do not enter default accounting distributions for the commodities or vendors involved.

When these requesters add requisitions, the accounting distribution values you defined for Division, Account, Department, and Product in BK003 appear automatically on their requisitions.



Requester X adds a requisition that charges the amount of items and services to project 111. The requester enters 111 in the Project field.



Split Accounting Distributions

You can enter multiple accounting distributions for any line that you can enter accounting distributions for. You can split the line by either percentage or quantity. The total percentage must equal 100 percent. The total quantity must equal the quantity on the requisition line.

Projects

To split accounting distributions for a requisition line when valid Project information is entered, the Allow Transaction Override option on the Component Cost Element window in Projects must be selected.

Replenishment Requisitions

A replenishment requisition is a request to replenish items in a stockroom. You can enter only stocked and stocked, expensed items on a replenishment requisition.

You can replenish the items either by purchasing them from a vendor or by transferring them from another stockroom.

When you enter an item, Purchasing determines how the item is usually replenished. You can override this default by changing the Purchase Item option on the requisition line.

Purchase Item Option

To purchase an item rather than having it transferred from another stockroom, you must select the Purchase Item option on the requisition line using the Replenishment Requisition window.

Adding a Replenishment Requisition

You can add a replenishment requisition only if Supplies Management is installed. You can use either the Replenishment Requisition window or the Replenishment and Requisition Load scheduled processes.

For more information about adding requisitions using scheduled processing, see

- Scheduled Processing for Requisitions in this guide
- The Purchasing chapter in the *Financials Technical Reference*.
- Replenishment in the Supplies Management chapter of the *Financials Technical Reference*
- Replenishment Program in the *Supplies Management* guide.

Requisition Forms

A *requisition form* is a model you use to simplify adding requisitions for frequently ordered goods or services. Use the Requisition window to add new forms and to use existing forms to generate new requisitions.

Using a Requisition Form

After you add a form, you cannot change it to a requisition. You must choose the Use Requisition Form action to copy the line information from an existing form to a requisition.

Changing and Deleting Lines

You can change the information on any line or delete any line that Purchasing copies from the form to your requisition.

Default Information

Using a requisition form does not override your requester and requisition entity defaults. Purchasing copies only the item information from the form to the requisition line.

Pricing Requests

A *pricing request* is a type of requisition that instructs a buyer to research the price of an item or service.

When to Use Pricing Requests

You use a pricing request to determine what an item or service costs and to obtain a price quote from a vendor. You can ask a buyer to research a price for an item, a vendor item, or a description-only item.

Routing Pricing Requests

After you add a pricing request and send it to a buyer, Purchasing routes the pricing request to the buyer group assigned to your requisition entity. The buyer can

- Review it and save it to enter the pricing information at a different time
- Review it and save it to enter the pricing information at a different time
- Review it, enter the pricing information, and send it back to the requester
- Review it, enter the pricing information, change it to a requisition, and send it through approval review
- Replace a description-only item with an item or vendor item
- Cancel one or all pricing request lines.

When the requester receives the pricing request from the buyer, the requester can

- Review it, change it, and send it back to the buyer for more pricing information
- Review it and change it to a requisition (If it meets the approval conditions set up in workflow, Purchasing routes it through the approval process.)
- Review it and save it to request the items or services at another time
- Delete one or all pricing request lines.

Scheduled Processing for Requisitions

You can use a scheduled process to enter multiple requisition transactions from an external file. Use the transaction layouts provided to build a text file containing all your requisition transactions. Then use the bulk copy feature to submit the file through Job Scheduler. As Purchasing processes the transactions, users and workgroups receive appropriate tasks for completing the processing.

For more information about setting up job scheduler and a complete description of each transaction layout, see the Purchasing chapter in the *Financials Technical Reference*.

Tasks for Scheduled Processing

You can schedule the following processing tasks for adding invoices through Job Scheduler:

- Bulk copy the transactions
- Load the requisition transactions

Bulk Copy

Using Job Scheduler, you can set up jobs to copy files containing requisition transactions to the appropriate requisition transaction table.

After you set up the jobs, you can use them each time you want to process transactions from the same external sources.

For more information about using bulk copy, see the Purchasing chapter of the *Financials Technical Reference*.

Processing Requisition Transactions

Use the requisition transactions to format and submit requisitions for scheduled processing.

Types of Requisition Transactions

The following table shows the types of requisition transactions you can add through scheduled processing:

Use this transaction...	To add...
REQM	Requisition header information. You must add one REQM transaction for each requisition.
REQL	Requisition line information. You must add one REQL transaction for each requisition line.
REQC	Requisition comments. Optional.

Validation

Purchasing validates and edits information on the different requisition transactions just as it does information you enter on the views of the Requisition or Replenishment Requisition window.

If a requisition transaction satisfies all validation criteria, the scheduled process adds it to the requisition tables. If a transaction contains a key error, Purchasing rejects the transaction.

For other errors, Purchasing saves the requisition with an Incomplete status and adds the incomplete requisition to the requisition table. Purchasing enters zeros or spaces in fields containing invalid values so that no invalid information is added to the requisition table.

Processing Flow

The following table summarizes how Purchasing processes scheduled requisition transactions:

If the...	Then Purchasing...
Transaction is valid	■ Adds the completed requisition to the requisition tables and all integration tables ■ Removes the transaction from the transaction table ■ Sends a message that the requisition was added.
Transaction contains a key information error	■ Leaves the transaction on the transaction table ■ Sends a task to the designated person to correct the key information ■ Processes the corrected transaction during the next scheduled processing run.
Transaction contains a data error	■ Adds the requisition to the requisition tables with a status of Incomplete ■ Removes the transaction from the transaction table ■ Sends a message to the designated person that the requisition was added with a status of Incomplete.

Correcting Requisition Transactions

Purchasing validates and edits requisition information on the different transactions just as it does information you enter on the Requisition or Replenishment Requisition window.

You receive a task in your To Do List when the scheduled process finds an error. Purchasing does not complete processing for requisitions in error until you correct the information.

Key Information Errors

A key information error causes the scheduled process to reject the requisition transaction. When a key information error occurs, you receive a task in your To Do list to correct a key error.

After you correct the information, Job Scheduler processes the corrected requisition transaction during the next scheduled processing run.

Data Errors

If a requisition transaction contains a data error, Purchasing saves the requisition with a status of Incomplete. Because the scheduled process initializes incorrect fields to zeros or to spaces, it does not add any incorrect information to the requisition table. Correct the requisition and save it as complete.

Unprocessed Transactions

You cannot correct the following requisition transaction errors on windows:

- Invalid transaction type
- Requisition transactions containing requisition key information that does not match any valid requisition header transaction on the requisition table

When these errors occur, the scheduled process sends a message identifying the transaction that was not processed.

Options for Processing Unprocessed Transactions

When you set up the options for the requisition scheduled process, you specify whether to delete unprocessed transactions from the transaction table. If you choose to delete them, you specify the last date that you can delete them.

Correcting Unidentified Transactions

If you leave unprocessed transactions on the transaction table, you can use the Message Detail window to identify the transaction. You can then use this information and Microsoft Access to find the transaction on the transaction table.

For details on setting up the options for requisition scheduled processing, see the Purchasing chapter in the *Financials Technical Reference*.

Changing Requisitions

Before completion of the approval process, most requisition information can be changed. Even requisitions that have been rejected during approval can be changed and resubmitted for approval. If you want the approval process delayed until later, simply save the requisition as incomplete.

After a requisition completes the approval process, you can make only minimal changes to the information.

Changing Incomplete Requisitions

When you save a requisition with a status of Incomplete, it does not go through approval review. You can add and change information for incomplete requisitions as needed.

Changing Requisition Line Defaults

Purchasing uses certain values from the requisition header as defaults on the requisition line. You can change some of these values on an incomplete requisition line if you need to. Any changes you make apply to that requisition line only.

Changing the Requisition Header

When you change information in the requisition header, Purchasing does not apply the new default values to the requisition lines if you

- Save the requisition with a status of Incomplete and then change the header
- Change the default values on the line before you change the header.

Changing Approved Requisitions

After a requisition is approved, you can change only the following information:

- Comments
- Delivery instructions
- Description (only on the header)
- Funds Control Effective Date
- Reference

If you need to change other information, cancel the requisition line or cancel the requisition and add a new requisition with the correct information.

Managing Requisitions

You can cancel, close short, and delete requisitions and individual requisition lines.

Cancelling Requisitions

You can cancel a requisition or requisition line to prevent any further processing of a request that the buyer has not assigned to a purchase order or the stockroom has not issued.

You cannot cancel a requisition or requisition line if the buyer assigned part or all of the request to a purchase order, or if the stockroom issued part or all of the request. You cannot cancel a requisition or requisition line with a status of

- Assigned:Partial
- Assigned:Complete
- Issued:Partial
- Issued:Complete
- Issued:Short.

Closing Short Requisitions

You can close a requisition or requisition line before ordering or issuing the complete quantity to prevent any further processing of a request that the buyer partially assigned to a purchase order or the stockroom partially issued.

You cannot close short a requisition or requisition line if the buyer assigned the entire request to a purchase order, or if the stockroom issued the entire request from the stockroom or issued it short. You cannot close short a requisition or requisition line with a status of

- Assigned:Complete
- Issued:Complete
- Issued:Short.

Deleting Requisitions

You can delete a requisition or requisition line to remove it as a request. After a requisition or requisition line has a status of Open:Approved, you cannot delete it.

If you want to remove an approved request, you must either cancel it or close it short.

Approving Requisitions

You can require some or all of your requisitions to be approved before they can be ordered or issued.

Approval Policy

Approval policy consists of approval lists and approval workflow.

An *approval list* is a list of names of users or groups of users who must approve requisitions before you can send them to a buyer or stockroom.

Approval workflow is the set of conditions you set up in Workflow Workbench to identify requisitions that must be approved.

For information about setting up approval lists and approval workflow, see the Setting Up the Approval Process chapter in the *General Enterprise Setup* guide.

Adding an Approver to a List

To submit a requisition for approval to a person or workgroup that is not on the list, you can add approvers for a specific requisition after you save and forward the requisition for approval.

The additional approver applies **only** to that requisition. The original approval list defined in approval policy does not change.

How You Approve a Requisition

When you approve a requisition, you approve the whole document. You cannot reject specific requisition lines. You can, however, enter approval comments or cancel a requisition line.

The following table shows the approval process:

Stage	Description
1	Save a requisition with a Forward status.
2	Purchasing sends the task of approving the requisition to the approver or set of approvers with the lowest-level number.

Stage	Description
3	Each approver reviews and approves or rejects the requisition using the Requisition Approval window or the Requisition Approval Status window. If one approver rejects the requisition, Purchasing changes its status to Rejected and the approval process stops. Rejected requisitions can be changed and ▪ Saved with a status of **New: Rejected** ▪ Saved as incomplete with a status of **New: Incomplete** ▪ Resubmitted for approval by selecting Forward and then saved with a status of **New: Pending Approval**. Incomplete and rejected requisitions can be changed.
4	As the approver or approvers approve the requisition, Purchasing sends the task of approving the requisition to the next approver.
5	After all approvers approve the requisition, Purchasing changes its status to Approved and sends it to a buyer or stockroom manager. If required, funds checking is performed upon approval completion.

Requisition Approval Status

When you complete a requisition that meets the approval conditions set up in workflow, its status changes from Forward to Pending Approval. When the first approver approves the requisition, its status changes to In Approval. If an approver rejects the requisition, its status changes to Rejected.

After the approvers approve the requisition, Purchasing sends an informational message to a buyer or stockroom manager.

If SmartStream Funds Control is installed and funds checking is enabled for requisitions, an approved requisition can contain accounting distributions that have funds control exceptions. These lines cannot be attached to a purchase order or issued from a stockroom until the exceptions are resolved.

Changing an Approved Requisition

Only minimal changes can be made after the requisition approval process is complete. You can, however, cancel or close short any requisition line until a buyer assigns the full quantity requested to a purchase order, or the stockroom issues the entire quantity or issues it short.

Funds Control Integration

If you have SmartStream Funds Control installed and funds checking is enabled for requisitions, Purchasing calls Funds Control to determine the default funds control effective date and to verify that funds are available on that date for each accounting distribution that requires funds checking. If funds are available, processing proceeds as usual and Funds Control updates the associated funds control accounts.

Funds Exceptions

If funds are not available for any accounting distribution, Purchasing displays the funds exception indicator on the Main view of the Requisition or Replenishment Requisition window. Purchasing also indicates each line in exception on the accounting distribution views.

Purchasing sends an informational message to notify the requester of the funds exception and Funds Control sends a To Do message to the individual or workgroup assigned to resolve it.

Lines that have funds exceptions cannot be attached to a purchase order or issued from a stockroom until the exceptions are resolved. Processing continues for lines that pass funds checking.

Resolving Funds Exceptions

You can override (allow) funds exceptions in Funds Control. After all exceptions are overridden, Funds Control sends a To Do message to the requester to recheck funds. Processing completes when you select the Check Funds action on the requisition and no accounting distributions are found to be in exception.

You can also resolve funds exceptions by making certain changes to the requisition lines, such as changing the line's quantity, price, or unit of measure, and then rechecking funds.

When Funds Checking Occurs

Depending on your Funds Control policy, funds checking can occur at document entry time (when you forward and save the requisition), or it can occur at the completion of requisition approval.

Funds checking also occurs when you make changes that affect the accounting distributions or that result in changes to the total requisition amount.

Funds Control Effective Date

Each accounting distribution for a requisition line has a funds control effective date. This date determines the budget year and period when funds must be in the funds control account.

Default Funds Control Effective Date

The default funds control effective date is determined by Funds Control policy, where you can set it to be either the document entry date or the date the goods or services

are required. If Funds Control policy has not been defined, Purchasing uses the document entry date as the default. You can change this date on the accounting distributions, if needed.

Changing the Date Needed

If you choose to use the required date as the default funds control effective date and change the date needed (required date) on the requisition line, the funds control effective date also changes--unless you changed it previously. Purchasing does not change this date if you entered it.

Funds Checking Option

When you determine whether you will perform funds checking for requisitions in Funds Control policy, you also determine whether you will perform funds checking for requisitions that you add online, offline, or both.

5 Processing Purchase Orders

Chapter Contents

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About Purchase Orders

A purchase order can be a request for goods and services, a request for pricing information, or other contractual agreements such as blanket orders.

Buyer Processing

Buyers use purchase orders to purchase the items on a requisition from a vendor only one time or on a regular schedule. When you add a purchase order, you can perform the following tasks:

- Add basic purchase order header information
- Add and maintain purchase order lines
- Override header and line detail policy defaults
- Attach requisitions lines

- Add purchase order releases from blanket orders
- Manage vendor and vendor item information.

Types of Purchase Orders

SmartStream Purchasing processes two types of purchase orders.

Type	Description
Purchase order	Document that contains items or vendor information and delivery instructions. It can have attached requisitions, but it is not associated with a blanket order. A purchase order that has no attached requisitions or purchase order releases is sometimes called a *direct purchase order.*
Purchase order release	Document that contains items or vendor information and delivery instructions and references a blanket order. The blanket order information serves as the defaults for the purchase order release. It can have attached requisitions.

Blanket Orders

A blanket order is a contractual agreement between your enterprise and a vendor. It is associated with specific buyers in Purchasing and describes the terms and conditions of the agreement. The following types of blanket orders are available in Purchasing:

This type of blanket order...	Depends on the...
Quantity	Number of items purchased from a vendor.
Amount	Monetary amount for items purchased from a vendor.
Date	Expiration date for the agreement with the vendor.

How You Add a Purchase Order

When you add a purchase order, you enter information about the purchase order and make decisions that control how Purchasing processes it.

You can add a purchase order using a Purchasing window or using the Purchase Order Load scheduled process. For more information about scheduled processing, see the Purchasing chapter in the *Financials Technical Reference*.

The Process

The following table describes the process for adding a purchase order:

Stage	Description
1	Enter the purchase site, purchase order number, buyer, vendor, project (if needed), and choose items, vendor items, or requisition lines on the Main view of the Purchase Order window.
2	Enter or override shipping and freight information, sending method, and discount percentage on the Document Detail view, if needed.
3	Review tax defaults on the Document Tax view. Override if needed.
4	Enter or override the quantity, discount percentage, and price information on the Document Line Detail view, if needed.
5	Enter or override the ship-to site, ship-to identifier, quantity, and required date for each line on the Document Scheduled Lines view, if needed. You can attach requisition on this view.
6	Enter or override scheduled line information to define the delivery of items in more detail on the Line Schedule Detail view.
7	Display or remove requisition lines on the Attached Requisitions view, if needed.
8	Review tax defaults on the Line Schedule Tax view. You can override this information as needed.
9	Review defaults and override accounting distribution information on the Accounting Distribution view, as needed.
10	Save the purchase order. Purchasing forwards the purchase order for approval, funds checking, and project journal creation, if required.
11	Send the purchase order.

Approval

When you add a purchase order, if it meets the approval conditions set up in workflow, Purchasing routes it through the approval process before sending it to a vendor.

If you have SmartStream Funds Control installed and funds checking is enabled for purchase orders, you cannot send purchase orders that have accounting distributions with funds control exceptions. You must first resolve the exceptions.

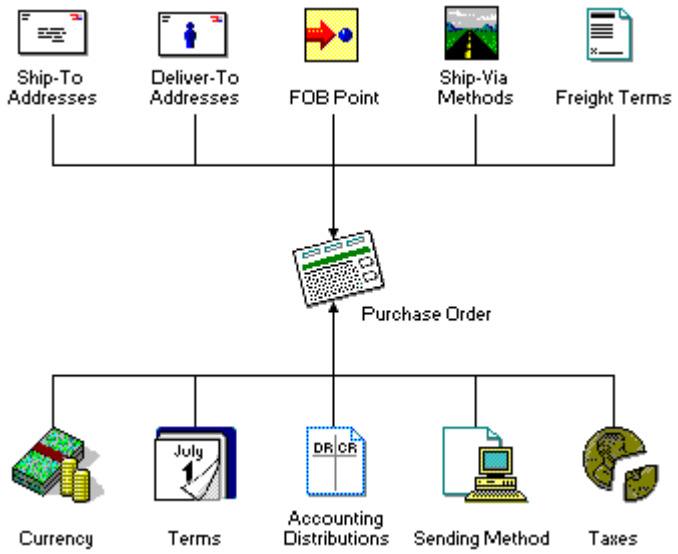
Purchase Order Information

Purchase orders contain the following types of information:

- Line
- Line schedule
- Attached requisition
- Tax
- Accounting distribution
- Comments
- Standard phrases

Default Information

When you add a purchase order, Purchasing automatically provides some purchase order information as defaults. This default information comes from various policy components as shown in the following diagram:



You can choose not to define defaults for some policy components.

Sources of Purchase Order Defaults

Default information for a purchase order comes from the following SmartStream components:

- Buyer
- Funds Control policy

- Item
- Payable Entity policy
- Purchase Entity policy
- Projects
- Requester
- Requisition
- Site
- Stockroom
- Vendor
- Vendor item

Default information can also come from a blanket order.

Processing Sequence for Defaults

Purchasing searches for default information in the policies in a specific sequence. Default information for one policy has priority over defaults from other policies.

Defaults from the Buyer

The default information for the purchase entity comes from the buyer.

Defaults from Purchase Entity Policy

The following default information comes from purchase entity policy:

- Payable entity
- Ship-to address

Defaults from Payable Entity Policy

Default information for transaction currency comes from payable entity policy.

Defaults from the Requester

The following default information comes from the requester:

- Accounting distributions
- Deliver-to address
- Requester identifier
- Ship-to address

Default from the Site

Default information for the accounting distributions comes from the site.

Default from the Stockroom

Default information for the accounting distributions comes from the stockroom.

Defaults from the Vendor

The following default information comes from the vendor:

- Accounting distributions
- FOB
- Freight terms
- Matching control
- Sending method
- Ship-via identifier
- Terms
- Transaction currency

The following default information comes from the vendor for Intrastat reporting:

- Country of consignment
- Nature of transaction
- Presumed mode of transport
- Regime

Defaults from the Item

The following default information comes from the item:

- Description
- International commodity identifier
- Net mass
- UOM

Defaults from the Vendor Item

The following defaults come from the vendor item:

- Country of origin
- Description
- International commodity identifier
- Manufacturer and manufacturer item (if applicable)
- Net mass
- Unit price
- UOM

Defaults from the Blanket Order

The following default information comes from the blanket order:

- Buyer identifier
- Currency
- FOB
- Miscellaneous charge amount
- Payable entity
- Purchase entity
- Ship-to address
- Ship-via identifier
- Terms
- Vendor identifier
- Vendor location

Defaults from Projects

The following default information comes from SmartStream Projects:

- Accounting distribution
- Funds Checking option

Default from Funds Control

The funds control effective date option is determined by SmartStream Funds Control policy.

Header Information

The purchase order header contains information that applies to the entire purchase order. You must complete the purchase order header before performing other tasks on the purchase order.

Detail Information

You can enter or override detailed information about the entire purchase order, such as shipping information, additional charge, sending methods, and discounts.

Matching Control

You can perform three-way matching with SmartStream Payables and SmartStream Receiving if you specified how to match purchase orders to their associated invoices and receipts when you set up the payables information for each of your vendors. This

matching control indicator serves as a default for each purchase order you enter for a vendor.

Scheduled Processing

After sending purchase orders, entering invoices, and receiving goods from your vendors, you run the *matching scheduled process*. This process matches the information on your purchase order line schedules with their associated invoice lines and receipts. The result of the matching process determines whether Payables can generate a payment for the vendor in the next payment run.

Evaluated Receipt Settlement (ERS) Process

You can use ERS to process payments for a vendor if you selected the ERS matching control in the vendor's policy. The scheduled ERS process enables you to bypass entering invoices for the vendor. This process identifies receipts for goods from ERS vendors and automatically generates invoice transactions from the information on the receipt details. Payables includes these transactions during the next invoice load scheduled process, and the electronically generated invoices go through the matching process with any manually entered invoices.

If you send a purchase order to an ERS vendor and you decide to process the purchase order through the normal process of entering an invoice manually, you can change the default matching control on the purchase order from ERS to the regular three-way document match. You can make this change anytime before sending the purchase order.

Example

You negotiate an agreement with vendor A to purchase 100 boxes of paper for laser printing and copying once each month, at a price of 500 USD per purchase. You agree to match the information on the receipt for each load of paper to the associated purchase order without requiring an invoice to be entered manually.

When you define the payables policy information for vendor A, you specify the ERS matching control, which is a default for all purchase orders for Vendor A.

You decide to purchase a desk from vendor A, but your ERS agreement does not cover this item. When you enter the purchase order for the desk, you change the matching control default from ERS to PO/Invoice/Receipt. Vendor A sends you an invoice for the desk, you enter a receipt when the desk arrives, and the matching scheduled process matches the three documents as usual.

Approval

After you enter a purchase order, you can change any default information you want, then save the purchase order. Purchasing determines whether the purchase order meets the conditions for approval set up in workflow. If so, Purchasing displays the approval identifier. You cannot change this identifier.

Purchase Order Lines

Purchase order lines contain information about items ordered, delivery schedules, and taxes.

Adding Purchase Order Lines

You can add lines to a purchase order by entering the values, by selecting items from your item or vendor item catalog, by selecting items or vendor items from site catalogs, or by attaching requisition lines.

Types of Items

Purchasing refers to all goods and services as items. You can enter the following basic types of items on a purchase order line:

Type	Description
Item	Any product or service available at the site.
Vendor item	A specific service or item of goods that a vendor sells. Vendor items can be cataloged or uncataloged.
Description-only item	A specific service or item that does not have an identifier.

Supplies Management

If Supplies Management is installed, you can add stocked and stocked, expensed items, as well as nonstocked items. If you select the expense indicator for a stocked item, the item is treated as an expense item for the purchase.

You can also enter consignment items if Supplies Management is installed. Consignment items are stocked items and are treated the same as other stocked items.

Rules for Entering Items and Vendor Items

The following table lists the rules that apply when you select or enter items or vendor items:

If you select...	Then the...
Items	■ Purchase site of the item must be the same as the purchase order site ■ If the vendor locations match, vendor item information serves as the default for some values if a vendor item is cross-referenced to the selected item
Vendor items	■ Vendor item must be defined for the purchase site, vendor, and location ■ Primary unit of measure is the default ■ Entry date of the purchase order determines the effective date of the price to use ■ Item information becomes the default if an item is cross-referenced to the selected vendor item ■ Manufacturer information becomes the default, if applicable

Default Line Information

When you choose items, default values for the line appear. The default values depend on the type of item you select.

For the description and UOM, if you select...	Purchasing displays default information from the...
A vendor item or an item **cross-referenced** to an active vendor item	Vendor item.
An item **not cross-referenced** to an active vendor item	Item.

Line Detail Information

You can enter or override information about individual lines such as discounts and vendor item information.

Discount Price and Percentage

If you enter a discount percentage on the header, it applies to all the purchase order lines. If you enter a discount percentage on the line, Purchasing recalculates the discount price.

Line Schedule Information

You can divide an individual purchase order line into multiple delivery dates and locations.

A line schedule determines the dates, quantities, and locations for delivering the line item. As you add each new line, Purchasing adds a line schedule.

Shipping to Multiple Sites

You can process purchase orders at one site and deliver the goods to other sites. Use the ship-to site on the line schedule to allow the receipt of goods at a site other than the purchase site.

If you are using a ship-to site, it must be associated with the item and assigned as a participating site for a vendor item. If you change the ship-to site, all default information is removed.

Example

You have one line schedule with the same ship-to site and required date for 30 personal computers. You need to deliver 10 each to ATL1, ATL2, and ATL3. You add the other scheduled lines as follows:

Ship-To Site	Ship-To Address	Quantity	Deliver-To Address
ATLA	ATL1	10	BLDG4
ATLA	ATL2	10	BLDG4
ATLA	ATL3	10	BLDG4

Deliver-To Address and Requester Information

If you attach requisitions to a line schedule, the deliver-to address and requester information come from the requisition line. You cannot override these values.

Tax Information

Purchasing uses default information from tax policy on the purchase order. You can override the defaults for the purchase order header or for a specific purchase order line.

Default Tax Information

You can define up to two tax defaults for a payable entity or a vendor to use as defaults for the purchase order header. When you add a purchase entity, you assign a payable entity to it.

A tax default consists of a combination of the following tax components:

- Tax rule
- Tax rate code
- Reclaimable code
- Freight tax rate
- Miscellaneous charge tax rate code
- Entity tax ID
- Entity tax exempt number

Partial Tax Defaults

You can define part of the default tax information for a vendor and part for a payable entity.

For example, if you define tax defaults to use when a purchase entity processes purchase orders from a particular vendor, you can define the default tax rule and tax rate for the vendor and define the default tax reclaimable code for the same tax rule for the payable entity associated with the purchase entity.

Active Dates and Expiration Dates

Tax rules, tax rates, and tax reclaimable codes have active dates and expiration dates. The purchase order date must fall between the active date and expiration date to use a particular rule, rate, or code.

Accounting Distribution Information

When you add a purchase order, Purchasing uses default values for some information. You can enter values if there are no defaults.

You must enter complete, valid accounting distributions on the purchase order if:

- You selected the option to require validation in the related purchase entity policy
- The matching control code on the purchase order is ERS
- SmartStream Projects project keys are entered on the purchase order line schedule
- SmartStream Funds Control is installed.

Purchase entity policy determines whether distributions are validated and which accounting key elements are required for the purchase order.

The following table shows accounting distribution requirements for different types of items:

For these items...	Enter accounting distributions for...
Expensed	Expenditure.
Stocked	Accounts payable clearance
	Purchase price variance.

Accounting Distribution Types

The following table shows the Purchasing accounting distribution types and where the default accounting distributions associated with them come from:

For this distribution type...	Accounting distributions can come from...
Expenditure	■ Requisition line ■ Site commodity ■ Vendor ■ Requester ■ Requisition entity ■ Site
Purchase Price Variance	■ Site commodity ■ Stockroom ■ Site
Accounts Payable Clearance	■ Stockroom ■ Site

If you attach requisition lines to a line schedule, you must have a separate expenditure distribution for each requisition line.

If the item on the line schedule is a stocked item and the expense indicator on the line is not selected, the line schedule must have a purchase price variance distribution and an accounts payable clearance distribution.

Standard Phrases

You can assign standard phrases to the purchase order header and lines. The standard phrases appear on the purchase order when you send it to the vendor.

Attaching Requisitions

When you *attach requisitions* you select requisition lines from approved requisitions to add to a purchase order line or line schedule. You can attach requisition lines to

- Add a new purchase order line
- Add a new line schedule
- Combine requisition lines with an existing purchase order line
- Combine requisition lines with an existing line schedule.

You attach requisition lines to the purchase order using the Select Requisition Line action on the Purchase Order window or using the Requisition-to-Purchase Order scheduled process. To be eligible for selection, requisition lines must have a status of Open:Approved or Assigned:Partial and the request must be a purchase request.

You can view lines attached to a requisition using the View Attached Purchase Orders action.

Requisition lines that have accounting distributions with funds control exceptions cannot be attached to a purchase order. You must first resolve the exceptions.

Rules for Combining Requisition Lines

Several rules apply when selecting requisition lines using the Purchase Order window.

Combining onto the Current Line

The following rules apply when combining requisition lines onto the current line when on the Main view or Scheduled Lines view of the Purchase Order window:

- If the purchase order line and requisition line both reference an item, the items must match to be combined on the same purchase order line.
- If the purchase order line does not reference an item and the requisition line does, the requisition line cannot be combined onto the purchase order line.
- If the purchase order line references a stocked or stocked, expensed item and the requisition line does not reference that item, the requisition line cannot be combined onto the purchase order line.

Combining Across Lines When on the Scheduled Lines View

The above rules also apply when combining requisition lines across lines when on the Scheduled Lines view.

Combining Across Lines When on the Main View

The following rules apply when the requisition line references an item:

- If a matching item is found on the purchase order line and the requisition line does not reference a vendor item, the requisition line is attached to the purchase order line.

- If a matching item is found on the purchase order line and the requisition line references a vendor item for a different vendor location than the vendor location on the purchase order, the requisition line is attached to the purchase order line.
- If a matching item is found on the purchase order line and the requisition line references a vendor item for the same vendor location as the vendor location on the purchase order, and the vendor item on the requisition line and the purchase order line match, the requisition line is attached to the purchase order line.
- If no matching item is found, or if a matching item is found but the vendor item on the requisition line and the purchase order line do not match, a new line is created using the item and, if referenced, vendor item, from the requisition line.

If the requisition line references a vendor item but not an item and the vendor locations on the requisition line and the purchase order match

- If a matching vendor item is found, the requisition line is attached to the purchase order line.
- If no matching vendor item is found, a new line is created using the vendor item from the requisition line.

If the requisition line references a vendor item but not an item and the vendor location does not match the vendor location on the purchase order, you can create a description-only item on the purchase order line using the description from the requisition line or you can reject the requisition line.

If the requisition line references a description-only item or an uncataloged vendor item a new purchase order line is created. The price from the requisition line is used on the purchase order line if the currency on the requisition line and purchase order line match.

Scheduled Processing

The Requisition-to-Purchase Order scheduled process attaches approved requisition lines to purchase order lines.

Requisition lines that have accounting distributions with funds control exceptions cannot be attached to a purchase order. You must first resolve the exceptions.

Requisition-to-Purchase Order Scheduled Process

When Purchasing processes requisition lines, it tries to attach them to purchase order lines and purchase order releases with a status of New:Incomplete.

Purchasing compares the information on the requisition line with the information on the purchase order. If it finds a match, it attaches the information from the requisition line to the purchase order line. If it does not find a match, it generates a new purchase order line or rejects the requisition line.

Purchase Order Line Schedules

The Requisition-to-Purchase Order scheduled process attaches the requisition lines to existing line schedules or adds new line schedules. If Purchasing cannot attach requisition lines to line schedules, it rejects them.

For more information about the Requisition-to-Purchase Order scheduled process, see Requisition-to-Purchase Order Scheduled Processing in the Purchasing chapter of the *Financials Technical Reference*.

Scheduled Processing for Purchase Orders

You can use a scheduled process to enter multiple purchase order transactions from an external file. Use the transaction layouts provided to build a text file containing all your purchase order transactions. You then use the bulk copy feature to submit the file through Job Scheduler. As Purchasing processes the transactions, users and workgroups receive appropriate tasks for completing the processing.

For details on setting up the job scheduler and a complete description of each transaction layout, see the Purchasing chapter in the *Financials Technical Reference*.

Tasks for Scheduled Processing

You can schedule the following processing tasks for adding invoices through Job Scheduler:

- Bulk copy the transactions
- Load the purchase order transactions

Bulk Copy

Using Job Scheduler, you can set up jobs to copy files containing purchase order transactions to the appropriate purchase order transaction table.

After you set up the jobs, you can use them each time you want to process transactions from the same external sources.

For more information about using bulk copy, see the Purchasing chapter in the *Financials Technical Reference*.

Processing Purchase Order Transactions

Use the purchase order transactions to format and submit requisitions for scheduled processing.

Types of Purchase Order Transactions

The following table shows the types of purchase order transactions you can add through scheduled processing:

Use this transaction...	To add...
POHR	Purchase order header information. You must add one POHR transaction for each purchase order.
POLN	Purchase order line information. You must add one POLN transaction for each purchase order line.
POLS	Purchase order line schedule information.

Validation

Purchasing validates and edits information on the different purchase order transactions just as it does information you enter on the views of the Purchase Order window.

If a purchase order transaction satisfies all validation criteria, the scheduled process adds it to the purchase order tables. If a transaction contains a key error, Purchasing rejects the transaction.

For other errors, Purchasing saves the purchase order with an Incomplete status and adds the incomplete purchase order to the purchase order table. Purchasing enters zeros or spaces in fields containing invalid values so that no invalid information is added to the purchase order table.

Processing Flow

The following table summarizes how Purchasing processes scheduled purchase order transactions:

If the...	Then Purchasing...
Transaction is valid	■ Adds the completed purchase order to the purchase order tables and all integration tables ■ Removes the transaction from the transaction table ■ Sends a message that the purchase order was added.
Transaction contains a key information error	■ Leaves the transaction on the transaction table ■ Sends a task to the designated person to correct the key information ■ Processes the corrected transaction during the next scheduled processing run.
Transaction contains a data error	■ Adds the purchase order to the purchase order tables with a status of Incomplete ■ Removes the transaction from the transaction table ■ Sends a message to the designated person that the purchase order was added with a status of Incomplete.

Correcting Purchase Order Transactions

Purchasing validates and edits purchase order information on the different transactions just as it does information you enter on the Purchase Order window.

You receive a task in your To Do List when the scheduled process finds an error. Purchasing does not complete processing for purchase orders in error until you correct the information.

Key Information Errors

A key information error causes the scheduled process to reject the purchase order transaction. When a key information error occurs, you receive a task in your To Do list to correct a key error.

After you correct the information, Job Scheduler processes the corrected purchase order transaction during the next scheduled processing run.

Data Errors

If a purchase order transaction contains a data error, Purchasing saves the purchase order with a status of Incomplete. Because the scheduled process initializes incorrect fields to zeros or to spaces, it does not add any incorrect information is added to the purchase order table. Correct the purchase order and save it as complete.

Unprocessed Transactions

You cannot correct the following purchase order transaction errors on windows:

- Invalid transaction type
- Purchase order transactions containing purchase order key information that does not match any valid purchase order header transaction on the purchase order table

When these errors occur, the scheduled process sends a message identifying the transaction that was not processed.

Options for Processing Unprocessed Transactions

When you set up the options for the purchase order scheduled process, you specify whether to delete unprocessed transactions from the transaction table. If you choose to delete them, you specify the last date that you can delete them.

Correcting Unidentified Transactions

If you leave unprocessed transactions on the transaction table, you can use the Message Detail window to identify the transaction. You can then use this information and Microsoft Access to find the transaction on the transaction table.

For more information about setting up the options for purchase order scheduled processing, see the Purchasing chapter in the *Financials Technical Reference*.

Approving Purchase Orders

You can require some or all of your purchase orders to be approved before they can be sent to a vendor.

You can use the approval process for new and open purchase orders and change orders entered online and through the Requisition-to-Purchase Order scheduled process. You cannot use the approval process for purchase orders entered through the Purchase Order Load scheduled process.

Approval Policy

Approval policy consists of approval lists and approval workflow.

An *approval list* is a list of names of users or groups of users who must approve purchase orders before you can send them to a vendor.

Approval workflow is the set of conditions you set up in Workflow Workbench to identify purchase orders that must be approved.

For information about setting up approval lists and approval workflow, see the Setting Up the Approval Process chapter in the *General Enterprise Setup* guide.

Adding an Approver to a List

To submit a purchase order for approval to a person or workgroup that is not on the list, you can add approvers for a specific purchase order after you save and forward the purchase order for approval.

The additional approver applies **only** to that purchase order. The original approval list defined in approval policy does not change.

How You Approve a Purchase Order

When you approve a purchase order, you approve the whole document. You cannot reject specific purchase order lines. You can, however, enter approval comments or cancel a purchase order line.

The following table shows the approval process:

Stage	Description
1	Save an online purchase order **or** Add a new release through the Requisition-to-Purchase Order scheduled process, with your Allow Auto Forward for Approval option set to yes.
2	Purchasing sends the task of approving the purchase order to the approver or set of approvers with the lowest-level number.

Stage	Description
3	Each approver reviews and approves or rejects the purchase order using the Purchase Order Approval window, the Purchase Order Approval Status window, or To Do List Task Details. If one approver rejects the purchase order, Purchasing changes its status to Rejected and the approval process stops. The approver can approve a rejected purchase order at a later time, and the approval process starts again where the purchase order was rejected.
4	After all approvers at one level approve the purchase order, Purchasing sends the task of approving the purchase order to the next level. If required, funds checking is performed upon approval completion.

Purchase Order Approval Status

When you complete a purchase order that meets the approval conditions set up in workflow, its status changes. As it goes through the approval process, the status changes to show the state of the approval.

For a description of the different statuses, see Status.

If SmartStream Funds Control is installed and funds checking is enabled for purchase orders, an approved purchase order can contain accounting distributions that have funds control exceptions. These purchase orders cannot be sent to a vendor until the exceptions are resolved.

Sending Purchase Orders

When you finish adding purchase orders, you send them to a vendor. You can process purchase orders using a scheduled process that you start after selecting purchase orders to send.

The Process

The following table shows the stages for sending purchase orders:

Stage	Description
1	Select the purchase orders and releases to send.
2	Extract and update ■ Purchase order tables ■ Statistics ■ Activity records for output ■ Purchase order annals ■ Scheduled receipt information
3	Produce the purchase order in one of the following formats: ■ Facsimile ■ EDI ■ Print.

Selecting Purchase Orders and Releases to Send

You can select and send purchase orders that have a status of Open, Change Order:Pend, or Cancel:Pend.

Purchase Orders with Project Journals

If a purchase order has project keys on a line schedule, Purchasing creates a project journal when the purchase order is approved. If any project on the purchase order requires funds checking with errors, the purchase order cannot be sent until the journal is posted.

For information on posting project journals, see Projects Posting Process (fpjc7000) in the Projects chapter of the *Financials Technical Reference*.

All purchase order project journals are posted to the Commitment amount class. When matched to an invoice, the commitment is relieved.

Funds Control Exceptions

If you have SmartStream Funds Control installed and funds checking is enabled for purchase orders, you cannot send purchase orders that have accounting distributions with funds control exceptions. You must first resolve the exceptions.

Automatically Selecting to Send Purchase Orders

If you chose the option for the purchase entity, and if there is no hold on ordering from the vendor, Purchasing can automatically select to send to vendors any purchase orders that meet the following conditions:

- If it requires approval, it has been approved.
- If it requires SmartStream Projects funds checking, it has been posted by Projects.
- If it requires SmartStream Funds Control funds checking, it has no funds control exceptions.

Resending Purchase Orders

Occasionally you need to resend a purchase order. You can resend only orders that have a status of Sent or Cancelled.

Cancelling Outbound Purchase Orders

You can cancel orders that you have previously selected to send to vendors. When you cancel a purchase order with a status of Outbound, Purchasing cancels the send action. It does not remove the purchase order from Purchasing.

The following table shows the result of cancelling orders with different statuses:

If you cancel an order with this status...	The status changes to...
Out	Open:Approved.
Chg Ord:Out	Change Order:Approved.
Cancel:Out	Cancel:Pend.

Placing Purchase Orders on Hold

An On Hold status indicates that the Requisition-to-Purchase Order scheduled process attached a requisition line to a line schedule with invalid conditions. The On Hold status applies only to the purchase order line and line schedule.

Invalid Conditions

A status of On Hold appears on the purchase order line and line schedule as a result of the following conditions:

- Purchase entity requires validation of accounting key, and the accounting key elements on the requisition line are not valid or are not present.
- Purchase order line schedule quantity is a fractional quantity (nondiscrete) and the line schedule UOM is a whole number quantity (discrete).

Processing with an On Hold Status

Purchasing processes purchase order lines and line schedules with a status of On Hold differently. The following table shows the processing conditions for an On Hold status:

You can...	You cannot...
Add new line schedules to a line with a status of On Hold.	Send purchase order lines with a status of On Hold to a vendor. You can send the remaining purchase order lines that are not on hold.
Change purchase order line and line schedule information.	Receive goods associated with the purchase order lines and line schedules on hold.
Delete purchase order lines or line schedules with a status of On Hold.	Generate an invoice for purchase order lines and line schedules on hold.

Removing On Hold Status

After you review the lines with a status of On Hold and resolve the problem, you can remove the On Hold status. The line schedule status changes to Open. If the purchase order lines were sent, the status changes to Change Order:Pending.

Changing Purchase Order Information

You can change the purchase order information under certain conditions.

Changing Purchase Order Lines

If the purchase order line has a status of New and you change the vendor item or item, Purchasing removes the values for all associated lines, line schedules, taxes, accounting distributions, and attached requisition lines.

The following table shows the changes you can make to line information under certain conditions:

If...	Then...
The line status is Open	You can add new line schedules. You cannot change the following information: ■ Item ■ Unit of measure ■ Service indicator ■ Vendor item ■ Short description
A purchase order line has more than one line schedule	You cannot change the UOM or quantity.
Requisitions are attached	You cannot change the quantity.
The status is Closed	You cannot change the line.

Changing Line Schedules

The following table shows changes you can make to the line schedule information:

If...	Then...
The line status is Open	You cannot change the: ■ Purchase site ■ Ship-to site ■ Ship-to identifier ■ Required date ■ Requester identifier.
The line schedule has one of the following statuses: ■ A status of Sent ■ A receipt status of Received:Open or Received:Partial ■ An invoice status of Invoices:Open or Invoice:Partial	You can change the quantity if the quantity is more than either the receipt or invoice quantity (whichever is greater).
The line status is Sent and the purchase order has attached requisitions	You cannot change the quantity.
The status is Sent and the purchase order has no receipt or invoice activity	You can remove attached requisitions.

Changing Purchase Orders After Sending Them

After you send a purchase order, you can change the purchase order. The purchase order header and line status changes to Change Order:Pending if you change the following information:

- Contract number
- Price (if the purchase order does not reference a blanket order or Purchasing has not entered receipt and invoice activity)
- Discount percentage (if Purchasing has not entered receipt and invoice activity for the purchase order)
- Quantity
- Manufacturer
- Manufacturer item number
- Trade-in amount

Adding new line schedules and changing line schedules that result in price change also change the status for the purchase order to Change Order:Pending.

Promised Information

If the vendor changes commitments about an order, you can change the following information:

- Promised date
- Promised price
- Promised quantity
- Promised unit of measure

Note: If the promised quantity is more than zero, you cannot change it to zero.

If the date you need the goods or services delivered to you changes, you can enter the revised required date.

Cancelling Purchase Orders

When you cancel purchase orders, you remove active purchase orders from Purchasing. The purchase order is sent to the vendor as a cancellation notice and the purchase order header status is changed to Cancel:Pending.

Rules for Cancelling Purchase Orders

If you choose to cancel the entire purchase order, the

- Purchase order must have a status of Sent
- Lines and line schedules status must be either Sent or New
- The invoice or receipt activity on the lines or line schedule must have a status of Cancelled.

Rules for Cancelling a Purchase Order Line

If you choose to cancel purchase order lines, the

- Line status must be Sent or New
- Invoice or receipt activity on the line or line schedule must have a status of Cancelled.

Rules for Cancelling a Line Schedule

If you choose to cancel line schedules, the

- Line schedule status must be Sent or New
- Invoice or receipt activity on the line schedule must have a status of Cancelled.

Cancelling Purchase Order Lines with Attached Requisitions

If you need to cancel purchase order lines and requisition lines are associated with a line schedule, decide how to dispose of the requisition lines. Purchasing provides the option to reopen the requisition line.

If you reopen the requisition line, you can order the requisition line quantity that was assigned to the purchase order on a different purchase order. If you do not reopen the requisition line, you cannot order the requisition line quantity

Deleting Purchase Orders

You can delete a purchase order that has a status of Open or New. When you delete a purchase order, Purchasing deletes the following information:

- Header
- Header comments
- Purchase order lines
- Line comments
- Line schedules
- Attached requisition lines (Purchasing removes the requisition lines and updates the requisition status.)
- Accounting distributions
- Purchase order releases (Purchasing recalculates blanket order quantities and amounts.)
- Standard phrases

Deleting Purchase Order Lines

You can delete purchase order lines that have a status of New, Open, or On Hold. When you delete a purchase order line, Purchasing deletes the following information:

- Line schedules
- Accounting distributions
- Comments
- Line schedule tax
- Standard phrases

Attached Requisitions

If you delete a purchase order line that has an attached requisition, Purchasing returns the attached requisition line to its previous status and decreases the quantity ordered so that you can attach the requisition line to a different purchase order line.

After deleting purchase order lines with a status of Open, you must save the purchase order for the update to occur.

Deleting Line Schedules

You can delete purchase order line schedules with the following conditions:

- The status is New, Open, or On Hold.
- The matched invoice that references the purchase order line schedule has a status of Cancelled.

Attached Requisitions

If you delete a line schedule with an attached requisition, Purchasing returns the attached requisition line to its previous status and decreases the quantity ordered so that you can attach the requisition line to a different purchase order.

After deleting a line schedule with a status of Open, you must save the purchase order for the update to occur.

Closing Purchase Orders

Occasionally, you might need to close purchase orders that cannot be closed through standard Purchasing processing. For example, you have a zero amount purchase order for which you received goods that will not be invoiced, or you have a purchase order whose invoiced and received quantities are different, but you are not expecting any further processing. You want to close the purchase order so that you can archive it, but Purchasing does not close a purchase order that is not fully invoiced or that has different invoiced and received quantities.

Using the **Close Purchase Order** action on the Purchase Order window, you can bypass most of the current processing rules and close these purchase orders that will never automatically close.

Rules for Using This Action

You can use the Close Purchase Order action to close only purchase orders with a status of **Sent**. You cannot use it to close line schedules that

- Have no receipt or invoice activity (cancel these line schedules instead)
- Reference stocked items
- Are referenced on open invoices.

Close Purchase Order Processing

Choosing this action closes all eligible line schedules and lines associated with the purchase order and then closes the purchase order.

After you choose the Close Purchase Order action and save the change, you cannot reverse it. To reopen the purchase order, you must reverse the receipt activity or delete or cancel matched invoices.

Funds Control Integration

If you have SmartStream Funds Control installed and funds checking is enabled for purchase orders, Purchasing calls Funds Control to determine the default funds control effective date and to verify that funds are available on that date for each accounting distribution that requires funds checking.

If funds are available, processing proceeds as usual and Funds Control updates the associated funds control accounts.

Funds Exceptions

If funds are not available for any accounting distribution, Purchasing displays the funds exception indicator on the Main view of the Purchase Order window. Purchasing also indicates each accounting distribution in exception on the accounting distribution views.

Purchasing sends an informational message to notify the buyer of the funds exception and Funds Control sends a To Do message to the individual or workgroup assigned to resolve it.

Purchase orders that have funds exceptions cannot be sent to a vendor until the exceptions are resolved.

Resolving Funds Exceptions

You can override (allow) funds exceptions in Funds Control. After all funds exceptions are overridden, Funds Control sends a To Do message to the buyer to recheck funds. Processing completes when you select the Check Funds action on the Purchase Order window and no accounting distributions are found to be in exception.

You can also resolve funds exceptions by making certain changes to the purchase order lines, such as changing the line's quantity, price, or unit of measure, and then rechecking funds.

When Funds Checking Occurs

Depending on your Funds Control policy, funds checking can occur at document entry time or at the completion of purchase order approval.

Funds checking also occurs when you make changes that affect the accounting distributions or that result in changes to the total purchase order amount.

Funds Control Effective Date

Each accounting distribution for a purchase order line has a funds control effective date. This date determines the budget year and period when funds must be in the funds control account.

Default Funds Control Effective Date

The default funds control effective date is determined by Funds Control policy, where you can set it to be either the document entry date or the date the goods or services are required. If Funds Control policy has not been defined, Purchasing uses the document entry date. You can change this date on the accounting distributions, if needed.

Changing the Date Needed

If you choose to use the required date as the default funds control effective date and change the required date on the accounting distribution, the funds control effective date also changes--unless you changed it previously. Purchasing does not change this date if you entered it.

Funds Checking Option

When you determine whether you will perform funds checking for purchase orders in Funds Control policy, you also determine whether you will perform funds checking for purchase orders that you add online, offline, or both.

6 Processing Blanket Orders

Chapter Contents

6-1 About Blanket Orders and Blanket Order Lines
6-3 Adding Blanket Orders
6-5 Adding Blanket Order Lines
6-6 Managing Blanket Orders
6-7 Adding Purchase Order Releases

About Blanket Orders and Blanket Order Lines

A *blanket order* is a formal agreement between your enterprise and a vendor that states the terms and conditions for purchasing goods or services.

Blanket Order Types

SmartStream Purchasing processes three types of blanket orders. For each type of blanket order, you add some specific information, as described in the following table:

For this blanket order type...	You add the following information...
Amount	The amount of money you spend with a particular vendor.
Quantity	The maximum quantity of a specific item you buy from a particular vendor.
Date	The effective and expiration dates of the agreement.

Blanket Order Lines

A *blanket order line* is an attachment to a quantity blanket order. It specifies the item, the unit of measure (UOM), and the maximum quantity that you can order under the terms and conditions of the agreement.

Purchase Order Release

A *purchase order release* is a formal agreement that states the terms and conditions of a specific purchase releasing some of the items covered by a blanket order. After you add a blanket order, you can generate a purchase order release from the information on the blanket order using the Purchase Order window or the Requisition-to-Purchase Order scheduled process.

Approval

If you select the option for a purchase entity, Purchasing can automatically send releases for approval if they meet the conditions for approval.

Standard Phrases

Standard phrases are common information such as packing or shipping instructions, legal statements, special requirements, or other notices that you want to apply to a blanket order or blanket order line. You can assign standard phrases to a blanket order and to each blanket order line.

How You Add Blanket Orders and Blanket Order Lines

The following table lists the tasks you perform to add a blanket order and blanket order lines:

Stage	Description
1	Establish the terms and conditions of the agreement between you and the vendor.
2	Enter an identifier and description for the blanket order.
3	Select the purchase and payable policies you want Purchasing to use.
4	Enter the vendor and its location.
5	Determine the type of blanket order you want to add.
6	Enter the terms and conditions of the blanket order.
7	Enter the shipping and freight terms of the blanket order.
8	Assign blanket order standard phrases.
9	Define at least one blanket order line for all quantity type blanket orders.
10	Assign blanket order line standard phrases
11	Repeat steps 1 through 10 for each blanket order you define.

Adding Blanket Orders

You add blanket orders if you

- Make repetitive purchases for specific items or services or categories of items from the same vendor over a period of time
- Order standard materials or maintenance supplies that require numerous shipments
- Receive a more favorable price through volume commitments.

Purchase Entities

You must assign a purchase entity to each blanket order. A purchase entity controls how Purchasing generates and processes purchase orders. When Purchasing uses a blanket order linked to an entity to generate a purchase order release, the policies from that entity apply to the blanket order.

Because you can assign as many blanket orders as you want to a purchase entity, you can easily set up the same purchase order policies for multiple blanket orders.

Example 1

Your enterprise has four sites including its corporate headquarters. The corporate headquarters processes the purchasing requests for all the sites. You assign the same purchase entity to all blanket orders to meet the needs of your enterprise.

Example 2

Your enterprise has four sites including its corporate headquarters. Each site handles its own purchasing functions. You assign separate purchase entities to the blanket orders added at each site to meet the needs of your enterprise.

Payable Entities

You must assign a payable entity to each blanket order. A payable entity controls how Purchasing generates and processes payment requests for the items on the purchase order release.

Because you can assign as many blanket orders as you want to a payable entity, you can easily set up the same payment request policies for multiple blanket orders.

Example 1

Your enterprise has four sites including its corporate headquarters. The corporate headquarters processes the accounts payable functions for all the sites. You assign the same payable entity to all blanket orders to meet the needs of your enterprise.

Example 2

Your enterprise has four sites including its corporate headquarters. Each site processes its own accounts payable functions. You assign separate payable entities to the blanket orders added at each site to meet the needs of your enterprise.

Adding Different Types of Blanket Orders

The terms and conditions you can specify on the blanket order depend on the blanket order type you select.

Quantity Blanket Orders

With a quantity blanket order you can set a maximum number of specific items to purchase from a specific vendor. A quantity blanket order requires an effective date and a blanket order line for every item on the blanket order.

Processing Conditions

As you generate purchase order releases using the blanket order, Purchasing subtracts the quantity you order from the maximum quantity. After you reach the maximum quantity, you cannot issue another purchase order release for that item using the blanket order. You can, however, increase the maximum quantity on the blanket order line and reopen the blanket order line to issue a new purchase order release.

Amount Blanket Orders

With an amount blanket order you can set a maximum amount of money to spend for items or services provided by the vendor. Amount blanket orders require a maximum amount and an effective date.

Processing Conditions

As you generate purchase order releases using the blanket order, Purchasing subtracts the amount you spend from the maximum amount. After you reach the maximum amount, you cannot issue another purchase order release using the blanket order. You can, however, increase the maximum amount on the blanket order line and reopen the blanket order to issue a new purchase order release.

Date Blanket Orders

With a date blanket order you can specify the period during which the blanket order is valid. Date blanket orders require an effective date and an expiration date.

Processing Conditions

After the expiration date, you cannot issue another purchase order release using the blanket order. You can, however, change the expiration date and reopen the blanket order to issue a new purchase order release.

Effective and Expiration Dates

You cannot generate purchase order releases using a blanket order before its effective date or after its expiration date. All blanket order types require effective dates; only the date blanket order requires an expiration date.

If you enter an expiration date for a blanket order, you cannot generate a purchase order release using the blanket order after the expiration date. You can, however, change the dates to reopen the blanket order then issue a new purchase order release.

Adding Blanket Order Lines

You must attach at least one blanket order line to a quantity blanket order, and you can attach as many blanket order lines as you want. The vendor on each blanket order line must match the vendor on the blanket order.

You can enter one of the following types of items on a blanket order line:

Type	Description
Item	Any stocked or purchased product or service available at the site.
Vendor item	A specific service or item of goods that a vendor sells. Vendor items can be cataloged or uncataloged.
Description-only item	A specific service or item of goods that does not have an identifier.

Item Information Requirements

You enter different kinds of information for items depending on whether they are items, vendor items, or description-only items and are

- Cross-referenced to a vendor item
- Stored on the database.

Vendor Items Cross-Referenced to Items

When you enter an item, Purchasing searches for the vendor item that is cross-referenced to the item and uses the vendor item information as defaults for the blanket order line. You can cross-reference one or more vendor items to an item.

Preferred Vendor

If more than one vendor item is cross-referenced to the item, Purchasing uses the preferred vendor item information as defaults for the blanket order line. A *preferred vendor* is a vendor the buyer chooses to purchase a specific good or service from over all other vendors offering the same good or service.

Managing Blanket Orders

Any changes you make to a blanket order or a blanket order line apply only to purchase releases generated after the change, not existing purchase order releases.

Deleting Blanket Orders

You cannot delete a blanket order or a blanket order line after you use it to generate a purchase order. If you delete a blanket order, Purchasing removes it and all blanket order lines, comments, and line comments attached to it. It also removes all standard phrases associated with the blanket order and the blanket order lines.

Closing Short Blanket Orders

You can close short a blanket order or a blanket order line that you used to generate blanket order releases, if the blanket order has not expired. When you close a blanket order short, you also close any blanket order lines associated with it.

Cancelling Blanket Orders

You can cancel a blanket order or a blanket order line if the blanket order has not expired and if you did not use it to generate a purchase order release.

Reopening Blanket Orders

You can reopen closed and cancelled blanket orders that have not expired to generate new purchase order releases. You can also reopen closed and cancelled blanket order lines attached to blanket orders that have not expired. If you reopen a blanket order, you also reopen all blanket order lines, comments, and line comments attached to the blanket order.

Adding Purchase Order Releases

You review and select blanket orders for adding purchase order releases.

After you add a blanket order and its lines, if applicable, you can process requisition lines and generate purchase orders from the information on the blanket order and lines. These purchase orders are called *purchase order releases*.

You use the Purchase Order window or the Requisition-to-Purchase Order scheduled process to generate a purchase order release from the blanket order and its lines.

For more information on the Requisition-to-Purchase Order scheduled process, see the Purchasing technical information.

Updating Blanket Orders and Blanket Order Lines

When you generate a purchase order release, Purchasing updates the blanket order and its lines, if applicable, with the purchase order release information.

Example

An amount blanket order specifies that the maximum amount of money you can spend with vendor AAA is 3000 US dollars (USD). You generate purchase order releases using this blanket order for 1775 USD, so the remaining amount of money you can spend is 1225 USD.

You generate another purchase order release for 225 USD using the blanket order. Purchasing updates the blanket order and calculates the remaining amount as 1000 USD.

General Rules for Purchase Order Releases

The following rules apply to purchase order releases generated using any type of blanket order:

- Blanket order information overrides any purchase order information except the buyer identifier on the purchase order header. The buyer identifier you selected or entered for the purchase order overrides the buyer identifier on the blanket order.
- After you copy the blanket order information to the release, you can change only this information:
  - Ship via
  - Ship to
  - FOB
  - Freight terms
  - Terms

Specific Rules by Type of Blanket Order

The following rules apply to purchase order releases for specific types of blanket orders:

Type of Blanket Order	Rules
Amount	You can add new lines or line schedules for the purchase order release.
Date	■ You can add new lines or line schedules for the purchase order release. ■ Current date must be the same as or later than the effective date of the blanket order. ■ Current date must be the same as or earlier than the expiration date of the blanket order.
Quantity	■ After you save the purchase order release, you can add only new lines. Before saving the release, only requisition line selection is available. You cannot change any blanket line information except the quantity.
Quantity (with attached requisition lines)	If the order has attached requisition lines, these rules also apply: ■ If a line references an internal item, only requisition lines that reference the item are available to attach to the purchase order. ■ The UOM, the purchase order release line schedule, and the requisition line must have a conversion factor defined and have the same discrete option.

Adding Blanket Lines to a Release

You can add more blanket lines to a purchase order release after adding or sending it.

Unit Price

Purchasing uses the unit price from the blanket order line for the purchase order line, and you cannot override it. If the price is zero, Purchasing uses the price from the vendor item when you enter the quantity.

7 Purchasing Reports

Chapter Contents

7-1 About Purchasing Reports
7-2 Producing Reports
7-4 Purchase Order - Draft
7-5 Open Purchase Orders by Vendor Report
7-6 Past-Due Purchase Orders Report
7-7 Archive/Purge Reports

About Purchasing Reports

Purchasing provides the following types of reports to help buyer's track open and past due purchase orders and to maintain the purchasing database.

- Purchase Order - Draft
- Open Purchase Orders by Vendor
- Past-Due Purchase Orders
- Archive/Purge

Scheduling Reports

You can also use Job Scheduler to run one or more reports (other than archive/purge reports) on a regular basis, using options you define. For more information about scheduling reports, see the Purchasing technical information.

Producing Reports

Use the following activities to produce reports for Purchasing:

- Purchasing Reports - Reports Parameters
- Purchasing Archive/Purge Reporting

Purchasing Reports - Reports Parameters

To produce purchasing reports, choose Purchasing Reports - Report Parameters from your Activity List.

Purchasing displays the Remote Processing Server Login window. You must log on to the remote processing server to produce a report.

Selecting the Report

You can identify the report you want to run and the options for that report on the Purchasing Reports-Report Parameters dialog box.

Job Scheduler runs this report when scheduled by selecting the report option ID. You enter the options only once, save them, and later use the report option identifier to retrieve them.

Displaying the Report

You can also enter formatting options for the report. Use standard Microsoft Windows default settings or enter specific settings for the report.

Purchasing Archive/Purge Reporting

To produce online and printed purchasing archive/purge reports, choose Purchasing Archive/Purge Reporting from your Activity List and use the following procedure:

Step	Action
1	Select an archive/purge ID.
2	Select the archive/purge request for the archive/purge run whose results you want to display or print. **Result:** The report information is displayed.
3	To display statistics about the records processed, choose View Statistics from the Actions menu. To print the report, choose Print Report from the Actions menu.

Using Preview Reports

You can display or print report information for an archive/purge request run in preview mode or archive/purge mode. When you display or print report information for a request run in preview mode, you can review the report to determine whether you need to change the selection criteria or run parameters and then run the request again.

After you run an archive/purge request in archive/purge mode, the report information for the run of the request in preview mode is no longer available.

Messages

If no information is eligible for archiving, a message is displayed on the window. If the archive/purge process and request combination you select is not the most recent run, a message is displayed.

Purchase Order - Draft

Use the Purchase Order - Draft report to print a draft of a purchase order before you send it to the vendor. You can print drafts only of purchase orders that you have not submitted to the Extract and Update scheduled process for sending purchase orders.

Content

This report includes drafts of purchase orders that have the following statuses:

- Cancel Outbound
- Cancel Pending
- Change Order Outbound
- Change Order Pending
- Open
- Outbound

Open Purchase Orders by Vendor Report

Use the Purchase Orders by Vendor report to track all open purchase orders sent to vendors. This report sorts the purchase orders by buyer, purchase entity, and then by vendor.

Content

This report includes unfilled or partially filled purchase orders.

The report includes the following information:

- Buyer
- Date sent and required date
- Items ordered
- Number of days late
- Number of days open
- Purchase entity
- Purchase order number
- Quantity ordered and quantity received
- Requester
- Vendor

Past-Due Purchase Orders Report

Use the Past-Due Purchase Orders report to track all purchase orders and line schedules that are past due. This report sorts the purchase orders by buyer and purchase entity.

Content

The purchase orders included on this report are unfilled or partially filled and the required date has passed.

The report includes the following information:

- Buyer
- Date sent ad required date
- Items ordered
- Number of days late
- Number of days open
- Purchase entity
- Purchase order number
- Quantity ordered and quantity received
- Requester
- Vendor

Archive/Purge Reports

Use the online or printed archive/purge reports to list the information that will be or was archived and purged. The following types of reports are available after you run the archive/purge process in preview or archive/purge mode:

- Archive/Purge Preview
- Archive/Purge

You can produce each of these reports for the following types of information and archive/purge processes:

Type of Information	Archive/Purge Processes
Requisition	Archive Requisitions to History Archive Requisition History to Disk
Purchase order	Archive Purchase Orders to History Archive Purch Order History to Disk
Blanket order	Archive Blanket Orders to History Archive Blkt Order History to Disk
Item	Archive Items to History Archive Item History to Disk
Receipt	Archive Receipts to History Archive Receipt History to Disk
Return	Archive Returns to History Archive Return History to Disk

Requisition Archive/Purge Reports

These reports contain the following information:

- Descriptive information about the run of the archive/purge request
  - Identifier of the person who added the request
  - Identifier of the archive/purge request
  - Name of the archive/purge process
  - Date and time the request was run
  - Selection criteria
- Detailed information about each requisition that will be or was archived and purged:
  - Site

  - Requisition
  - Requester
  - Vendor
  - Location
  - Date last updated
  - Order type
- Archive/Purge statistics
  - For preview reports - the number of rows available before and after validation
  - For archive/purge reports - the number of rows processed from each table and the number of rows available before and after validation

Purchase Order Archive/Purge Reports

These reports contain the following information:

- Descriptive information about the run of the archive/purge request:
  - Identifier of the person who added the request
  - Identifier of the archive/purge request
  - Name of the archive/purge process
  - Date and time the request was run
  - Selection criteria
- Detailed information about each purchase order that will be or was archived and purged:
  - Site
  - Purchase order
  - Buyer
  - Purchase entity
  - Vendor
  - Location
  - Date last updated
- Archive/Purge statistics:
  - For preview reports - the number of rows available before and after validation
  - For archive/purge reports - the number of rows processed from each table and the number of rows available before and after validation

Blanket Order Archive/Purge Reports

These reports contain the following information:

- Descriptive information about the run of the archive/purge request:
  - Identifier of the person who added the request
  - Identifier of the archive/purge request
  - Name of the archive/purge process
  - Date and time the request was run
  - Selection criteria
- Detailed information about each blanket order that will be or was archived and purged:
  - Site
  - Blanket order
  - Buyer
  - Purchase entity
  - Vendor
  - Location
- Archive/Purge statistics:
  - For preview reports - the number of rows available before and after validation
  - For archive/purge reports - the number of rows processed from each table and the number of rows available before and after validation

Item Archive/Purge Reports

These reports contain the following information:

- Descriptive information about the run of the archive/purge request:
  - Identifier of the person who added the request
  - Identifier of the archive/purge request
  - Name of the archive/purge process
  - Date and time the request was run
  - Selection criteria
- Detailed information about each item that will be or was archived and purged:
  - Item

  - Item description
  - Commodity
- Archive/Purge statistics:
  - For preview reports - the number of rows available before and after validation
  - For archive/purge reports - the number of rows processed from each table and the number of rows available before and after validation

Receipt Archive/Purge Reports

These reports contain the following information:

- Descriptive information about the run of the archive/purge request:
  - Identifier of the person who added the request
  - Identifier of the archive/purge request
  - Name of the archive/purge process
  - Date and time the request was run
  - Selection criteria
- Detailed information about each receipt that will be or was archived and purged:
  - Site
  - Order type
  - Due-to-dock date
  - Order
  - Order line
  - Purchase site
  - Ship-to
  - Vendor
  - Location
- Archive/Purge statistics:
  - For preview reports - the number of rows available before and after validation
  - For archive/purge reports - the number of rows processed from each table and the number of rows available before and after validation

Return Archive/Purge Reports

These reports contain the following information:

- Descriptive information about the run of the archive/purge request:
  - Identifier of the person who added the request
  - Identifier of the archive/purge request
  - Name of the archive/purge process
  - Date and time the request was run
  - Selection criteria
- Detailed information about each return that will be or was archived and purged:
  - Site
  - Return
  - Return date
  - Return to
  - Return from
  - Vendor
  - Location
  - From stockroom
  - To stockroom
- Archive/Purge statistics:
  - For preview reports - the number of rows available before and after validation
  - For archive/purge reports - the number of rows processed from each table and the number of rows available before and after validation

8 Receiving Integration

Chapter Contents

8-1 About Receiving Integration
8-2 Line Schedule Receipt Statuses
8-3 Closing Purchase Order Lines Schedules Short

About Receiving Integration

When you send purchase orders for goods, you need a way to track the goods ordered. SmartStream Purchasing integrates and processes certain receiving information so that

- You can track your purchase orders and line schedules
- The matching process can use the purchase order line schedule receipt status.

Line Schedule Receipt Statuses

The following table lists the receipt statuses that can appear on a purchase order line schedule. These status are the result of processing receipts and returns.

The net quantity received is total quantity received minus any quantity returned.

Receipt Status	Description
Received:Partial	The net quantity received is less than the quantity ordered and not within the under-tolerance percentage.
Received:Short	The status was Received:Partial and you selected the Close Short to Receiving action on the Purchase Order window to close the purchase order line schedule. No more receipts can be processed for this line schedule.
Received:Open	The net quantity received is zero.
Received:Complete	The net quantity received is within the under-tolerance percentage or is equal to or more than the quantity ordered.

Closing Purchase Order Lines Schedules Short

Occasionally a vendor ships fewer goods than you ordered and you want to close the associated purchase order line schedules short.

Using the Action

You can close a purchase order line schedule short by selecting the Close to Receiving action from the Purchase Order window. The line schedule is closed without receiving the remaining quantity ordered.

Closing Automatically

Receiving can automatically close a purchase order line schedule short as the result of receipts, receipt maintenance or returns, based on the under-tolerance percentage that you can define in the following SmartStream components:

- Vendor item definition
- Vendor purchasing information
- Stockroom item
- Site item
- Site commodity

Purchase Order Send checks for an under-tolerance percentage in these components in the order listed and updates the scheduled receipt with the first value it finds.

SMARTStream®

Financials
Receiving

Version 6.5

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1 Overview of Receiving

Chapter Contents

1-1 About Receiving
1-3 Receiving Transactions
1-6 How Receiving Integrates With Other SmartStream Products

About Receiving

SmartStream Receiving manages and controls the internal movement and status of inventory and noninventory items from the receiving dock to a stockroom bin location, or to a requester.

Receiving is part of the SmartStream Financials family of products, and integrates with Purchasing/Payables and Supplies Management.

Features of Receiving

Receiving provides features that you can use to simplify and streamline your receiving function. With Receiving you can

- Configure defaults to determine how Receiving handles items received at a site
- Receive items by matching receipt material with scheduled receipts
- Create an unidentified receipt if you cannot identify received items and initiate workflow to gather information about it
- Maintain scheduled receipts by correcting values that were entered incorrectly or adjusting receipt quantities received against the wrong scheduled receipt
- Disposition rejected, overreceived, or inactive items
- Return items to a vendor
- Inquire about receipts.

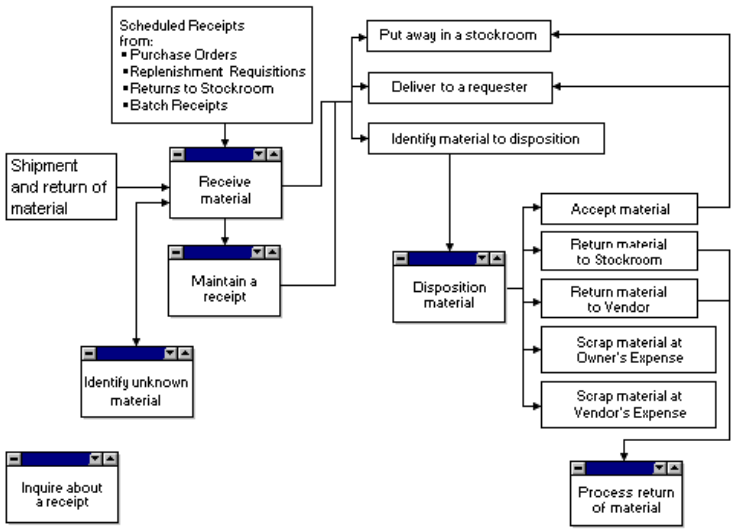
Receiving Used With Supplies Management

Receiving offers additional features if the Supplies Management inventory system is also implemented within your enterprise:

- Electronically load Advanced Ship Notices (ASN) from a vendor and reduce the time involved in receiving items
- Use Auto Put-Away to put received items away into bin locations based on predefined bin location capacities and item/bin-location relationships
- Receive scheduled receipts generated by replenishment requisitions to transfer items within and between sites and stockrooms
- Return items to a vendor or stockroom.

Receiving Transactions

The following diagram illustrates the typical flow of receipt materials and transactions in the Receiving application:



Processing Receipts

When shipments arrive at the dock, incoming items are matched with scheduled receipts using the Receipt window.

Receipt Window

The Receipt window is a user-customizable window that allows users to drag and drop fields to the position most efficient for receipt entry. The window allows you to easily identify scheduled receipts using various search criteria. Once selected they can be quickly received.

In addition, you can

- Adjust the received quantity and unit of measure
- Specify quantities to be dispositioned
- Add shipping information
- View or distribute requisition quantities
- Save receipts as incomplete and finish at a later time
- Print Receiving documents.

When the receipt is saved as complete, items are delivered to the requester or put away in the appropriate stockroom bin location. Items to be dispositioned are put on hold until dispositioned.

See Receiving Scheduled Receipts for more information on receiving items.

Unidentified Receipts

When you cannot identify items that have been shipped by a vendor with any scheduled receipt for the site, use the Unidentified Receipt window to create an unidentified receipt. The items are held and workflow is generated to gather information to identity the shipment and possibly receive the items.

See Creating Unidentitied Receipts for more information on processing discrepant receipts.

Maintaining Receipts

Once a receipt has been received, the Receipt Maintenance window is used to correct receipt quantities that were entered incorrectly or to reverse material received against the wrong scheduled receipt.

See Maintaining Receipts for more information.

Dispositioning Items

You can identify receipt quantities to disposition throughout the Receiving process. These quantities are placed on hold and sent to the Receipt Exception window to be dispositioned by either

- Accepting the items
- Returning the items to the vendor
- Returning the items to the issuing stockroom
- Scrapping the items at your expense or at the vendor's expense.

See Dispositioning Items for more information on rejecting.

Returning Items

You can return items to a vendor or back to a stockroom. A return to a vendor can be for stocked and nonstocked items for credit or replacement.

If Supplies Management is implemented, you can also return items to the issuing stockroom for credit.

A return is created using the Return window. A return can be saved as incomplete and forwarded via workflow to the appropriate person for completion. When the return is complete, Receiving updates purchase order, receipt, and inventory quantities.

For more information about returning items, see Returning Items.

Reviewing Receipts

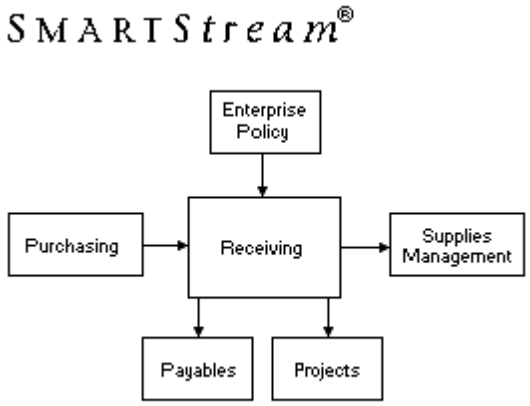
The Receipt Inquiry window displays information about a specific receipt. You can view order, item, rejected receipt and ERS information, and reprint receiving documents.

See Inquiring About Receipts for more information.

How Receiving Integrates With Other SmartStream Products

Before you implement Receiving, make sure that your enterprise's implementation decisions work in accordance with other SmartStream applications that you have installed or will install in the future.

The diagram below illustrates how Receiving is part of a fully integrated system that interfaces with other SmartStream applications:



Supplies Management

Supplies Management governs sites, stockrooms, bin locations, and item quantities. Receiving integrates with Supplies Management by tracking an item from its initial receipt to final put-away in a stockroom bin location. Receiving generates cost transactions and passes the information to the Supplies Costing module.

Purchasing

Purchasing creates scheduled receipts that you match with receipt items when you process a receipt. Receiving updates the status of the purchase order until all scheduled receipts are accounted for. Receiving also records data that Purchasing can use to evaluate vendor performance.

Common Elements

The Site and Item Setup Guide discusses Purchasing elements that are common to many products, including history options, units of measure (UOM), and commodities. Receiving uses these elements to track receipt items.

Payables

Payables uses a three-way matching system to validate payments to suppliers by comparing a vendor invoice with the receipt items and existing scheduled receipts at a site.

Projects

Receiving generates cost transactions to credit a specific project when items are received back into stock. These transactions are passed to Supplies Management's costing module that then updates Projects.

Enterprise Policy

Enterprise Policy provides enterprise-level information to Receiving including calendars, security privileges, primary language information, and history options.

2 Setting Up Receiving

Chapter Contents

2-1 Implementing Receiving
2-3 Configuring Defaults for Nonstocked Items
2-5 Configuring Defaults for Stocked Items
2-8 Windows to Use

Implementing Receiving

Before you can use Receiving, you must set up defaults to support Receiving. For example, before you can disposition items you must specify the default stockroom and/or bin location from where items will be dispositioned. These defaults help expedite the receiving process and supply values to certain fields in the Receipt window.

All customers define Receiving defaults at the site level for nonstocked items. Supplies Management customers define receiving defaults for stocked items at the stockroom level.

Use the Financials Product Implementation Task Listing to determine which elements you need to configure before and after you implement Receiving.

Configuring Defaults for Nonstocked Items

Site-level defaults are established on the Site Policy view of the Site Window. At each site, you set defaults to determine

- The default receipt quantity that appears when a receipt is processed
- How Receiving documents print
- If batch receipts for nonstocked items are received complete.

It is important that you understand how Receiving uses these defaults and give serious consideration to how you want to configure them.

Specifying a Default Received Quantity

Set the Received Qty default by selecting either quantity due or No default. If you set the default to quantity due, then the Receipt window displays the remaining quantity due for the Receipt Qty each time an order is displayed. The remaining quantity due is calculated as:

Remaining Qty Due = Ordered Qty - Total Received Qty to Date

If you set the default to No default, you must enter a Receipt Qty for each receipt before you receive an item.

Specifying Ticket Printing Options

Print options determine whether or not to print delivery tickets, return to vendor tickets, or disposition tickets at your site. Receiving documents can be printed from the following windows:

- Receipt
- Receipt Maintenance
- Receipt Exception
- Receipt Inquiry (reprint only)

The following table describes the three printing options:

If you set a print option to …	Receiving…
Off	Does not print the label.
Automatic	Prints the label automatically.
Prompt	Prints the label only if you select the label on the dialog box that appears.

Specifying ASN Policy

If you process Advance Ship Notice (ASN) records, you can specify a one-step batch receipt process for nonstocked items. This eliminates the need to process receipts using the Receipt window because the batch receipts are received as complete.

Check the Batch Receipt Complete option to automatically receive ASN receipts for nonstocked items as complete. Otherwise, the batch receipts are received as incomplete. Batch receipts for stocked items are always received as incomplete.

See Processing Receipts Received by ASNs for more information about the ASN process.

Configuring Defaults for Stocked Items

Supplies Management Defaults

Receiving defaults for stocked items are defined on the Receiving Policy view of the Stockroom window. For each stockroom, determine

- If Auto Put-Away is used to determine where items are stored
- The default put-away bin location used if either auto put-away is not in use or if all bin locations for the item have been filled to capacity
- The disposition bin location in the stockroom from where items that are on hold are dispositioned
- The quantity to use as the default receipt quantity, if different from the default set on the Site window
- How receiving documents are printed.

Using Auto Put Away

When you receive an item, you have the option of entering a bin location for that item. If no bin is specified, the Auto Put-Away process determines where the item is stored. If Auto Put-Away is *not* in use, the default put-away bin location for the stockroom is used.

For more information about how Auto Put-Away works see Putting Items Away.

Specifying a Default Put-Away Bin Location

A default put-away bin location is defined to determine where items are stored when Auto Put-Away is

- Not in use
- In use, but no bin locations are defined for the item
- In use, but all bin locations for the item have been filled to capacity and there is a remaining quantity to put away.

Specifying a Disposition Bin Location

You must define a bin location in which all items to be dispositioned for a stockroom are automatically stored. All undispositioned items are held in this bin location until dispositioned using the Receipt Exception window.

Specifying the Default Receipt Quantity for Stocked Items

The Receipt Qty default is defined at the site level for each stockroom. You can override that value for every stockroom.

If you set the default to quantity due, then the Receipt window displays the remaining quantity due for the Receipt Qty each time an order is displayed. The remaining quantity due is calculated as:

Remaining Qty Due = Ordered Qty - Total Received Qty to Date

If you set the default to No default, you must enter a Receipt Qty for each receipt before you receive an item.

Specifying Print Options for Stocked Items

Print options determine whether or not to print the following receiving documents for each stockroom:

- Put-away label
- Bar-coded put-away label
- Delivery ticket
- Return to stockroom ticket
- Disposition ticket

The following table lists the three printing options:

If you set a print option to …	Receiving…
Off	Does not print the label.
Automatic	Prints the label automatically.
Prompt	Prints the label only if you select the label on the dialog box that appears.

Printing Activities

Receiving documents can be printed from the following windows:

- Receipt
- Receipt Maintenance
- Receipt Exception
- Receipt Inquiry

Print Prompt for Multiple Stockrooms

When receiving items for multiple stockrooms, the Prompt print option overrides any printing option default set up for a stockroom.

Example

If you are receiving items for five different stockrooms, you are not prompted five times. You are prompted only once. If you select to print the label or ticket for the first

stockroom, all remaining labels and tickets are printed. If no default is set to Prompt, but is set to Print, all documents are printed.

Windows to Use

Use the following windows to implement the concepts discussed in this chapter. For more information, refer to the online Help for each window.

To perform this task...	Use this window...
Configure Receiving defaults for nonstocked items	Site (Site Policy view)
Configure Receiving defaults for stocked items	Stockroom (Receiving Policy view)

3 Receiving Items

Chapter Contents

3-1 Understanding Scheduled Receipts
3-2 Processing Receipts
3-6 Processing Receipts Received By ASNs
3-8 Maintaining Receipts
3-9 Creating Unidentified Receipts
3-10 Printing Labels and Tickets
3-12 Inquiring About Receipts
3-13 Receiving Workflow
3-14 Windows to Use

Understanding Scheduled Receipts

A *scheduled receipt* represents items due to arrive at a site on a certain date to satisfy a detail line on an order. Each scheduled receipt tracks the ordering and delivery of items from a vendor or from another site for use at your site in inventory stock or as noninventory material by requesters.

Scheduled receipts are generated by

- Purchase orders
- Transfer lines from replenishment requisitions, which transfer items within and between sites and stockrooms
- Return documents, which track items being returned to a stockroom
- Batch receipt entry when electronically loading ASNs.

When you cannot match receipt items with a scheduled receipt, you can create unidentified receipts. Unidentified receipts are held until information is gathered about the receipt and the shipment is identified. See Creating Unidentified Receipts for more information.

Processing Receipts

When items arrive at a site, you match the incoming items with scheduled receipts using the Receipt window. You can then

- Indicate the quantity you are receiving and the put-away bin location where items are to be stored, if different from the default bin location.
- Indicate a quantity to disposition, if necessary.
- Add shipment information.
- Distribute purchased items on requisitions.

After you receive items, the following results occur:

- Nonstocked items are delivered to the requester.
- Stocked items are put away in a bin location.
- Item quantities that are identified to be dispositioned are placed on hold until they are dispositioned.

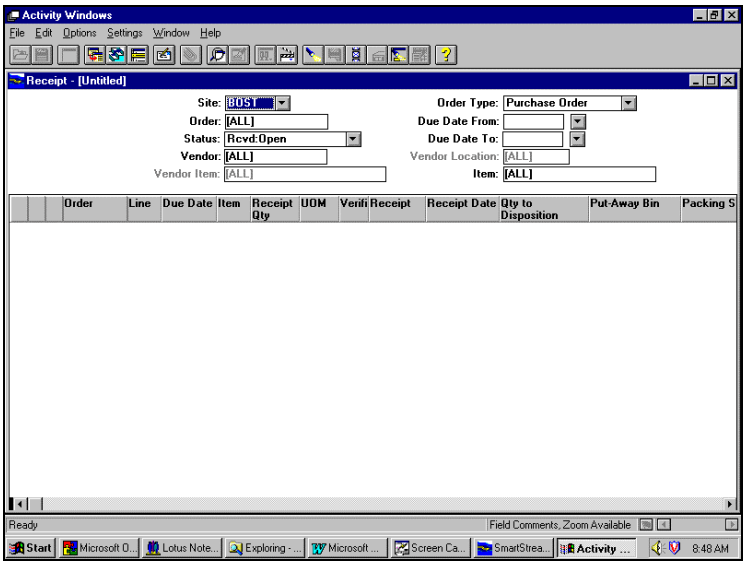
Receiving notifies SmartStream Purchasing and Payables that items were received by updating the purchase order line schedule.

Identifying Receipts

You identify which scheduled receipts you want to receive by entering search criteria to narrow down the list of possible scheduled receipts. For example, if you know the order type, purchase order number, item, and/or vendor, you can reduce the list of possible matches to only those that meet the search criteria entered. The more detailed information provided, the more specific the search results.

All scheduled receipts matching the search criteria entered are displayed in the list area of the window. You can move down the list and select the receipts that match the incoming items.

Receipt Window



Verifying Receipts

Select the receipts you want to receive or save as incomplete by checking the Verified checkbox for the receipt line. When you update the Receipt window, only those scheduled receipts that have the Verified box selected are saved and received, or saved as incomplete.

Entering Receipt Quantities

Depending on how you configure your Receiving defaults, the receipt quantity that displays for each receipt is either blank or equal to the remaining quantity due.

You can change the receipt quantity if it differs from the quantity due or you can enter a quantity for receipts that have no quantity default or remaining quantity due.

Dispositioning Receipt Quantities

You can identify disposition quantities when you are receiving items by entering a value in the Qty to Disposition field.

A disposition quantity is calculated automatically when

- You enter a receipt quantity for a purchase order that is over the receiving tolerance.
- The item on a receipt is inactive.

See Dispositioning Items for more information about disposition quantities and methods.

Units of Measure

Receipt items generally arrive in the unit of measure used to purchase the item. You may encounter situations when the purchase UOM for items differs from the UOM that the item is received or stocked in. If so, you can enter the receipt quantity and change the UOM to the receipt UOM provided a valid conversion factor has been predefined in the UOM Conversion window. Also, if the item is stocked, inventory quantities are increased using the base UOM.

Example

You ordered 4 boxes of surgical gloves from your vendor. Your vendor shipped 1 case. Each case contains 4 boxes and one box contains 50 pairs of gloves. Surgical gloves are stocked and issued in pairs, but purchased and shipped in cases.

When you receive 1 case, the receipt quantity is 1 case. However, inventory is increased by 200 pairs because the number of units received into inventory is changed to the base UOM using predefined UOM conversion factors.

In this example, the following conversions must have been predefined:

- Box to case
- Box to pairs
- Case to pairs

For more information on defining UOM conversion factors, see Unit of Measure Conversions.

Adding Shipping Information

Shipping information can be added for specific scheduled receipts. The information applies to all receipt lines associated with the shipment reference ID.

Distributing Requisition Quantities

When a scheduled receipt for a purchase order contains requisition lines, the quantity that has been accepted is automatically distributed to requisition lines based on the date needed. You can change the distribution of accepted quantities across requisitions for a scheduled receipt item.

The Requisition icon displays next to all scheduled receipt lines that have one or more requisitions for the scheduled receipt item.

Saving Incomplete Receipts

You can save receipts as complete or incomplete. Saving a receipt as incomplete allows you to save the information you have entered without performing a receive transaction. You can then finish the receipt later. A receipt ID is created and workflow is generated to receive the incomplete receipt.

When you return to the Receipt window, you can enter the specific receipt ID in the search criteria and the Incomplete icon appears next to all previously saved incomplete receipt lines.

Incomplete Batch Receipts

All scheduled receipts for stocked items that are created from receipt batch entry appear as incomplete lines on the Receipt window.

Batch receipts for nonstocked items appear as incomplete if the ASN policy at your site does not allow batch receipts to be received as complete. See Specifying ASN Policy for more information about batch receipts.

Deleting Incomplete Receipts

You can delete previously entered information for a receipt that was saved as incomplete. All information, including shipping information and requisition quantity distributions, will revert to the receiving defaults.

Receiving Scheduled Receipts

To perform a receive transaction, verify the line and save the transaction. Receiving performs the following processes:

- Creates a receipt ID, if the receipt was not previously saved as incomplete.
- Saves the information and performs a receive transaction.
- Assigns an on-hold material status to disposition quantities and prints a disposition ticket.
- Prints a put-away label or delivery ticket, if the default print options are set to print or you have selected to print receiving documents. See Printing Labels and Tickets for more information.
- Initiates the Auto Put-Away process to put items away in bin locations. See Putting Items Away for more information about the Auto Put-Away process.

Processing Receipts Received By ASNs

Supplies Management allows you to process Advanced Ship Notices (ASN) sent from your vendors through Electronic Data Interchange (EDI). Using ASNs provides for more accurate shipping information and can eliminate data entry at the receiving dock.

Process Overview

ASN is an industry standard set of data provided by vendors before they send a shipment. The data is stored in a flat file that is processed by EDI translation software before it is sent electronically to your site.

The EDI translation software is used to verify that the file conforms to EDI standards and convert table layouts to meet the requirements of the Bulk Load receipt table.

The Bulk Copy program is run using Job Scheduler and reformats the EDI file for loading into the Sybase tables.

When the Receipt Bulk Load program runs, it writes to a temporary load file (load_receipt table) that then matches data with rows in the scheduled receipt table (sched_rcpt). When there is no match, an error file is created and you can correct the errors using the Bulk Load Error Correction window.

Once the data is loaded in the scheduled receipt table, it is updated and maintained just as any other receipt.

How the ASN Process Works

The table below describes the tasks involved in processing ASNs.

Step	Responsible	Action
1	Vendor (EDI)	Send an electronic file, known as an ASN, via EDI. EDI Translation software is used to: ▪ Verify that the EDI file conforms to either ANSI or EDIFACT standards. ▪ Convert the file layout of the ASN file to the Bulk Load receipt table layout.
2	Customer	Receive EDI file from vendor.
3	Customer	Run Bulk Copy program. ▪ Reformats the data file to Sybase format

Step	Responsible	Action
4	Customer (SmartStream)	Run Receipt Bulk Load program. ▪ Match rows from load_receipt table with rows in the sched_rcpt table. ▪ Write data to the sched_rcpt table, updates scheduled receipts; update sched_rcpt tables if receipts are received complete. ▪ Write errors to an error file.
5	Customer (SmartStream)	Correct any load errors using the Bulk Load Error Correction window.
6	Customer (SmartStream)	Rerun the Receipt Bulk Load program.

ASN Policy

Depending on how you have defined the ASN policy at your site, nonstocked items may be received as complete, and therefore bypass the online receiving process.

Stocked items are always received as incomplete and must be processed online using the Receipt window.

For more information about defining how batch receipts for nonstocked items are received at your site, see Specifying ASN Policy.

Bulk Load Receipt Program

See the Bulk Load Guide for more information about Bulk Load processing and Bulk Load Receipt for the specific table layout requirements for this batch program.

Maintaining Receipts

You can correct values that were entered incorrectly or reverse items received against the wrong scheduled receipt using the Receipt Maintenance window.

Adjusting Receipt Quantities

When you receive additional quantities against a receipt line, you perform a receive transaction. The same processing occurs as if it was received in the Receipt window. See Receiving Scheduled Receipts for details on receipt processing.

Reversing Receipt Quantities

You reverse quantities on a scheduled receipt by decreasing the quantity received. Only items that have been accepted or are undispositioned can be reversed. You cannot reverse a scheduled receipt quantity that has been rejected or returned.

When you reverse a receipt, Receiving performs the following functions:

- Increases the remaining quantity due.
- Decreases inventory from the specified bin location for a stocked item.
- Reopens the scheduled receipt with the remaining quantity due, if the receipt had been closed as a result of the receive transaction.
- Creates an informational To Do message to indicate that a receipt is being reversed.
- Creates a reverse entry for all transaction history that occurred for the stocked item.
- Notifies Payables of changes to vendor statistics and that the PO receipt has been reversed.

Creating Unidentified Receipts

During the receiving process, you may receive items that you cannot fully match to a scheduled receipt. In this case, you can create an unidentified receipt to hold those items and initiate the workflow necessary to gather information to identify the shipment.

When you save an unidentified receipt, Workflow generates an informational message notifying the appropriate people that more information is needed to match the items with a scheduled receipt at the site.

You can then select the unidentified receipt to do one of the following procedures:

- Resolve the receipt by identifying the order and matching the shipment with a scheduled receipt.
  - Workflow To Do is generated notifying users that the unidentified receipt is resolved and to receive the receipt. The receipt of the items can then be processed as usual.
- Close the receipt to designate the items as being unreceivable.

Printing Labels and Tickets

Depending on how you configure Receiving's default printing options at a site, you can print the following labels as you process and maintain receipts:

- Put-away label
- Bar Coded put-away label
- Delivery ticket
- Disposition ticket, including information about receipt items that you are putting on hold for dispositioning.

In addition, return to vendor and return to stockroom tickets are printed to accompany returned items. See Printing Return Documents for more information.

Put-Away and Bar Coded Put-Away Labels

A put-away label is printed for stocked items and accompanies items being put away in a stockroom bin location. Bar coded put-away labels include the same details as put-away labels, but can be printed only if bar code fonts are installed.

Each put-away label includes the following information:

- Item ID and description
- Quantity received and UOM
- Put-away bin location
- From site and stockroom
- Requester name
- Received date
- Receipt ID
- Vendor name and address
- Vendor item.

Delivery Ticket

A delivery ticket is printed for nonstocked items and accompanies items being delivered to a requester.

Each delivery ticket includes the following information:

- From site and stockroom
- Purchase order number
- Shipment reference number

- Ship-to and deliver-to information
- Requester name
- Received date
- Receiver name
- Item ID and description
- Vendor name and address
- Vendor item
- Receipt ID
- Quantity received
- UOM
- Quantity due
- Special instructions, if any.

Disposition Ticket

A disposition ticket is printed for stocked and nonstocked items when a disposition quantity has been specified on the Receipt or Receipt Maintenance window. The default printing option is defined on the Site window for nonstocked items and the Stockroom window for stocked items.

Each disposition ticket includes the following information:

- Order ID
- Receipt ID
- Vendor item
- Item and description
- Item quantity
- Disposition stockroom
- Disposition bin location.

Inquiring About Receipts

You can inquire about a receipt to display the following details:

- Basic receipt information, including the current receipt status, shipment details, and receipt quantities
- Order information, including order type, due-to-stock date, source site, requester, vendor, order quantities, promised quantities, and evaluated receipt settlement (ERS) details
- Item information, including commodity, UOM, buyer, put-away stockroom, and vendor item
- Reject information, including the reason for the rejection, and the disposition method.

Reprinting Labels

As you inquire about a receipt, you can reprint receiving documents for the items on that receipt.

Receiving Workflow

Receiving contains predefined workflow to streamline Receiving processing. You can use workflow as is or modify workflow to conform to your own business requirements.

You make workflow changes using the Workflow Workbench window. See the online help for this window for detailed instructions.

To view actual application workflows use the SmartStream Reference Tool.

Windows to Use

Use the following windows to implement the concepts discussed in this chapter. For more information, refer to the online Help for each window.

To perform this task...	Use this window...
Process scheduled receipts	Receipt
Create, resolve, or close an unidentified receipt	Unidentified Receipt
Adjust and reverse receipt quantities	Receipt Maintenance
Disposition receipt items	Receipt Exception
Inquire about receipts by receipt ID and reprint labels and tickets	Receipt Inquiry

4 Dispositioning Items

Chapter Contents

4-1 Dispositioning Items
4-3 Disposition Methods
4-4 Assigning Disposition Codes
4-6 Reversing Dispositioned Items
4-7 Windows to Use

Dispositioning Items

To disposition items is to specify what will happen to items that have been placed on hold. You can disposition items after you

- Receive an overreceipt quantity.
- Receive or adjust a receipt and specify some portion of the receipt quantity to be dispositioned.
- Receive an inactive item.

Overreceived Items

If you enter a receipt quantity that exceeds the ordered quantity plus the predefined over-tolerance level set for the receipt, a message displays asking whether or not you want to receive the entire quantity and disposition the over-tolerance quantity.

If No, you must either re-enter the correct receipt quantity or increase the tolerance level defined for the receipt.

If Yes, Receiving automatically defaults to the quantity in the Qty to Disposition field, assigns an on-hold material status to the overreceived quantity, and generates workflow to disposition the items.

Example

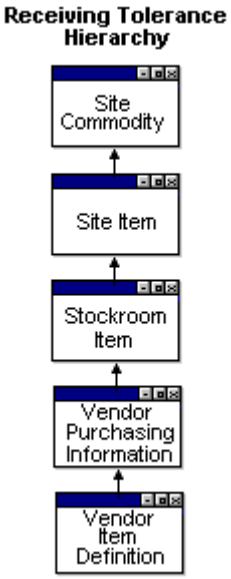
You order 100 boxes of bandages and you are shipped 150 boxes. The tolerance percentage for overreceived items is set at 10 percent. If you enter a receipt quantity

of 150, Receiving accepts a quantity of 110, and assigns a hold status to the remaining quantity of 40. The held items must then be dispositioned using the Receipt Exception window.

Receiving Tolerance Hierarchy

SmartStream Purchasing uses the receiving tolerance hierarchy to determine which over-tolerance percentage to use for received items.

The following diagram illustrates the Receiving Tolerance Hierarchy:



Inactive Items

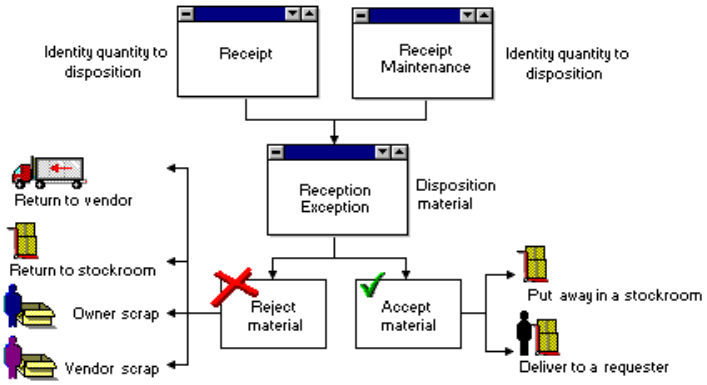
Any items on a scheduled receipt that are inactive cannot be received and are automatically selected to be dispositioned.

Disposition Methods

Receiving assigns an On Hold material status to an undispositioned quantity using one of the following methods:

- Returning the items to the vendor
- Returning the items to the issuing stockroom
- Scrapping the items
- Accepting the items.

The following diagram illustrates the basic disposition process:



Assigning Disposition Codes

For each quantity that you disposition, you must assign a disposition code to indicate how to handle that material. Each predefined disposition code causes Receiving to react differently, as detailed in the following table:

If you assign this code...	Receiving...
Accept	▪ Prints put-away labels for stocked items and stores the item in the put-away stockroom/bin location. ▪ Prints delivery tickets for nonstocked items and delivers the item to the requester. ▪ Adjusts the due-to-stock and inventory bin quantities. ▪ Sends informational message to deliver nonstocked items to the requester. ▪ For stocked items, sends a transaction to the Supplies Cost to account for accepted material. ▪ Does not allow a reverse disposition.
Return to Vendor/ Return to Stockroom	▪ Creates an incomplete Return. ▪ Sends To Do task to process the return. ▪ Does not adjust the reject, return, and due-to-stock quantities until the return is completed. ▪ Does not allow a reverse disposition.
Owner Scrap	▪ Accepts ownership of the material. ▪ Scraps the material at owner's expense. For stocked items, sends a transaction to Supplies Cost to account for material scrapped at owner's expense. ▪ Reduces the due-to-stock quantity. ▪ Allows a reverse disposition.
Vendor Scrap	▪ Scraps the material without returning it to the vendor. For stocked items, sends a transaction to Supplies Cost to account for material scrapped at vendor's expense. ▪ Reduces the due-to-stock quantity and sends informational messages to indicate that the item is being scrapped and returned to the vendor. ▪ Allows a reverse disposition.

Disposition and Order Types

The scheduled receipt's order type determines how items can be dispositioned.

If the Order type is…	Then the quantity can be dispositioned as…
Purchase Order	Accept, Return to Vendor, Vendor Scrap or Owner Scrap
Return to Stockroom	Accept or Owner Scrap
Replenishment Requisition (Transfer)	Accept or Return to Stockroom

Reversing Dispositioned Items

As you disposition items, you may want to reverse a transaction to correct a mistake, such as assigning the wrong disposition code to a receipt, or selecting an incorrect receipt to disposition.

Reversing Scrapped Quantities

Vendor Scrap and Owner Scrap are the only disposition codes that can be reversed using the Receipt Exceptions window.

When you reverse a disposition, the

- Reversed quantity is added to the undispositioned quantity for the receipt.
- Material status of the reversed quantity is reset to On Hold.
- Reversed quantity can be redispositioned.

Reversing Accepted Quantities

When an item is incorrectly dispositioned as Accept, you can use the Receipt Maintenance window to reverse the receipt of the accepted material and then identity the quantity to be dispositioned. You can then return to the Receipt Exception window and redisposition the quantity.

Reversing Returned Quantities

When items are incorrectly dispositioned as Return to Vendor or Return to Stockroom, use the Return window to delete the incomplete return that was generated when the item was originally dispositioned.

Receiving adds the return quantity to the undispositioned quantity for the receipt. You can then redisposition the item correctly using the Receipt Exception window.

Windows to Use

Use the following window to implement the concepts discussed in this chapter. For more information, refer to the online Help for each window.

To perform this task...	Use this window...
Disposition and reverse disposition receipt material.	Receipt Exception
Reverse receipt of material incorrectly dispositioned as Accept.	Receipt Maintenance
Delete a return line for items incorrectly dispositioned as Return to Vendor or Return to Stockroom.	Return

5 Returning Items

Chapter Contents

5-1 What is a Return
5-3 Types of Returns
5-5 Processing Returns
5-7 Printing Return Documents
5-8 Window to Use

What is a Return

A return document is a formal request to return items to a vendor, or back to either the issuing stockroom or source stockroom. You cannot return consignment items.

The Receipt Exception activity creates incomplete return documents when an item is rejected and dispositioned as Return to Vendor or Return to Stockroom. You can also create a return manually using the Return activity. In both cases, a return is processed and completed using the Return window.

Return Information

A return records the following information, depending on the type of return and the order type that the item is associated with

- Item or vendor item
- Vendor or Stockroom to which items will be returned
- Return quantity and amount
- Purchase order, requisition line, or replenishment requisition line to return against
- Shipping information
- Accounting distribution information
- Whether the return is for credit or replacement

- Reason for the return
- Return authorization information.

Types of Returns

Receiving processes the following two types of returns:

- Return to Vendor
- Return to Stockroom

The following table summarizes the differences between the return types:

Return Type	Description
Return to Vendor	▪ Incomplete return created by Receipt Exceptions when item is dispositioned during receiving process as Return to Vendor. ▪ Used by a requester to return nonstocked items to a vendor. ▪ Used by stockroom personnel to return stocked items to a vendor after the item has already been put away. ▪ Return against a purchase order line schedule or specify an accounting distribution. ▪ Return the item for credit or replacement – If credit, AP creates a debit memo automatically. – If replacement, PO line will be reopened to receiving.
Return to Stockroom	▪ Incomplete return created by Receipt Exceptions when item is dispositioned during receiving process as Return to Stockroom. ▪ Used by a requester to return items back to the stockroom that issued the item. – Return against a requisition line, or specify an accounting distribution – Return for credit only – Scheduled receipt is generated ▪ Used by stockroom personnel to return items back to the source site/stockroom that transferred the item. – Return against a replenishment requisition transfer line – Return for credit only

Return to Vendor

A return to vendor is created when

- An item has been received but is rejected and dispositioned as Return to Vendor from the Receipt Exception activity.
- A requester determines that the nonstocked item that was issued to them is to be returned.
- Stockroom personnel determine that the stocked item is to be returned after it has been put away.

Required Information

You must identity the purchase order line schedule to return against when returning items to a vendor. Otherwise, the user defined accounting key to be credited for the return must be specified.

Items can be returned for credit or replacement. If the item is returned for replacement, the PO line will be reopened to receiving. If it is for credit, Accounts Payable automatically generates a debit memo.

Return to Stockroom

Items are returned to stock after

- A requester has been issued items from stock and determines that the item is to be returned.
- Stockroom personnel determine that a stocked item is to be returned after it has been put away.
- An item has been received but rejected and dispositioned as Return to Stockroom from the Receipt Exception activity.

Required Information

When returning items to a stockroom, you must identity the user-defined accounting key to be credited for the return. You can return items to stock for credit only.

If you are returning items that have been transferred from another stockroom or site, you must identity the transfer line on the replenishment requisition to return against.

Note: The Return From field on the Return window identifies whether the return is associated with a transfer line on a replenishment requisition or a user requisition.

Processing Returns

You create returns and process system-generated incomplete returns using the Return window.

Returns Generated From Receipt Exceptions

Receipt exceptions creates an incomplete return whenever an item quantity is dispositioned as Return to Vendor or Return to Stockroom.

The incomplete return contains one return line per rejected scheduled receipt line. The Receipt Exception activity automatically provides information from the scheduled receipt as defaults. Most of the default information cannot be changed. However, you can

- Adjust the return amount
- Specify a return authorization number
- Indicate if the return is for credit or replacement
- Add return charges
- Enter a return reason code.

To complete the return, save the return transaction.

Adding a Return

You can manually create a return using the Return window. The table below describes the process for adding a return.

Step	Task
1	Indicate the type of return.
2	Choose the items, vendor items, purchase order line schedule, requisition line or accounting distribution to return against.
3	Complete as much information as possible
4	Save the return incomplete and forward via workflow to be completed.
5	Save the return complete.

Browse Capability

The Browse functionality is available to help you find the information that is required to complete the return. You can browse for information on the

- Item
- Vendor item
- Purchase order line schedule
- Requisition line key

- Replenishment requisition line
- Accounting Distribution key.

Saving as Incomplete

When you have entered all the information that you know, but required information remains, you can forward the return to be completed and save the return as incomplete.

Workflow generates a To Do task for the appropriate person to complete the return. Additional information can be specified, including the return amount, return authorization, reason code, and whether the item is to be returned for credit or replacement.

Updating a Return

Return lines can be changed or deleted anytime prior to the return being saved complete. When the return is saved as complete, no further changes can be made to the return.

Requisitions

If there are requisition lines attached to a purchase order line schedule, a popup window appears to allow you to distribute the returned quantity across requisitions.

After creating and completing a return, the following is updated when the return is saved as complete:

- Receipt quantities and inventory bin quantities are adjusted
- A scheduled receipt is created for a return to stockrooms.
- Purchase order information
  - Return quantity on the purchase order
  - If the return is for replacement, the purchase order is reopened to Receiving.
  - If the return is for credit, Payables creates a debit memo.
- Transaction History, which updates Supplies Management cost information, if Supplies Management is implemented.
- If the return is to a stockroom, a scheduled receipt is created for each return line. When the receipt is saved as complete using the Receipt window, the item is put away to the appropriate inventory bin location.

Printing Return Documents

The return process generates two return documents:

- Return to vendor ticket
- Return to stockroom ticket

Return to Vendor Tickets

Depending on how you configured Receiving's default printing options for a site, you can print return to vendor tickets to accompany items back to the vendor.

Each return to vendor ticket includes the following information:

- Receipt ID
- Item and item description
- Vendor ID and location
- Vendor's return to address
- From Return site
- From Stockroom description
- From stockroom ship to code and ship to address.

Return to Stockroom Tickets

Depending on how you configured Receiving's default printing options for a stockroom, you can print a return to stockroom ticket to accompany returned items back to the issuing stockroom or source site/stockroom.

Each return to stockroom ticket includes the following information:

- Receipt ID
- Return to stockroom site
- Return to stockroom description
- Return to stockroom ship to code and address
- From return site
- Requester ID
- Requester’s ship to address.

Window to Use

Use the following window to implement the concepts discussed in this chapter. For more information, see the online Help for the window.

To perform this task...	Use this window...
Return items to a vendor or to a stockroom.	Return.

SMARTStream®

Shared Components Site and Item Setup

Version 6.5

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1 Defining Units of Measure

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Understanding Units of Measure

A *unit of measure (UOM)* is the unit that you use to quantify an item when it is purchased or stocked, for example, each, box, carton, case, gross, yard, quart, pound, dozen.

SmartStream provides a wide array of UOMs, but you can also define your own.

You can associate an item with a different UOM for

- Each vendor who supplies the item
- Each site where the item is received
- Each stockroom where the item is stored.

You can create UOM conversions to automatically convert quantities from one UOM to another. For more information, see Converting Units of Measure.

Discrete Versus Nondiscrete Units of Measure

When defining a unit of measure you must indicate if the UOM is discrete. A *discrete UOM* requires that users enter quantities in whole number quantities, not fractional quantities, during transactions.

If a UOM is...	Quantities associated with the UOM...
Discrete	Must be whole numbers
Not discrete	Can be either whole numbers or fractional values.

Electronic Data Interchange (EDI) UOMs

When you define a unit of measure you can also define an Electronic Data Interchange (EDI) cross-reference value to use to standardize electronic transmissions.

Example

You define a UOM for inches, INCH, and associate the standard UOM EDI cross-reference value of IN as the UOM EDI.

Products That Use Units of Measure

Purchasing

Purchasing uses UOMs to manage the procurement process for items from requesters to vendors.

Besides the stocking UOM, Purchasing uses a supplemental UOM for tax classification purposes. For more information, see Setting Up Purchasing Item Tax Defaults in the *Tax Policy* guide.

Supplies Management

Supplies Management uses UOMs to stock, allocate, issue, replenish, receive, and move quantities between sites and stockrooms.

In Supplies Management, the UOM for an item can be different from stockroom to stockroom or from site to site. However, the proper UOM conversions must be defined before the item can be moved between sites and stockrooms that have different UOMs for the same item. If you do not define a UOM conversion, you can elect to have the replenishment process round up to the larger unit of measure for each site.

Supplies Cost uses UOMs to calculate purchase costs for items, then use those costs to value inventory and orders.

Receiving

Receiving uses UOMs to receive and return items to and from vendors, sites, and stockrooms.

Converting Units of Measure

After you define units of measure, you can define conversion formulas to automatically convert quantities from one UOM to another UOM. You can define

- Multiple UOM conversions for the same UOM
- UOM conversions for different vendors or stockrooms
- UOM conversions between two UOMs (such as converting feet to inches) for all items, for a single item, or for an item from a specific vendor or stockroom.

Example

Receipt material generally arrives in the UOM used to purchase the item. You may encounter situations when the purchase UOM for receipt material differs from the inventory UOM used to stock an item at a site or stockroom. If so, you can convert the purchase UOM for the receipt material into the inventory UOM when you initialize a receipt.

For example, you receive two cases of paint, each containing four gallons of paint. The UOM of the receipt material is CASE, but you stock paint by the gallon at your site. By converting the UOM from CASE to GAL, you change the receipt quantity from 2 to 8 and use the inventory UOM at your site.

Defining UOM Conversions for Miscellaneous Items

Besides defining UOM conversions for items that you stock, you can define conversions for UOMs used by miscellaneous items that your enterprise provides, such as services, contracts, and warranties.

Maintaining UOM Conversions

Before you can change or delete a UOM conversion, the UOM must have a conversion defined for it at a higher level. That way, anyone who has already been using the changed or deleted UOM conversion can still convert an item's UOM, if necessary.

Example

You can delete a conversion of cases to bottles for a specific vendor, but only if a conversion of cases to bottles is defined for an item or for all items. This ensures that users who need to convert cases to bottles can still do so, regardless of which vendor provided the material.

Products That Use UOM Conversions

Within different products, you can use unit of measure conversions in different ways.

Purchasing

When you process purchase orders and add an item or vendor item directly to a purchase order, the default item UOM comes from either

- The UOM defined for the item at the stockroom level
- The vendor item definition.

Note the following details about converting UOMs in Purchasing:

- You can override the default UOM for an item if a UOM conversion of the original UOM to the intended UOM is defined.
- You cannot override the default UOM when generating a purchase order release from a blanket order.
- If you attach requisition lines to a purchase order, the UOM for the requisition line must have a UOM conversion in common with the purchase order line.

Receiving

Receipt material generally arrives at a site or stockroom in the UOM used to purchase the item. You may encounter situations where the purchase UOM for receipt material differs from the UOM used for an item at a site or stockroom. If so, you can convert the UOM for the receipt material into the correct UOM when you initialize a receipt.

For more information about how Receiving uses units of measure, see Units of Measure in the *Receiving* guide.

Supplies Management

An item stored as cases in one stockroom may be stored as quarts in another. Supplies Management uses UOM conversions to move items between sites and stockrooms where the item uses a different UOM.

Unit of Measure Policy Decisions

When you define units of measure, you make the following decisions:

- What UOMs do you need?
- Are UOMs discrete or nondiscrete?
- Does your enterprise require EDI UOMs?
- Do you want to set up naming standards for UOMs, such as using only alphanumeric or numeric IDs?
- Which users need the security privileges required to maintain UOMs?

Unit of Measure Windows to Use

Use the

- Unit of Measure window to define, change, or delete UOMs.
- Unit of Measure Conversion window to define, change, or delete UOM conversions.
- Site window to select whether to have the replenishment process round up to a larger unit of measure.

2 Setting Up Commodities

Chapter Contents

2-1 Understanding Commodities
2-3 Products That Use Commodities
2-4 Defining Commodities
2-5 Defining Site Commodities
2-9 Commodities Windows to Use

Understanding Commodities

A commodity groups similar items together. When you associate a commodity with items and buyers within a site, you can purchase, receive, and track the cost of these items more efficiently.

Example

You define a commodity, ELEC, and associate all electrical component items used or purchased at a site with that commodity. You can then

- Assign one buyer to the commodity, who receives all requisitions and orders that contain ELEC commodity items.
- Add default accounting distributions for the ELEC commodity to use during requisition and purchase order processing.
- Define the percentage of any received quantity of ELEC commodity items over or under what is ordered that you will automatically accept.

Site Commodities

When you assign a commodity to a site, the commodity becomes a *site commodity.* You can use site commodities to identify groups of the most commonly purchased items and services at a site. You can then associate buyers, receiving rules, and accounting distributions with each commodity.

For more information, see Defining Site Commodities.

International Commodities

Besides regular commodities that you can associate with items, buyers, and sites, you can define *international commodities* to group distribution items together to determine their tax classification and tax derivation.

For each international commodity, you can define descriptions in languages other than the enterprise-level default language. These descriptions appear on printed documents, such as bills of lading. For example, if your enterprise's primary language is English, you can define descriptions in any other language used by your enterprise, such as French.

Products That Use Commodities

Purchasing

Purchasing uses site commodities to determine the purchase site, buyer, and accounting distributions for a requested item.

For more information, see Defining Site Commodities.

You can associate an international commodity with a country and item tax class. Purchasing uses international commodities to determine the correct taxes to apply during international transactions.

For more information, see Setting Up Purchasing Country Commodities in the *Tax Policy* guide.

Receiving

When you receive items, you can choose to reject automatically quantities that are a certain percentage greater or less than what you ordered. You can set this parameter for each site commodity.

Supplies Management

The Supplies Management replenishment process can use commodity defaults to determine whether an item is to be replenished internally or purchased from an outside vendor.

Defining Commodities

Define a commodity to group similar items together. Afterward, you can

- Associate items with the commodity.
- Create a site commodity by associating the commodity with a site. Here, you can assign a buyer, receiving, and accounting information to the commodity. To learn about how site commodities work, see Defining Site Commodities.

Associating Items with Commodities

You can choose to associate an item with the same commodity throughout your enterprise. Or, you can choose a different commodity for the item within each site.

When you first define an item, you can associate a commodity with it. This association applies universally throughout your enterprise, but you can only perform this action once. After that, you can associate and disassociate items from commodities at the site level using the Site Item window.

Policy Decisions

When you define commodities, you make the following decisions:

- What commodities do you need?
- What international commodities do you need?
- Do you need to define international commodity descriptions in languages other than the primary language used by your enterprise?
- Do you want to set up naming standards for commodities, such as using only alphanumeric or numeric IDs?
- Which users need the security privileges required to maintain commodities?

Defining Site Commodities

To define a site commodity, assign a commodity to each site where items associated with that commodity are purchased. You can define one site commodity at a time or add several site commodities to a site simultaneously. You can then

- Assign a buyer to the site commodity. See Assigning Site Commodities to a Buyer.
- Define accounting distributions for the site commodity. See Defining Site Commodity Accounting Distributions.
- Set receiving tolerance levels for the site commodity. See Setting Site Commodity Receiving Tolerance Levels.

Policy Decisions

When you define a site commodity, you need to make the following decisions:

- What sites commonly purchase the items or services?
- Do you want to identify a specific buyer who will purchase the items or services at a site?
- Which users need the security privileges required to maintain site commodities?

Assigning Site Commodities to a Buyer

You can assign a site commodity to a buyer either when you define the site commodity or later, depending on your needs. You can also assign multiple site commodities to a buyer at one time.

Approved requisitions are routed to the assigned buyer according to the buyer default hierarchy. Either the requisition-to-purchase-order scheduled process or a buyer can then attach the requisition lines to available purchase order line schedules.

Example 1

You assign a chair, desk, and lamp to a commodity identified as FURN. You then assign FURN to Buyer A, who receives all requisitions for the items in FURN.

Example 2

You discover that you can get the lamp in Example 1 at a better price if you buy it separately. Buyer B already deals with a supplier that provides the lamp, so you assign the lamp to Buyer B on the Site Item window.

Buyer A continues to receive requisitions for the chair and desk, but Buyer B now receives requisitions for the lamp.

If You Do Not Assign a Site Commodity to a Buyer

If you do not assign a site commodity to a buyer

- Approved requisitions for the site commodity are routed to the buyer workgroup on a purchase requisition, which defaults from the requisition entity used on the purchase requisition.
- The requisition-to-purchase-order scheduled process cannot process requisitions for the items and services it includes. You must assign a buyer or process the requisition online using the Purchasing windows.

Defining Site Commodity Accounting Distributions

When you add a requisition or purchase order, you enter the appropriate accounting distributions for posting the expenditure amounts for the items or services.

Among other policy components of SmartStream, you can define default accounting distributions for a site commodity.

Default Processing for Accounting Distributions

When a requester or buyer requests or orders an item associated with a site commodity, default accounting distributions for the site commodity appear on the purchasing document, unless other defaults take precedence. This makes automatic generation of requisitions and purchase orders more efficient.

Example

You always post the expenditure amounts for office supplies at your site to the accounts for the same division, account, and department, and the related ledger entity is always constant. Site commodity accounting distributions appear before other accounting distributions in your account derivation sequence.

The office supplies belong to a commodity, OFF, which you defined specifically for office supplies. You can

- Assign OFF to your site to make it a site commodity
- Define default accounting distributions for the site commodity OFF.

When a requester or buyer requests or orders an item associated with OFF, the default accounting distributions you defined for OFF appear automatically on the purchasing document.

Default Processing Sequence

You can define different default accounting distributions for the site, requisition entity, requester, or vendor referenced on a purchasing document. If you do, the default accounting distributions for the item's site commodity appear according to the defined account derivation sequence.

A requester or buyer can override default accounting distributions when adding a requisition or purchase order.

Using Partial Accounting Distribution Defaults

If your expenditure accounts vary based on the item or vendor, you can choose not to define default accounting distributions for the site commodity, or you can define partial accounting distributions as defaults. For example, the ledger entity may remain

constant, while the expenditure amounts are posted to different accounts, divisions, or departments.

When a purchasing document references an item associated with the site commodity, the partial accounting distributions for the commodity appear on the document, if the site commodity is first in your account derivation hierarchy.

The purchasing process then fills in any remaining defaults, in the account derivation sequence that you defined, from the policy components in the following order:

1. Vendor
2. Requester
3. Requisition entity
4. Site

You can then fill in any missing accounting distribution values directly on the requisition or purchase order.

Note: The purchasing process validates accounting distributions on a purchasing document only if the policy for the purchase entity or requisition entity requires it.

Policy Decisions

When you define default accounting distributions for a site commodity, you need to make the following decisions:

- Do you always or usually post the expenditure for an item associated with a site commodity to the same accounts?
- Are some accounting distribution elements for the item always the same, while other elements vary according to the vendor or commodity?
- In your account derivation sequence, where is site commodity in relation to other policy components?

Setting Site Commodity Receiving Tolerance Levels

For each site commodity, you can define a percentage of any received quantity over or under what is ordered or requested that you will automatically accept.

SmartStream accepts quantities that fall within these parameters and rejects those that fall outside these parameters. Rejected quantities are placed into the exception bin location for the stockroom. You must then decide whether to keep the items, return them to the vendor, or scrap them.

If you do assign a receiving tolerance level to a site commodity, SmartStream searches the other windows in the receiving tolerance default hierarchy to determine which over- or under-tolerance percentage to use.

Inactivating a Site Commodity

You can inactivate Site Commodity by clicking on the checkbox. Inactivating a Site Commodity affects Supplies Management and the procurement applications in the following ways:

- Inactive site commodities are displayed on the Site Commodity Tree with the text (Inactive).
- When you assign commodities to buyers, inactive commodities are not displayed in the list of available commodities to be assigned.
- When you add an item, the item_plan record is created behind the scenes; if site commodity is inactive, it does not serve as the default for the record.
- Users receive a warning if they attempt to change the site commodity on the Site Item window to an inactive one.
- Users receive a warning on the Vendor Item Definition window if they attempt to use an inactive site commodity.
- Site commodity serves as the default for the requisition regardless of whether it is active or inactive. The commodity field is not displayed on the window, so even if an inactive one serves as the default, the user cannot correct it.

Commodities Windows to Use

Use the

- Commodity window to define or change commodities
- International Commodity window to define or change international commodities
- International Commodity Description window to define or change international commodity descriptions
- Item window to associate items with commodities.
- Site Commodity window to define site commodities and assign buyers to site commodities.
- Site Item window to associate items with site commodities.
- Country Commodity window to associate an international commodity with a country and item tax class.

3 Using Order Status

Chapter Contents

3-1 Understanding Order Status
3-1 Products That Use Order Statuses

Understanding Order Status

An *order status* indicates the level of completion that purchase orders, requisitions, receipts, returns, and kit orders attain as they move through your enterprise. The order status also determines how you can change or process an order.

SmartStream maintains one list of order statuses that are used by different products in different ways. You cannot add or change the numeric code associated with an order status because SmartStream uses these codes for background processing.

Products That Use Order Statuses

Supplies Management

Supplies Management uses order statuses to check the progress of kit orders and to determine if you can close or delete a kit order line. Supplies Cost uses order statuses to track costs for kit orders.

Kit Order Statuses

The order status that Supplies Management assigns to kit orders and kit order lines determines whether they can be closed or deleted.

Deleting a Kit Order Line

Only kit order lines with a status of Open can be deleted. Kit orders with a status of Issued:Partial, Issued:Complete, Received:Partial, or Received:Complete cannot be deleted.

Closing a Kit Order Line

You can close a kit order line as long as it has a status other than Open or Closed. You can close an order line with a status of Issued or Received if you first return or scrap any unused components.

Receiving

Receiving uses order statuses to check the progress of returns and receipts and to determine if you can reverse the receipt for material on an order.

Receipt Statuses

Receiving uses a specific set of status codes to describe the progress of scheduled receipts. These are the *receipt statuses*:

- Received:Open
- Received:Partial
- Received:Complete
- Received:Over
- Received:Closed Short

For more information, see the online help for the Status field on the Receipt window.

Return Statuses

Receiving also uses specific set of status codes to describe the progress of returns. These are the *return statuses*:

- New
- Incomplete
- Complete
- New:Frwd
- Forward

For more information, see the online help for the Status field on the Return window.

Purchasing

Purchasing uses order statuses to check the progress of purchase orders and requisitions that represent demands for goods and services.

4 Setting Up Items

Chapter Contents

4-1 Understanding Items
4-2 Products That Use Items
4-3 Defining Items
4-10 Defining Item Accounting Keys
4-11 Windows to Use

Understanding Items

An *item* is a basic entity that you purchase, stock, or assemble. An item can be anything that is used by your enterprise, including a component, a kit, a good or service that can be ordered, a contract, or a warranty.

Before you can buy or stock an item, you must define it within your enterprise by assigning a unique item ID.

Products That Use Items

Receiving

Receiving manages the movement and status of both stocked and nonstocked items from the receiving dock to a final destination in stock or to a noninventory requester.

Supplies Management

Supplies Management tracks what items are stocked, where and how items are stocked, how many items are stocked, and what items cost.

Also, you can allocate, issue, move, and replenish items and perform item-based inquiries.

Purchasing

Purchasing manages the entire procurement process for items, from requesters to vendors.

Defining Items

If you use items, you must complete a basic set of item definition parameters when you add or change an item in SmartStream. These parameters govern how the item is used throughout your enterprise or within the various sites where the item is defined.

Besides the basic item definition, Supplies Management customers must specify information about replenishment and how each item is stocked in each stockroom. For more information about these additional considerations, see Defining Items in Supplies Management.

Basic Information for Defining Items

All SmartStream users define items at two levels: for the *enterprise* and for the *site*. Supplies Management users define items further at the *stockroom level.*

Defining Items for Your Enterprise

This is the first level of item definition. The item parameters you define here apply throughout your enterprise, although many of them can be changed for specific sites and stockrooms as needed.

See the following sections for information about defining items for your enterprise:

- Describing an Item
- Deactivating an Item
- Associating an Item with a Site
- Item Comments
- Associating an Item with a Commodity
- Item Attributes

Defining an Item for a Site

This is the second level of item definition. The item parameters you define or change here apply to a specific site, but do not affect other sites in your enterprise.

See the following sections for information about defining items for a site:

- Unit Cost
- Over and Under Tolerance Percentage
- Buyer and Purchase Site

Describing an Item

When you add an item on the Item window, you provide a brief description that applies to the item as it occurs throughout your enterprise.

You can change this item description at each site and stockroom where the item is used. However, if you change item descriptions, users of different products may encounter different descriptions for the same item when moving from one activity to

another. Also, users who manage items across sites may encounter different descriptions for the same item. For this reason, it is a good idea to maintain consistent item descriptions throughout all of your sites whenever possible.

Deactivating an Item

The active option is automatically selected for all new items you define.

If you deactivate an item by clearing this option, no new requisitions can be placed for this item, and purchase orders cannot be created for the approved requisitions for this item, but approved purchase orders for this item are processed.

Associating an Item with a Site

You must associate each item with every site where it will be used, stocked, received, or shipped. You can perform this association for enterprise or for a specific site.

Item and site associations cannot be deleted.

Item Comments

You can add comments about an item that users can view on any window that includes item information.

Copying Comments

When you add or change comments for an item, you can copy those comments and use them to replace the existing comments for a specific site. (You cannot do this with any other kind of comment). Then, you can tailor the comments for the site as needed.

If you copy comments for a site and add new sites for the item later, you need to repeat the copy comments action to include the new sites. However, using this action overrides any existing comments for the item at that site.

Associating an Item with a Commodity

As you define an item on the Item window, you can associate the item with a commodity or international commodity to group the item with other items in your enterprise.

For information about how commodities work, see the Understanding Commodities chapter.

Site Commodities

The commodity you associate an item with at the site level is called a site commodity because the commodity can have different attributes at each site.

For more information, see Defining Site Commodities.

Item Attributes

An item's *attribute* describes what kind of item it is and how it is used. The item attributes are fixed asset, service, and special handling.

Unit Cost

You can enter a base unit cost for any nonstocked item. This cost is used for reporting purposes only. No Supplies Management process changes the unit cost value that you enter.

To learn about costing options for stocked items, see Maintaining Item Average Cost.

Over and Under Tolerance Percentage

The *over-tolerance percentage* is the percentage of any received quantity of an item over what is ordered or requested that you will automatically accept at a site.

Received orders that fall within the *under-tolerance percentage* are received as complete. If the received quantity falls outside the percentage, the associated requisition or purchase order remains open.

For more information about these concepts, see the online help for Under Tolerance % and Over Tolerance %.

Buyer and Purchase Site

You can assign a default buyer and purchase site to any item within a site. These become the default values on any requisitions for the item, although you can change them if necessary.

If you do not supply these values for the site, Supplies Management searches the other windows in the buyer hierarchy and purchase site hierarchy for these defaults.

Defining Items in Supplies Management

Besides the basic set of item definition requirements, Supplies Management customers must specify information about replenishment and how each item is stocked in each stockroom. You provide some of this information for your enterprise and specific sites, but you define most of it for the stockroom.

Defining Items for Your Enterprise in Supplies Management

For the additional requirements for defining items for your enterprise in Supplies Management, see the following sections:

- Consignment Items
- Usage Codes

Defining Items for a Site in Supplies Management

For an additional requirement for defining items for a site in Supplies Management, see the following sections:

- Issue Site and Stockroom

Defining Items at the Stockroom Level in Supplies Management

This is the third level of item definition, available to Supplies Management customers only. Your primary task here is to specify how this item will be replenished in this stockroom. You can also identify an item as a kit and deactivate it, if necessary.

See the following sections:

- Over and Under Tolerance
- Deactivating an Item
- Maintaining Item Average Cost
- Kits
- Unit of Measure
- Replenishment Variables

Consignment Items

A *consignment item* is one that you stock but do not pay for until after you issue it or remove it from stock. After the item is issued, authorization is sent to accounts payable to pay the vendor invoice.

Consignment Item Defaulting Information

You can designate an item as a consignment item for your enterprise, then change it for specific sites. If an item is a consignment at a site, it is also a consignment at every stockroom in the site. You cannot change the consignment designation at individual stockrooms.

Consignment Item Replenishment Considerations

The Replenishment program cannot replenish consignment items from any site other than the one in which they are defined. You must designate that consignment items be replenished either from a stockroom within the same site or from an outside vendor.

If you want to obtain a consignment item from a foreign site, you must manually create a replenishment requisition with this information.

Other Properties of Consignment Items

- Consignment items must always have a usage code of stocked.
- Consignment items cannot be kits or components of kits.
- You cannot reverse the receipt of a consignment item after the item has been issued. For more information, see Reversing Dispositioned Items in the *Receiving* guide.
- You cannot add consignment items to inventory using the Inventory Adjustment window. (You can add other types of items this way.)

Usage Codes

You can configure an item's *usage code* to describe how the item is used throughout your enterprise.

This usage code...	Means the item...
Stocked	Is a normal usage item that is stored in inventory. This item can be replenished, issued, and costed.
Nonstocked	Is expensed to a ledger account when it is invoiced. It can be received, but it is not stored in inventory. This item cannot be replenished, issued, or costed.
Stocked/Expensed	Is expensed to a ledger account when it is purchased. This item can be replenished and issued, but is not costed.

Issue Site and Stockroom

You can assign a default issue site and stockroom to any item within a site. These are the default values that appear on replenishment requisitions for the item when the

item is replenished internally. You can change these values if you want to request the item from a different stockroom or from a outside vendor.

If you do not supply these values for the site, Supplies Management searches for them in the other windows in the requisition line hierarchy.

Over and Under Tolerance Percentage

The over-tolerance percentage or under-tolerance percentage, or both, defined for a site can be overridden for any of the stockrooms at that site by entering different values for these options on the Stockroom Item window.

For more information about these concepts, see the online help for Under Tolerance % and Over Tolerance %.

Deactivating an Item

You can deactivate an item in a stockroom. This action severely restricts movement of the item in or out of the stockroom and keeps any new orders or requisitions for the item from being approved.

Deactivating an item is useful if you want to use up existing inventory of an item in a stockroom, although you may have other reasons for permanently or temporarily deactivating an item.

For information about how to deactivate an item, see the online help for the Active option in the Stockroom Item window.

Maintaining Item Average Cost

Supplies Management maintains an average cost for every stocked item. At each site, you decide whether you want this cost maintained at the site level or the stockroom level.

The average cost for a site is an average cost of all like items received at the site. The average cost for a stockroom is maintained separately for each item at each stockroom.

- Use the Site window to decide where to maintain the average cost for stocked items at each site.
- Use the Item Average Cost window to set an initial average cost for an item.

Kits

You designate an item as a kit at the stockroom level. Later, you specify which components make up the kit. Note that

- An item that is a kit assembly in one stockroom is not necessarily a kit assembly in any other stockroom.
- All of the components that make up a kit must be stocked in the same stockroom in which the kit assembly is defined.

For more information, see About Kits.

Unit of Measure

In Supplies Management, the unit of measure (UOM) for an item can be different from stockroom to stockroom or from site to site; however, the proper UOM conversions

must be defined before the item can be moved between sites and stockrooms that have different UOMs for the same item.

Replenishment Variables

You determine how often to run the Replenishment program for each stockroom and replenishment group. For more information, see Setting Up the Reservation and Replenishment Process in the *Supplies Management* guide.

Prerequisites for Defining Items

Before you define an item, note that

- You should configure an item as it occurs at the majority of your sites. Because many item values automatically default to the site stockroom levels, you can reduce the changes needed later if you configure the item appropriately now.
- You must define other SmartStream elements before you define an item. These elements are
  - Security
  - Sites
  - Accounting Objects
  - History Objects
  - Enterprise Calendar
  - Enterprise Policy
  - Currency
  - Units of Measure
  - UOM Conversions
  - Reason Codes
  - Order Status Codes
  - Next Available Numbers
  - Site Day Calendar
  - Commodities.

Policy Decisions

When you define items, you make the following decisions:

- What items do you need?
- Do you need to define items differently as they occur at different sites within your enterprise?
- Do you want to set up naming standards for items, such as using only alphanumeric or numeric IDs?

- Which users need the security privileges required to maintain items?

Indicating an Item's Average Cost

Supplies Cost tracks the cost of inventory as it moves within your enterprise.

Cross-Referencing an Item with a Vendor Item

When you define a vendor item for Purchasing, you can cross-reference the vendor item with an item in your enterprise. When you add the item to a purchase order later, both the vendor item and enterprise item appear by default.

Defining Item Accounting Keys

After you define items, you can define *item accounting keys* that link each item with a ledger account. When you enter an item during a transaction, transaction history is recorded. The item accounting key links the transaction performed with the affected ledger account.

Each item accounting key can include from 2 to 12 elements, such as entity, division, account, and department. These elements reflect the financial structure of your enterprise and the type of information needed to report your enterprise's financial information. The accounting derivation process uses these elements to assemble a full accounting key to pass on to the ledger.

Prerequisites

You should be familiar with accounting objects and general accounting information before attempting to define item accounting keys. For information about accounting keys and the account number derivation process, see the Planning Your User-Defined Accounting Key chapter in the *Enterprise Accounting* guide.

Policy Decisions

When you define item accounting keys, you need to make the following decisions:

- What item accounting keys do you need?
- Do you want to use the same item accounting keys at each site?
- Do you want to set up naming standards for item accounting keys, such as using only alphanumeric or numeric IDs?
- Which users need the security privileges required to maintain item accounting keys?

Windows to Use

Use the

- Item window to define, change, or activate items.
- Site Item window to define site-specific item parameters.
- Item Average Cost window to set an initial average cost for an item.
- Vendor Item Definition window to define a vendor item for Purchasing and cross-reference an item with a vendor item.
- Item Accounting Distribution window to maintain an item accounting key.

5 Setting Up Sites

Chapter Contents

5-1 Understanding Sites
5-3 Products That Use Sites
5-4 Defining Sites
5-6 Defining Site Accounting Distributions
5-7 Windows to Use

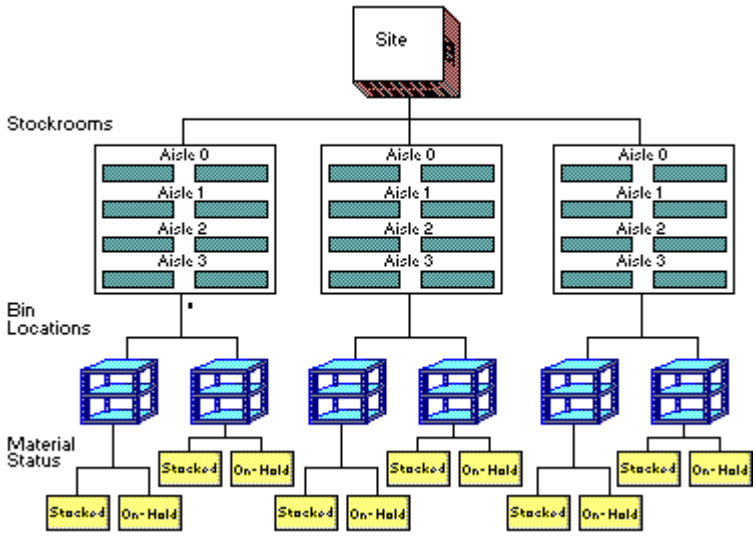
Understanding Sites

Many enterprises consist of multiple operation centers that are known as *sites*. A site may be defined as any physical or logical place where you conduct business.

You can use sites to represent

- Groups of stockrooms where you store inventory
- Central purchasing facilities
- Locations where you conduct any facet of your business
- Plants where you manufacture items
- Focused operations within a plant
- Combinations of administrative, warehouse, and manufacturing facilities.

SmartStream supports a hierarchical storage structure that it uses to track activity security, item quantities, item movements, costs, and replenishment orders.



When you first implement your enterprise, you define values for your enterprise that initially apply to each site. Later, you can customize the settings at a site to suit your business needs at that site.

Physical Versus Logical Sites

During implementation, you can define actual *physical locations* as sites, or you can set up *logical sites* that are analytical representations of a site.

You can define multiple, logical operation centers that are actually portions of the same physical operation center or you can combine two physical operation centers into one logical operation center.

For example, you can split one physical site at Atlanta into two logical sites, ATL1 and ATL2, for more efficient record keeping.

Products That Use Sites

Receiving

SmartStream Receiving uses the defaults that you define at each site to manage the movement of both stocked and nonstocked items from the receiving dock to a bin location or to a noninventory requester.

Supplies Management

You can use Supplies Management to stock, issue, and replenish items, assemble kits, and perform item-based inquiries at each site.

At each site, you can define

- What items are called
- How items are used
- How and from where items are replenished
- How items are received.

Cost

You can use Supplies Management Cost to track the value of inventory within a site.

Purchasing

Purchasing manages the entire procurement process for items, from requesters to vendors, at each site.

Defining Sites

Bulk Loading

If you store site information in a non-SmartStream database, you may be able to transfer the data using one or more of the Bulk Load transactions. For more information, see the Overview of Bulk Load Processing chapter in the *Bulk Load* guide.

Policy Decisions

When you define sites, you need to make the following decisions:

- What sites do you need?
- Are the sites logical or physical?
- What primary language, currency, and first workday apply to the site?
- Do you want to set up naming standards for sites, such as using only alphanumeric or numeric IDs?
- Which users need the security privileges required to maintain sites?
- Which stockroom will supply most of the nonpurchased items received into the site?
- What ledger entity is the site associated with?
- Do you want to maintain average cost for the site or for the stockroom?
- What receiving defaults do you want to define for the site?
- Do you want unit of measure rounding to occur during the replenishment process?

Currency and Sites

If you have sites that span countries with different currencies, you can specify a different currency at each site.

For example, you can perform transactions at the London site in British pounds and perform transactions at the New York site in US dollars. If you perform transactions that involve both sites, you need to specify a currency exchange rate for British pounds and US dollars.

Item Average Cost and Sites

If you are a Supplies Management customer, you can choose to maintain the average cost of items either for the site or for the stockroom.

At the site level, Supplies Management maintains one average cost for an item across a site, no matter which or how many stockrooms the item is stored in.

At the stockroom level, Supplies Management tracks a different average cost for each item within each stockroom.

Security Privileges and Sites

During implementation, you give security privileges to security groups and users for each activity window. After defining sites, you can give security privileges to security groups and users so that they can perform activities at specific sites.

This two-tier security scheme guarantees that users perform transactions in only those sites that they have security to, reduces data entry errors, and protects data integrity. For example, an Atlanta-based user can access the Site Item window to perform transactions in site Atlanta only. Meanwhile, another user who travels between Boston and Atlanta can access that window to perform transactions in either site.

Defining Site Accounting Distributions

After you define sites, you can define *site accounting distributions* that link each site with a ledger account.

When you enter a site during a transaction, transaction history is recorded. The site accounting distribution links the transaction performed with the affected ledger account.

Each site accounting distribution can include from two to twelve elements, such as entity, division, account, and department. These elements reflect the financial structure of your enterprise and the type of information needed to report your enterprise's financial information. The accounting derivation process uses these elements to assemble a full accounting distribution to pass on to the ledger.

Prerequisites

You should be familiar with accounting objects and general accounting information before attempting to define site accounting distributions. For information about accounting keys and the account number derivation process, see the Planning Your User-Defined Accounting Key chapter in the *Enterprise Accounting* guide.

Policy Decisions

When you define site accounting distributions, you need to make the following decisions:

- How many site accounting distributions do you need?
- Do you want to use the same site accounting distributions at each site?
- Do you want to set up naming standards for site accounting distributions, such as using only alphanumeric or numeric IDs?

Windows to Use

Use the

- Site window to define or change sites or override the enterprise currency default at a site
- Item Average Cost window to define or change the average cost of an item within a site
- Activity Security window to define security privileges for a site
- Site Accounting Distributions window to define, change, or delete site accounting distributions.

6 Setting Up Stockrooms

Chapter Contents

6-1 Understanding Stockrooms
6-2 Products That Use Stockrooms
6-3 Defining Stockrooms
6-4 Defining Stockroom Accounting Distributions
6-5 Windows to Use

Understanding Stockrooms

A *stockroom* is a physical structure that contains locations where inventory is stored. At each site, you can establish many stockrooms and configure each stockroom with its own default values.

Products That Use Stockrooms

Receiving

Receiving manages the movement and status of items from the receiving dock to a final destination in a stockroom or directly to a requester. Also, Receiving automatically stores material that must be dispositioned in the default exception bin location that you specify when you set up a stockroom.

Supplies Management

Supplies Management tracks the following details about each stockroom at a site:

- Which bin locations are in a stockroom
- What items are stocked in a stockroom
- Where and how items are stocked
- How many items you have in a stockroom

Also, you can use Supplies Management to stock, issue, and replenish items, assemble kits, and perform item-based inquiries at each site.

Issue Stockrooms

Commodities group items or materials according to similar characteristics for more efficient purchasing, receiving, and reporting. To streamline requisition processing and support Supplies Management's integration with Purchasing, you can define an *issue stockroom* to link a stockroom to a commodity.

Supplies Management Cost

You can use Supplies Management Cost functionality to

- Define stockroom accounting distributions.
- Define the initial average cost of an item and change it for a stockroom.
- Create a cost inventory valuation report to determine the value of inventory in a stockroom.
- Create a cost transaction details report to view the cost of transactions that occurred in a stockroom.

Purchasing

When processing internal requisitions, Purchasing uses the issue stockroom associated with an item's commodity to determine the default stockroom from which to issue that item. You can then use Supplies Management to issue inventory to the requisition.

Defining Stockrooms

When defining stockrooms, enter default values to describe most of the inventory contained in each stockroom. These values help you control how transactions affect inventory stored in a stockroom. They can also decrease the data entry needed to perform some transactions.

Policy Decisions

When defining stockrooms, you need to make the following decisions:

- How many stockrooms do you need?
- Do you want to set up naming standards for stockrooms, such as using only alphanumeric or numeric IDs?
- Which users need the security privileges required to maintain stockrooms?

Security Privileges

During implementation, you give security privileges to security groups and users for each activity window. After you define sites, you give security privileges to security groups and users so that they can perform activities at specific sites.

After you define stockrooms, you can extend activity security to one more level by giving security privileges to security groups and users so that they can perform activities in specific stockrooms.

For more information about activity security, see the Users and Security chapter in the *SmartStream Administration* guide.

Defining Stockroom Accounting Distributions

After you define stockrooms, you can define *stockroom accounting distributions* that link stockrooms with ledger accounts. When you enter a stockroom during a transaction, transaction history is recorded. The stockroom accounting distribution links the transaction with the affected ledger account.

Each stockroom accounting distribution can include from two to twelve elements, such as entity, division, account, and department. These elements reflect the financial structure of your enterprise and the type of information needed to report your enterprise's financial information. The accounting derivation process uses these elements to assemble a full accounting distribution to pass on to the ledger.

Prerequisites

You should be familiar with accounting objects and general accounting information before attempting to define stockroom accounting distributions. For information about accounting keys and the account number derivation process, see the Planning Your User-Defined Accounting Key chapter in the *Enterprise Accounting* guide.

Policy Decisions

When you define stockroom accounting distributions, you need to make the following decisions:

- How many stockroom accounting distributions do you need?
- Do you want to use the same stockroom accounting distributions at each site?
- Do you want to set up naming standards for stockroom accounting distributions, such as using only alphanumeric or numeric IDs?
- Which users need the security privileges required to maintain stockroom accounting distributions?

Windows to Use

Use the

- Stockroom window to define, change, or delete stockrooms
- Stockroom Item window to define stockroom-specific item parameters
- Site Commodity window to define, change, or delete a stockroom's association with a commodity
- Stockroom Accounting Distributions window to define, change, or delete a stockroom accounting distribution
- Inventory Cost Inquiry window to see the value of inventory for an item in a site or stockroom.
- Cost Reports Launch window to create a cost transaction details report for a stockroom
- Inventory Valued Transactions Inquiry window to determine the stockroom where inventory resides when a transaction is completed
- Activity Security window to define security privileges at the stockroom level.

7 Setting Up Reason Codes

Chapter Contents

7-1 Understanding Reason Codes
7-2 Products That Use Reason Codes
7-3 Defining Reason Codes
7-4 Deactivating Reason Codes
7-5 Defining Reason Code Accounting Distributions
7-6 Windows to Use

Understanding Reason Codes

A *reason code* is a code that you enter during a transaction to explain why you are performing the transaction.

For example, when you adjust an inventory quantity in Supplies Management, you might enter a reason code called CCNT because the quantity was changed after a cycle count.

Products That Use Reason Codes

Reason codes are used by Receiving and Supplies Management.

Receiving

Receiving uses reason codes to explain why material has been scrapped.

Supplies Management

Supplies Management uses reason codes to explain transactions that involve

- Adjustments to inventory quantities
- Miscellaneous inventory issues
- Miscellaneous inventory moves
- Scrapping inventory.

Supplies Management Cost uses reason codes to determine the cost of transactions.

Where applicable, Supplies Management Cost uses the reason code accounting distribution to derive the affected ledger account and report any cost changes to your ledger.

Defining Reason Codes

You define reason codes for the site. For consistency, you may want to define the same reason codes at each site within your enterprise. In some cases, however, a site may require specific reason codes that other sites have no use for.

Policy Decisions

When you define reason codes, you need to make the following decisions:

- What reason codes do you need?
- Do you want to use the same reason codes at each site?
- Do you want to set up naming standards for reason codes, such as using only alphanumeric or numeric IDs?
- Which users need the security privileges required to maintain reason codes?

Deactivating Reason Codes

You cannot delete a reason code, but you can deactivate it if

- The reason code is no longer used
- You want to stop users using the reason code temporarily.

Defining Reason Code Accounting Distributions

After you define reason codes, you can define *reason code accounting distributions* to link each reason code with a ledger account. When you enter a reason code for a transaction, transaction history is recorded. The reason code accounting distribution links the transaction performed with the affected ledger account.

Each reason code accounting distribution can include from two to twelve elements, such as entity, division, account, and department. These elements reflect the financial structure of your enterprise and the type of information needed to report your enterprise's financial information. The accounting derivation process uses these elements to assemble a full accounting distribution to pass on to the ledger.

Prerequisites

You should be familiar with accounting objects and general accounting information before attempting to set up reason code accounting distributions. For information about accounting distributions and the account number derivation process, see the SmartStream and Your Ledger chapter in the *Enterprise Accounting* guide.

Policy Decisions

When you define reason code accounting distributions, you make the following decisions:

- What reason code accounting distributions do you need?
- Do you want to use the same reason code accounting distributions at each site?
- Do you want to set up naming standards for accounting distributions, such as using only alphanumeric or numeric IDs?
- Which users need the security privileges required to maintain reason code accounting distributions?

Windows to Use

Use the

- Reason Code window to define, change, or inactivate reason codes
- Reason Code Accounting Distributions window to define, change, or delete reason code accounting distributions
- Inventory Valued Transactions Detail window to display journal entries associated with a reason code.

8 Setting Up Requisition Entities

Chapter Contents

8-1 About Requisition Entities
8-1 Purchasing and Requisition Entities
8-3 Defining Requisition Entities
8-5 Requisition Processing Defaults
8-8 Defining Requisition Entity Accounting Policies
8-10 Assigning Site Catalogs to Requisition Entities
8-11 Windows to Use

About Requisition Entities

A *requisition entity* is a set of policies that controls how SmartStream generates and processes routine requests for goods and services at a site.

Each entity includes shipping and internal delivery addresses, defaults for routing requisitions, and policies for entering and validating accounting distributions for requisitions. After you define a requisition entity you can assign site catalogs to it.

When you set up a requester, you associate the requester with a requisition entity. The policies that you specify for the entity apply to all requisitions that the associated requesters generate.

Purchasing and Requisition Entities

Purchasing uses requisition entities to determine

- The default purchase site and buyer for requisition lines (for items you purchase) or the default issue site and issue stockroom (for items you stock)
- The buyer workgroup to route requisitions to if the requester does not specify a buyer for the requisition line and Purchasing does not find a default buyer
- The ship-to address for requisitions
- An internal address where your receiving department distributes goods after a vendor delivers them

- The accounting distribution information required for a requisition
- Whether Purchasing validates a requisition's accounting distributions
- The accounts where the expenditure for an item for a requisition is posted
- The catalogs to use when adding requisitions.

Defining Requisition Entities

Before you can process requests for goods and services, you must define requisition entities to control the requisition process.

Policy Decisions

When you define a requisition entity, consider the following questions:

- Which sites request goods and services for your enterprise?
- What are the criteria for defining and organizing a requisition entity?
- What is an appropriate ID and description for each requisition entity?
- What address do you want vendors to deliver items to?
- What internal delivery address do you want to specify for requisitioned items after receipt from a vendor?
- Which users need the security access required to maintain requisition entities?

Criteria for Organizing Requisition Entities

You can set up your requisition entities according to any organizational criteria that you need:

- Different geographical divisions of your enterprise
- Different functional divisions or subsidiaries
- Departments or divisions that you separate for reporting purposes or that have different policy options
- Departments that have only one requester and other departments that have multiple requesters

Using Requisition Entity Defaults

You can simplify setting up your requesters by first adding the different requisition entities that you need. You then assign all requesters who use a single set of requisition processing controls and rules to the same requisition entity.

The options and defaults that make up the requisition entity automatically control the way requesters process requisitions. After you define a requisition entity, certain values for that entity serve as defaults for requesters and requisitions associated with the entity.

Overriding Defaults

If all requesters process requisitions the same way except for certain differences, you can still assign all requesters to the same requisition entity. You can then override certain default values when you set up each requester or when you enter a requisition.

For example, you can override the default ship-to and deliver-to addresses or the default purchase site and buyer.

Naming Requisition Entities

Choose a unique ID for each requisition entity. After you save a requisition entity, you cannot change this ID. You must also enter a description for the requisition entity.

Example 1

Your enterprise has two regional offices in addition to its corporate location. You define the corporate location and each of the regional offices as sites. All three sites have different ship-to and deliver-to addresses and different requisition processing requirements.

Example 2

Your enterprise has only one physical location that you define as your only site. However, this site includes three separate functional departments, and you want the receiving department to deliver goods to the three departments after receiving them from vendors. You also want to separate the three departments for reporting or accounting purposes.

Adding Addresses to Requisition Entities

Although you must add a ship-to address to each requisition entity, deliver-to addresses are optional.

- Ship-to addresses identify the physical locations where vendors deliver goods or perform services. The ship-to address that you add for a requisition entity is a default for requisitions that reference the entity. A requester can change the default ship-to address while entering an individual requisition.
- Deliver-to addresses provide internal delivery instructions to your receiving department. For example, a deliver-to address can tell your receiving department which person to take the goods to after the vendor delivers them.

Requisition Processing Defaults

When you define a requisition entity, you select defaults that control who processes a requisition after it is approved.

Policy Decisions

When you define processing defaults, consider the following questions:

- Do you want to specify a default purchase site and buyer for the requisition entity for items that you purchase?
- Do you want to specify a default issue site and issue stockroom for the requisition entity for items you stock?
- What buyer workgroup do you want to route requisitions to when the requester does not specify a buyer for a requisition line and Purchasing does not find a default buyer?

Purchase Site and Buyer

Entering a purchase site and buyer is optional; however, if you enter a purchase site, you must also enter a buyer. The buyer must be valid for the purchase site.

These values can serve as default values for the requisition line and you can override them on the requisition line. This is the only time you can change the purchase site.

Note: For the purchase site, this method of providing defaults for the requisition line applies only to description-only items and uncataloged vendor items.

For more information about the default sequence, see

- Purchase Site
- Buyer or Buyer Workgroup.

Issue Site and Issue Stockroom

Entering an issue site and issue stockroom is optional; however, if you enter an issue site, you must also enter an issue stockroom. The issue stockroom must be valid for the issue site.

These values can serve as default values for the requisition line. You can override the defaults on the requisition line.

For more information about the default sequence, see

- Issue Site
- Issue Stockroom.

Buyer Workgroups

You must specify a buyer workgroup for each requisition entity.

When a requester requests an item to be purchased, SmartStream tries to route the requisition line to a buyer. If the requester does not specify a buyer on the requisition line and Purchasing does not find a default buyer, Purchasing routes the requisition to the buyer workgroup for the requester's requisition entity.

Manager's Role

The manager of a buyer workgroup can choose one of the following options for a requisition that appears in the workgroup's To Do List:

- Delegate the requisition to any buyer in the workgroup
- Reassign the requisition to another workgroup that the manager controls

A user who acts as a manager for a buyer workgroup must have security access for the Workgroup To Do Administration window. The manager can also

- Process requisitions in the To Do Lists of buyers who are sick or vacationing
- Reassign requisitions from one user in the buyer workgroup to another.

Changing Buyer Workgroups

Although you can change the buyer workgroup for a requisition entity at any time, you cannot override the default buyer workgroup for a requisition line. You can change the buyer workgroup to a valid buyer for the requisition.

Example

Your enterprise has two buyer workgroups. One workgroup purchases capital items and the other purchases expense items.

You select the buyer workgroup Capital as the default for a requisition entity. You then associate a requester in the Management Information Systems department who generates requisitions for software and hardware with the requisition entity.

When the requester adds a requisition that does not reference a specific buyer and Purchasing does not find a default buyer, the requisition appears in the To Do List of the Capital workgroup. The manager of the Capital workgroup assigns the requisition to a specific buyer in the workgroup.

Inactivating and Reactivating Entities

Although you cannot delete a requisition entity, you can inactivate an entity that is not being used. Later, you can reactivate the entity if you need to use it again.

You can also use the Inactive status if you want to define a requisition entity but do not want to use it for processing requisitions until a future date. Define all the information for the entity, make it inactive, and save it. You can reactivate the entity when you are ready to use it.

Using Inactive Requisition Entities

You can display the policy information for an inactive entity; however, you can change only the requisition entity accounting distribution information for an inactive entity.

You cannot use an inactive entity to process new requisitions or purchase orders. Inactivating an entity does not affect existing requisition and purchase documents.

Defining Requisition Entity Accounting Policies

You can define default policies for a requisition entity that control how SmartStream processes the accounting information for requisitions that reference the requisition entity.

Policy Decisions

When you define accounting policies for a requisition entity, consider the following questions:

- For item expenditures on requisitions referencing the requisition entity, which elements of your accounting key do you want requesters to enter accounting distributions for?
- Do you want to require validation by your ledger of the accounting distributions on these requisitions?
- Do you always or usually post the expenditures for items on requisitions referencing a requisition entity to the same accounts?
- Are some accounting distribution elements for the items always the same, although others vary according to the vendor or the commodity?
- In your account derivation sequence, where is the requisition entity in relation to other policy components?

Accounting Distribution Requirements

When you add a requisition, the accounting distribution associated with the requisition entity controls which accounting distributions you need to enter.

For a complete description of the account derivation process, see Processing Hierarchies for Default Accounting Key Information in the *Enterprise Accounting* guide.

An *accounting distribution* is a set of values that define the accounts in your ledger to which journal entries are posted. The journal entries generated depend on the accounting distributions that you define in various components of policy or enter during purchasing processing.

Requisition accounting distributions serve as defaults for the purchase order and invoice. They are used to post expenditure amounts for the items or services you order.

Required Accounting Information for Requisitions

If you want to require requesters to enter accounting distributions for requisitions, you can specify this requirement in the requisition entity policy used to process the requisitions.

You can require requesters associated with a requisition entity to enter accounting distribution values for the ledger entity and all the elements of your accounting key, or you can require only certain parts of the accounting key information. For example,

you might always require a ledger entity for requisitions, but you might not require values for any of the accounting key elements.

Validation Requirements

If you want to validate the accounting distributions on requisitions, you can define a requisition entity that requires this validation. Purchasing uses the chart of accounts in your ledger to validate the accounting distributions on all requisitions controlled by the requisition entity.

Default Accounting Distributions

You can define default accounting distributions for a requisition entity. When a requester adds a line on a requisition controlled by that requisition entity, the default accounting distributions for that requisition entity appear on the requisition, **unless** other defaults have priority.

Default Account Derivation Sequence

If different default accounting distributions are defined for the site, requester, site commodity, or vendor referenced on a purchasing document, the default accounting distributions for a requisition entity associated with the requester appear, according to the account derivation sequence you defined.

Overriding Defaults

A requester can override default accounting distributions when entering a requisition.

Using Partial Accounting Distribution Defaults

If your expenditure accounts vary based on the item or vendor, you can choose not to define default accounting distributions for the requisition entity, or you can define partial accounting distributions.

When a requester adds a requisition, default accounting distributions for the requisition entity associated with the requester appear automatically, unless other defaults have priority. The purchasing process adds any remaining defaults, according to the account derivation sequence you defined, from the following policy components:

- Vendor
- Requester
- Site commodity
- Site

The requester can then add any missing accounting distributions directly on the requisition.

Note: The purchasing process validates accounting distributions on a requisition only if the policy for the requisition entity requires it.

Assigning Site Catalogs to Requisition Entities

After defining a requisition entity, you can assign site catalogs to it. This facilitates the requisition process by giving requesters a subset of catalogs to order from. If you do not assign catalogs, requesters can order from any catalog for the site.

Requesters are not limited to ordering from the assigned catalogs; they can also order items by entering them on the requisition line or by selecting them using the Multi Item Selection action on the Requisition window or the Replenishment Requisition window.

Prerequisites

Before you can assign catalogs to a requisition entity, you must define the catalogs on the Site Catalog window.

Policy Decisions

When you assign catalogs to a requisition entity, consider the following questions:

- Do you want requesters to have access to all catalogs for the site or access to a subset of catalogs that you specify?
- If you assign catalogs to the requisition entity, which ones do the requesters for the requisition entity need to have access to?

Windows to Use

Use the

- Requisition Entity window to
  - Define, change, or inactivate requisition entities
  - Enter processing options and defaults.
- Requisition Entity Accounting Distributions window to define, change, or delete default accounting distributions for requisition entities.
- Requester window to associate requesters with requisition entities.
- Site Catalog window to add custom catalogs for a site.
- Assign Catalogs to Requisition Entity window to associate catalogs with requisition entities.

9 Setting Up Vendor Ship-To Addresses

Chapter Contents

9-1 Understanding Vendor Ship-To Addresses
9-2 Products That Use Vendor Ship-To Addresses
9-3 Defining Vendor Ship-To Addresses
9-4 Windows to Use

Understanding Vendor Ship-To Addresses

Vendor ship-to addresses identify the physical locations where vendors deliver goods or perform services for an enterprise. These addresses are used on requisitions and purchase orders.

Products That Use Vendor Ship-To Addresses

Different products use vendor ship-to addresses in different ways.

Receiving

Receiving uses vendor ship-to addresses to return discrepant receipt material and reverse receipts.

Supplies Management

Supplies Management uses vendor ship-to addresses to issue inventory to internal requisitions generated by Purchasing.

Purchasing

Purchasing uses vendor ship-to addresses to process requisitions and purchase orders.

Defining Vendor Ship-To Addresses

You can define as many ship-to addresses as you need for each site in your enterprise. Then you must activate each ship-to address before you can use it at a site.

Policy Decisions

When you define ship-to addresses, you need to make the following decisions:

- What addresses do you want goods and services shipped to?
- In what countries do requesters receive the goods and services shipped?
- Do you want to set up naming standards for ship-to addresses, such as using alphanumeric or numeric IDs?
- Which users need the security privileges required to maintain ship-to addresses?

Default Ship-To Addresses

You can associate a default ship-to address with a

- Requisition entity
- Purchase entity
- Requester.

Purchasing uses these default ship-to addresses on requisitions and purchase orders that reference requisition entities, purchase entities, or requesters. A requester or buyer can change the default ship-to address for a specific document, if necessary.

Windows to Use

Use the

- Ship-To Address window to define, change, activate, or inactivate ship-to addresses.
- Requisition Entity window to define a default ship-to address for a requisition entity.
- Purchase Entity window to define a default ship-to address for a purchase entity.
- Requester window to define a default ship-to address for a requester.

10 Setting Up Catalogs for a Site

Chapter Contents

10-1 About Site Catalogs
10-2 Defining Site Catalogs
10-4 Windows to Use

About Site Catalogs

You can define site catalogs and access them from the Requisition, Replenishment Requisition, and Purchase Order windows. You can then select items from the catalogs to add to the requisition or purchase order.

Each catalog can contain items, vendor items, or both, and you can add an item or vendor item to one or more catalogs.

For more information about defining site catalogs, see Adding a Site Catalog in the online Help.

Policy Decisions

When you define site catalogs, consider the following questions:

- What items do the users at the site require?
- Do your requesters or groups of requesters order certain items on a regular basis? Do you want to define catalogs that are specifically designed to meet their ordering needs?
- If you have Supplies Management installed, what items do you frequently replenish online rather than by using the Replenishment scheduled process?

Defining Site Catalogs

When you define a site catalog, you enter a catalog identifier and a short description for the catalog on the Site Catalog window. You then select items to add to the catalog. SmartStream adds the item identifier and other item information to the catalog.

Prerequisites

You must define the items before you can add them to site catalogs. For more information about defining items, see the

- Setting Up Items chapter in this guide
- Setting Up Vendor Items chapter in the Vendor guide.

Automatic Updates

When you add items to site catalogs, the item information comes from other components of SmartStream, such as the site item or the stockroom item. If you update the item information on an item window or through a scheduled process, SmartStream automatically updates the item information in the site catalog so it remains current.

Catalogs for Requisition Entities

After you define site catalogs, you can assign them to requisition entities. All requesters assigned to a requisition entity have access to the same catalogs, but requesters cannot access catalogs that you did not assign.

If you do not assign any catalogs to a requisition entity, the requesters for the requisition entity have access to all catalogs for the site.

For more information see

- Assigning Site Catalogs to Requisition Entities in this guide
- Defining Site Catalogs for a Requisition Entity in the online Help.

Supplies Management

If Supplies Management is installed, you can add an item multiple times to the same catalog, as long as the issue site and issue stockroom are different. You may want to do this so you can order an item in different units of measure.

Using Site Catalogs for Replenishment Requisitions

You can choose only stocked and stocked, expensed items to add to replenishment requisitions; Purchasing does not return nonstocked items to replenishment requisitions. Therefore, consider setting up and maintaining separate catalogs of stocked and stocked, expensed items to be used for replenishment requisitions.

Deleting Items or Catalogs

You can delete items from catalogs or delete entire catalogs. When you delete items from a catalog or a catalog, SmartStream does not delete the items. It removes only the catalog association.

Deleting Catalogs Assigned to Requisition Entities

If you try to delete a catalog that is assigned to a requisition entity, SmartStream notifies you that the catalog is associated with a requisition entity. You have the option to continue or to cancel the deletion. If you continue, SmartStream removes the catalog and its association with the requisition entity.

Windows to Use

Use the

- Site Catalog window to add custom catalogs for a site.
- Assign Catalogs to Requisition Entity window to associate catalogs with requisition entities.

11 Setting Up Requesters

Chapter Contents

11-1 Understanding Requesters
11-2 Products That Use Requesters
11-3 Defining Requesters
11-5 Defining Default Accounting Distributions for Requesters
11-7 Windows to Use

Understanding Requesters

Requesters are individuals in your enterprise responsible for requesting goods and services. Before you set up requisition entities for your enterprise, you need to

- Identify the requesters for each site
- Group requesters that use the same policies to generate requisitions
- Select processing defaults for requesters
- Define default accounting distributions for requesters.

Products That Use Requesters

Supplies Management

Supplies Management notifies the requester when inventory is issued to a requisition.

Purchasing

Purchasing uses requesters to determine where requisitioned goods or services should be delivered.

Defining Requesters

You define requesters on the Requester window.

Policy Decisions

When you define requesters, you need to make the following decisions:

- What requesters do you want to assign to each site?
- Do you want to set up naming standards for requesters, such as using only alphanumeric or numeric IDs?
- Which requesters use the same policies for requesting goods and services?
- What is the address where you want vendors to ship the items that a requester asks for?
- Do you want to specify an internal delivery address for the items on a requisition after they are received from the vendor?
- What is the format of telephone and fax numbers for the requester?
- Which users need the security privileges required to maintain requesters?

Naming Requesters

For each requester, enter a unique ID and description. When the requester adds a requisition, the requester ID on the requisition shows who is responsible for the document.

If you attach requisition lines to a purchase order, the requester ID also appears on the purchase order and its lines.

Associating Requesters with Requisition Entities

Before requisitions can be generated, you must associate a requester with a *requisition entity*, a set of processing options and defaults that control routine requests for goods and services.

After you associate a requester with a requisition entity, the policies specified for the requisition entity apply to all the requisitions added by the requester. A requester can override some of the default information from the requisition entity when entering a requisition.

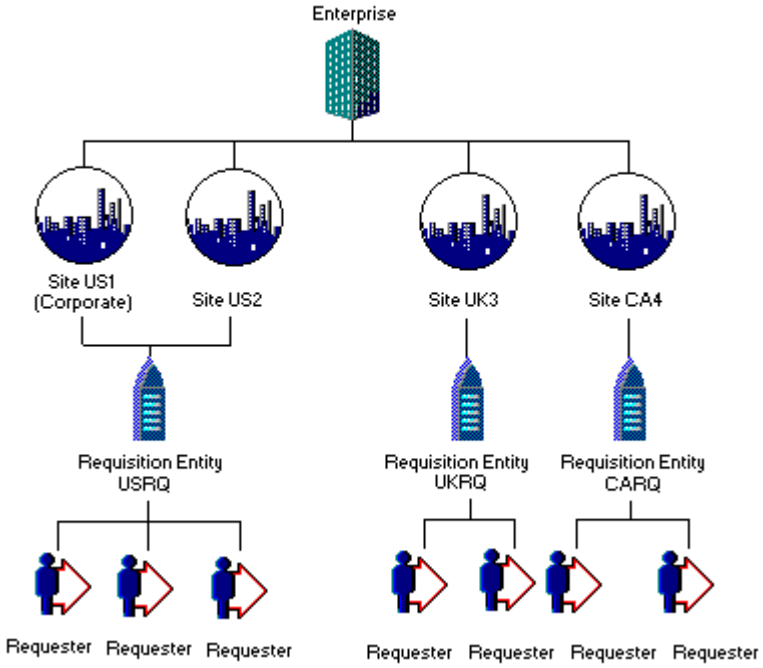
You can simplify setting up your requesters by defining requisition entities for the different sets of processing requirements and then assigning all requesters who use the same controls to a single requisition entity.

Example

Your enterprise includes four sites. Two sites, including the corporate headquarters, are in the United States, while one is in the United Kingdom and another in Canada. Each site has its own requesters.

Requesters at the two U.S. sites use the same policies to request items and services because they are in the same city and all goods for the two sites are delivered to a central warehouse. You define one requisition entity that includes the common policies for requisition processing. You then assign all requesters for both sites to this requisition entity.

The Canadian and U.K. sites also have their own requesters, but each site has different policies for processing requisitions. You define separate requisition entities at these sites, and assign the requesters for each site to the requisition entities defined at the site.



Inactivating and Reactivating Requesters

You cannot delete a requester. However, you can inactivate a requester if the requester no longer requests goods and services for your enterprise.

You can also use the Inactive status if you want to set up a requester but do not want to provide the security access for requesting goods and services until a future date. Define all the information for the requester and save it, then immediately make the requester inactive. You can activate the requester whenever you want.

Defining Default Accounting Distributions for Requesters

You can define default accounting distributions for a requester to make processing requisitions more efficient.

Use the Requester Accounting Distributions window to define requester accounting distributions.

Policy Decisions

If you define default accounting distributions for a requester, consider the following questions:

- Do you always or usually post the expenditures for items on requisitions for the requester to the same accounts?
- Are some of the elements of the accounting distributions for the items always the same, while others vary according to the vendor or the commodity?
- In your account derivation sequence, where is requisition entity in relation to other policy components?

Default Processing for Accounting Distributions

When a requester generates a requisition, any default accounting distributions for the requester can automatically appear on the purchasing document, unless other defaults have priority.

Default Account Derivation Sequence

If different default accounting distributions are defined for the site, requisition entity, site commodity, or vendor referenced on a purchasing document, the default accounting distributions for a requester appear according to the account derivation sequence you defined.

Overriding Defaults

A requester can override default accounting distributions when adding a requisition.

Using Partial Accounting Distribution Defaults

If your expenditure accounts vary based on the item or vendor, you can choose not to define default accounting distributions for a requester, or you can define partial accounting distributions as defaults.

When you add a requisition that includes an item associated with a site commodity, any partial accounting distributions for the site commodity appear automatically on the purchasing document, unless other defaults have prioity. The purchasing process then fills in any remaining defaults, in the account derivation sequence you defined, from the following policy components:

- Vendor
- Site Commodity
- Requisition Entity

- Site

You can then fill in any missing accounting distribution values directly on the requisition.

Note: The purchasing process validates accounting distributions on a requisition only if the policy for the requisition entity requires it.

Windows to Use

Use the

- Requester window to define, change, activate, or inactivate requesters
- Requester Accounting Distributions window to define, change, or delete default accounting distributions for a requester.

12 Setting Up Buyers

Chapter Contents

12-1 About Buyers
12-1 Purchasing and Buyers
12-2 Defining Buyers
12-4 Assigning Commodities to a Buyer
12-5 Windows to Use

About Buyers

Buyers are the persons or groups who purchase goods and services for your enterprise. This section contains information to help you make the business decisions required to

- Identify the buyers at each site
- Group buyers that use the same rules for generating and distributing purchase orders
- Assign commodities to the buyers.

Purchasing and Buyers

Buyers are entered on the following Purchasing documents to identify the persons responsible for purchasing items:

- Requisitions
- Purchase orders
- Blanket orders

Defining Buyers

You define buyers on the Buyer window.

Policy Decisions

When you define buyers, you consider the following questions:

- What buyers do you want to assign to each site?
- What are the policies you want each buyer to use for processing purchase orders?
- What are the telephone and fax numbers for the buyer?
- What site commodities do you want to assign to the buyer?
- Which users need the security privileges required to maintain buyers?

Naming Buyers

Each buyer ID matches the SmartStream user ID of the buyer. When a buyer adds a blanket order or purchase order, the buyer ID on the document indicates who is responsible for the document.

Associating Buyers with Purchase Entities

A buyer must be associated with a purchase entity to process purchase orders. A *purchase entity* is a set of processing options and defaults that determine

- Where to ship goods ordered by the buyer
- The transaction currency of a buyer's purchase order
- Terms of payment for the vendor on the purchase order.

The purchase entity also controls whether the buyer can

- Generate purchase order releases for blanket orders
- Add a vendor item automatically to the vendor item catalog by entering it on a purchase order
- Enter description-only items on a purchase order.

After you assign a purchase entity to a buyer, the policies specified in the purchase entity apply to all purchase orders that the buyer generates. A buyer can change some of this default information on specific purchase orders.

Assigning Multiple Buyers to the Same Purchase Entity

You can simplify the process of defining buyers by adding as many different purchase entities as you need and then assigning all buyers that use one set of controls to the same purchase entity.

After you define a purchase entity, the values for that entity serve as defaults for both buyers and purchase orders associated with the entity.

Using Buyer Defaults

Purchasing uses a default sequence to determine which buyer to associate with a requisition line if the requester does not enter one. If Purchasing does not find a buyer in the default sequence, the buyer workgroup defined for the requester's requisition entity is assigned.

For more information on the default sequence for buyers, see Buyer or Buyer Workgroup in the online Help.

Inactivating and Reactivating Buyers

Although you cannot delete a buyer, you can inactivate a buyer who no longer purchases goods and services for your enterprise.

You can also use the Inactive status if you want to set up a buyer, but you do not want to provide the security access for purchasing goods and services until a future date. Define all the information for the buyer and save it, then immediately make the buyer inactive. You can reactivate the buyer whenever you want.

Assigning Commodities to a Buyer

If you include an item in a commodity and you want a single buyer at a site to purchase all items included in the commodity, do not assign a buyer to the item.

Instead, use the Site Commodity window to add a commodity and assign it to a buyer. You can assign a commodity to a buyer either

- When you define the commodity on the Site Commodity window, or
- Later, using the Assign Commodities to Buyer window. (You can use this window to assign multiple commodities to a buyer at one time.)

Purchase Site and Buyer

The buyer must be valid for the purchase site.

The values for the purchase site and buyer can serve as defaults for the requisition line. (For the purchase site, this default sequence applies only to description-only items and uncataloged vendor items.) You can override the default values on the requisition line.

For information about the default sequences, see

- Purchase Site
- Buyer or Buyer Workgroup

Windows to Use

Use the

- Buyer window to define, change, activate, or inactivate buyers.
- Site Commodity window to assign a commodity to a buyer.
- Assign Commodities to Buyer window to assign multiple commodities to a buyer or remove commodities from a buyer.

13 Setting Up Freight Terms and Free-On-Board Points

Chapter Contents

13-1 Understanding Freight Terms and Free-On-Board Points
13-3 Products That Use Freight Terms and Free-On-Board Points
13-4 Defining Freight Terms
13-5 Defining Free-On-Board Points
13-6 Windows to Use

Understanding Freight Terms and Free-On-Board Points

At each site, you can define freight terms and free-on-board (FOB) points that are used to ship material.

Freight Terms

Freight terms specify how you pay transportation charges to a shipper and identify who is responsible for paying the freight charges.

Example

Enterprise ABC orders office supplies. The vendor pays the shipping charges, and then adds them to the invoice. However, when Enterprise ABC orders computer equipment, the purchase price includes freight charges.

You define the following freight terms to reflect the freight charge agreements:

Freight Term	Description
PREPAID	Vendor pays shipping and adds it to the invoice.
INCL	Freight included in purchase price.

Free-On-Board Points

A *free-on-board point* is a freight term that identifies the point during the delivery process where either

- A buyer assumes responsibility for goods being delivered from a vendor
- A customer assumes responsibility for goods being delivered by a supplier.

Example

Your enterprise uses ocean liners and air freight to import raw materials from overseas. You define two FOB points so that the buyer can indicate which shipping method is used:

FOB Point	Description
AP	Vendor bears the risk until goods arrive at the airport.
OB	Vendor bears the risk until goods are on the ship.

After the vendor puts the merchandise on the ship or delivers it to the airport, your enterprise assumes the transportation risks.

Products That Use Freight Terms and Free-On-Board Points

Purchasing

Purchasing associates freight terms with vendors for use on purchase orders.

It uses FOB points on both purchase orders and blanket orders to determine where the responsibility for goods changes from the vendor to the buyer.

Defining Freight Terms

Consider the following information when you define freight terms to specify how you pay transportation charges to the shipper and identify who is responsible for paying the freight charges:

- Displaying freight terms on a purchase order communicates responsibility for the freight charge to the vendor.
- You can accept default freight terms assigned to vendors or override the defaults when you add purchase orders.

  Use the Freight Terms Code window to define freight terms for Purchasing.

Policy Decisions

When you define freight terms, you make the following decisions:

- What freight terms do you need?
- Which sites require freight terms?
- Do you want to set up naming standards for freight terms, such as using only alphanumeric or numeric IDs?
- Which users need the security privileges required to maintain freight terms?

Defining Free-On-Board Points

You can define FOB points to identify the point during the delivery process where responsibility for goods changes. When you do, note that you can

- Define different FOB points for each freight method the vendor uses
- Designate a default FOB point for each vendor
- Override a default FOB point on a purchase order or blanket order.

Policy Decisions

When you define FOB points, you make the following decisions:

- Which sites require FOB points?
- Does a site need more than one FOB point?
- Where are the FOB points?
- Do you want to set up naming standards for FOB points, such as using only alphanumeric or numeric IDs?
- Which users need the security privileges required to maintain FOB points?

Windows to Use

Use the

- FOB Code Definition window to define, change, or inactivate FOB points
- Freight Terms Code window to define, change, or inactivate freight terms for use in Purchasing
- Vendor Purchasing Information window to assign freight terms and an FOB point to a vendor that serve as defaults for purchase orders for the vendor
- Blanket Order window to specify a FOB point for a blanket order.

SMARTStream®

Financials
Supplies Management

Version 6.5

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1 Overview of Supplies Management

Chapter Contents

1-1 About Supplies Management
1-3 How Supplies Management Integrates with Other SmartStream Products

About Supplies Management

SmartStream® Supplies Management

- Manages the internal movement of items within sites, stockrooms, and bin locations for your enterprise
- Manages the balances of the items in inventory
- Tracks the value of the inventory at a site or a stockroom.

Supplies Management Features

Supplies Management activities can be grouped in three functional areas:

- Stockroom and Inventory Control
- Reservation and Replenishment
- Cost Management

Stockroom and Inventory Control Activities

With Supplies Management, you can

- Define stockrooms and bin locations based on your business needs
- Issue available inventory using a one-step direct issue process
- Move inventory within and between sites and stockrooms
- Use the physical layout of your stockrooms for more efficient stocking and picking

- Manually adjust inventory quantities
- Place temporary holds on items
- Use commodities and site catalogs to group items together for more efficient purchasing, receiving, and costing
- Define, assemble, store, and issue kits.

Reservation and Replenishment Activities

You can use the Supplies Management Reservation and Replenishment scheduled processes to ensure that each stockroom has adequate inventory levels, and that requisitions for supplies inventory are filled quickly and efficiently.

The Reservation and Replenishment scheduled process consists of two programs: Reservation and Replenishment. When run concurrently, they

- Evaluate your current inventory quantities, including anticipated receipts
- Reserve available inventory for open requisitions based on the need date
- Generate orders for items needed to satisfy open requisitions and minimum inventory stocking requirements.

You can run the Replenishment program as often as necessary for an entire stockroom or for a replenishment group of items that you define.

Costing Activities

You can calculate an item's average costs to value inventory and

- Maintain average costs for each site or for each stockroom
- Define a set of books for each site or each stockroom
- Manually adjust the weighted average cost or the value of inventory for an item
- Display costs of inventory for a stockroom, site, kit order, and inventory in transit
- Calculate cost of inventory and generate journal entries
- Automatically update weighted average cost with each receipt of supplies.

How Supplies Management Integrates with Other SmartStream Products

Before you implement Supplies Management, be sure that the policy decisions your enterprise makes are appropriate for other SmartStream products you have installed.

Purchasing

SmartStream Purchasing processes requisitions and purchase orders for goods and services for your enterprise. Purchasing works with Supplies Management to

- Add and process requisitions for stocked items
- Automatically replenish items from vendors or external stockrooms
- Associate items with specific buyers, vendors, or vendor items.

Projects

SmartStream Projects tracks items that are associated with a specific project. When these items are issued or returned, Supplies Management generates cost transactions to credit the associated project.

Receiving

SmartStream Receiving works with Supplies Management to

- Electronically load Advanced Ship Notices (ASN) from a vendor
- Use the Auto Put-Away process to put received items in pre-designated bin locations
- Automatically disposition items that need to be evaluated or rejected
- Return items to a vendor or stockroom.

2 Setting Up Supplies Management

Chapter Contents

2-1 Understanding the Storage Hierarchy
2-2 Defining Sites
2-3 Defining Stockrooms
2-7 Defining Bin Locations
2-10 Using Material Status
2-11 Defining Items in Supplies Management
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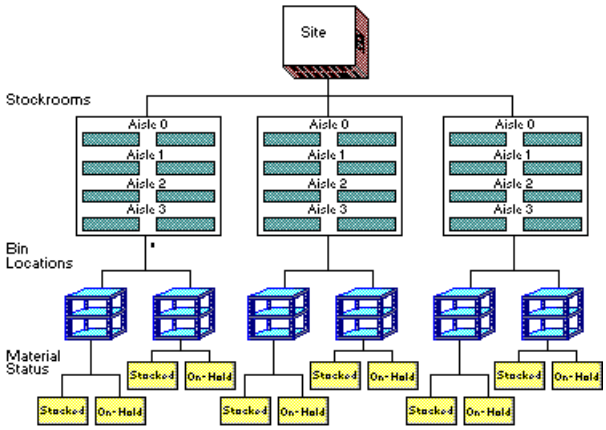
Understanding the Storage Hierarchy

You can plan and manage your supplies inventory environment using four levels of storage: site, stockroom, bin location, and material status.



Supplies Management maintains quantity balances within sites, stockrooms, and locations and synchronizes the levels so that any change to a quantity in a location is immediately reflected in the quantity balance for the stockroom and site. You can track quantity information at all levels to gain an enterprise view of your inventory.

Defining Sites

You can define actual physical locations as sites, or you can set up logical sites that are symbolic representations of a site. For example, you can split one physical site in New York into two logical sites, NYC1 and NYC2, for more efficient record keeping.

Sites can represent

- Groups of stockrooms where you store inventory
- Central purchasing facilities
- Plants where you manufacture items
- Combinations of administrative, warehousing, and manufacturing facilities
- Locations where you conduct any part of your business.

For more information about sites, see Understanding Sites.

Defining Stockrooms

Within each site, you can define many stockrooms and define default values for each one, according to the needs of your enterprise.

A stockroom can be any physical or logical area where you store supplies, from a warehouse or storage facility to an office or a supply cart. You define a stockroom based on its physical location, the type of supplies you store there, and the projected volume of activity.

You can use the information from a stockroom for other stockrooms, reducing the amount of data entry to be more efficient.

Example

To store different types of inventory in different stockrooms, you might define a different stockroom for

- Critical items
- Items with very long or very short lead times
- Office supplies
- Medical equipment
- Forms
- Fixed assets and capital equipment.

Defining Stockroom Policy

As you define a stockroom, you define the following policies and options that control how the stockroom operates:

- Picklist Policy
- Backorder Policy
- Replenishment Options
- Receiving Policy
- Shipping Information

Stockroom Picklist Policy

For each stockroom, you choose to use either a one-step or a two-step picklist policy.

With a one-step picklist policy, inventory is decreased by the quantity of items as soon as a picklist for the items is printed. A two-step picklist policy requires confirmation that the items have been picked before inventory is decreased.

You can always make corrections if items are not picked according to the picklist, so you might want to always use the one-step picklist policy. However, you should choose the two-step picklist policy if you

- Want to confirm that the items are picked
- Find that picklist items often are not available
- Often issue more items than were requested.

For more information about picklists, see Issuing Inventory.

Stockroom Backorder Policy

Within each stockroom, you can decide whether or not to allow backorders.

The Reservation program generates a backorder for

- An item when not enough of the item is available to satisfy a requisition
- For items that should be available to be picked, but are not.

The Replenishment program then generates a requisition line for the needed item from the backorder.

You might choose not to use backorders in a stockroom if you either

- Want to minimize the number of requisitions from or receipts in a stockroom
- Are depleting a stockroom's inventory for the purpose of closing it down.

Result of Not Allowing Backorders

If you do not allow backorders, requisitions that can be only partially satisfied from available inventory are closed short. Users who still require the remaining items have to reorder them.

Stockroom Replenishment Options

For each stockroom, you define the following replenishment options:

- Schedule for running the Replenishment program
- External stockroom that provides the most transferred items
- Average amount of time needed to receive an item from the time it is requested until it arrives in stock.

Replenishment Program Frequency

You must indicate how often you plan to run the Replenishment program for each stockroom and replenishment group. The Reservation program uses this information when it determines which items it can reserve for open requisitions.

Because you usually run the Replenishment program as a scheduled process, the run frequency is predefined, although you can run the program manually at any time. However, to maximize the efficiency of the Reservation and Replenishment process, you usually run it with the frequency in days that you enter on the Stockroom and Replenishment Group windows.

If you run the Replenishment program for a stockroom or replenishment group more often than is scheduled, the Reservation program can generate unnecessary backorders for items that are available.

If you run it less often than scheduled, the Reservation program might reserve items that should be available to satisfy requisitions, but probably will not be.

Stockroom Receiving Policy

For each stockroom, you define the following receiving policies:

- The bin location to be used as the default put-away bin for items that you receive
- The option to use the Auto Put-Away process for items that you receive
- The bin location to use for items that need to be dispositioned
- The receipt quantity to display when items are received
- The documents to print based on various criteria.

How the Auto Put-Away Process Works

When an item is received, the Auto Put-Away process first checks to see if you have defined any item bin-location relationships for the item. If so, it stores as much of the received item as possible in these bin locations.

The item bin-location hierarchy determines the sequence of bin locations used to put away the item. When one bin location reaches its capacity, SmartStream looks at the next bin location in the hierarchy and stores as much of the item there as possible. This process continues until the entire received quantity has been put away.

If no item bin-location relationships exist for the item, or if the Auto Put-Away process runs out of possible bin locations, the entire remaining balance is stored in the default put-away bin location that you defined for the stockroom.

For more information, see Item Bin Location Relationships and Bin Location Hierarchies for more information.

Stockroom Shipping Information

Each stockroom uses a ship-to address and an optional deliver-to address. The ship-to address contains the address that vendors and others use when shipping goods or delivering services to the stockroom. The deliver-to address provides additional delivery information to ensure that items are delivered to the proper stockroom.

Creating a Stockroom Ship-To Address

Because no two stockrooms at a site can share the same ship-to address, you have to add a new ship-to address before you can define a new stockroom. You can give your ship-to address identifier the same name as the new stockroom.

Deleting a Stockroom

If you delete a stockroom, Supplies Management deletes the bin-location structure and other data. You must enter this information again if you need to redefine the stockroom for any reason.

Before you can delete a stockroom, you must

- Complete or cancel all orders and requisitions for items in that stockroom
- Delete all permanent item bin-location relationships
- Issue or move all remaining inventory from the stockroom.

Defining Bin Locations

Every stockroom must have at least two unique bin locations:

- A default put-away bin location, to store items after they are received
- A disposition bin location, to store items that need to be dispositioned before they are accepted into stock or returned.

You add these two bin locations and assign them to a stockroom when you define a new stockroom. You can change these assignments after you define additional bin locations.

Bin-Location Hierarchies

A bin-location hierarchy is the sequence of bin locations that you set up for a stockroom or item. The Auto Put-Away process uses this sequence when storing received items. Because the hierarchy also determines the order of items that appear on a picklist, a bin location's name can affect how items are put away or picked within a stockroom.

Usually, a bin-location hierarchy indicates the most efficient route through a stockroom, but Supplies Management also considers factors such as bin-location capacities or the handling needs of specific items. In some cases the specific order of some bin-location hierarchies is not important.

Supplies Management generates a bin-location hierarchy when a stockroom has more than one bin location or item bin-location relationship. If you do not specify a specific hierarchy, Supplies generates it using an ASCII sort of the bin-location names.

Windows for Defining Bin-Location Hierarchies

- Use the Stockroom Bin Location window to define a *stockroom* bin-location hierarchy.
- Use the Item Bin Location window to define an *item* bin-location hierarchy.

Item Bin Location Relationships

An item bin-location relationship defines the characteristics of an item as it is stored in a bin location. These characteristics are

- The item bin-location relationship; permanent or nonpermanent
- The item's material status
- The maximum quantity of the item that can be stored in the bin location.

If one does not already exist, Supplies Management creates an item bin-location relationship whenever you store an item in a bin location. This relationship is temporary, but you can create permanent relationships that will help you manage your stockroom inventory more efficiently.

Permanent and Nonpermanent Item Location Relationships

A permanent item bin-location relationship is one that you define. Supplies Management does not delete it until you choose to do so, and then only if the on-hand quantity of the item in the related bin location is zero.

A nonpermanent item bin-location relationship is one that Supplies Management generates when you store an item in a bin location. Supplies Management deletes this relationship when the item's on-hand quantity in the related bin location is zero.

You can change the status of an item bin-location relationship at any time; however, you cannot add a new item bin-location relationship with a status of nonpermanent. Some quantity of an item must be on hand in a bin location before you can define the relationship.

Item Bin-Location Relationships and Material Status

Supplies Management uses two material statuses: Stocked and On-hold. Supplies Management processes similar items that have different material statuses as different items As a result you can add two separate item bin-location relationships for the same item in the same bin-location, one for each material status. This is because.

To differentiate between items with different material statuses and prevent logistical problems, you mark quantities on items according to their material status in the bin location.

Maximum Item Quantities in Bin Locations

You can set a maximum quantity for any given item in any bin location. Supplies Management uses this value in two ways:

- The Auto Put-Away process uses it to fill each bin location in the bin-location hierarchy up to its capacity for the item.
- Supplies Management displays a message if you try to manually store more than the maximum quantity in this bin location.

Note: You can store more than one kind of item in a bin location. However, if you do, Supplies Management might allow you to store more items than the bin location can actually hold. This is because the on-hand quantities of different items in one bin-location are not included in a total bin-location capacity. To avoid this, you can associate only one item with bin locations that have limited capacities.

Closing a Bin Location

You can close a bin location to keep it from being used without deleting it. You cannot store any items in a closed bin location, but you can reopen it any time.

Before you can close a bin location, you must

- Clear it of any on-hand inventory
- Make sure that it is neither the default put-away bin location nor the disposition bin location for the stockroom.

The Auto Put-Away process directs received items that were originally associated with a closed bin location in either the

- Next bin location in the bin-location hierarchy
- Default put-away bin location for the stockroom.

Deleting a Bin Location

Before you can delete a bin location, you must

- Clear it of any on-hand inventory
- Delete any item bin-location relationships that exist for the bin location
- Make sure that the bin location is neither the default put-away bin location nor the disposition bin location for the stockroom.

The Auto Put-Away process directs received items that were originally associated with a deleted bin location into either the

- Next bin location in the bin-location hierarchy, or
- Default put-away bin location for the stockroom.

Windows for Displaying Bin Location Information

Use the Stockroom Bin Location window to see a list of all the bin locations defined for a stockroom.

Use the Bin Location Inquiry window to see details about the on-hand quantities in any or all the bin locations within a site.

Using Material Status

Supplies Management uses two material statuses: Stocked and On-hold.

- Stocked items can be used for all normal inventory activity.
- On-hold items are exempt from all normal inventory activity and cannot be issued, replenished, reserved, or allocated until the material status changes to Stocked. You use the Inventory Move window to change the material status of an item quantity.

You can move an on-hold quantity of an item to stocked at any time. You can only move available items from stocked to "on-hold."

Avoid keeping stocked and on-hold quantities of the same item in the same bin location. If you do, they must be properly labeled.

Defining Items in Supplies Management

An item can be any good or service that is used by your enterprise, including raw material, an assembly, a contract, or a warranty.

For more information see Understanding Items.

Three Levels of Item Definition

In Supplies Management, you define each item at three levels:

- For the enterprise**,** you define basic item information that describes the item as it will be used throughout your enterprise. For more information, see Defining Items at the Enterprise Level.
- For the site, you specify some of the replenishment, receiving, and cost options for each item. For more information, see Defining Items at the Site Level.
- For the stockroom, you specify how to replenish and receive the item in each stockroom, and whether the item is a kit. For more information, see Defining Items at the Stockroom Level.

Default Information

Many options that you define for the enterprise serve as defaults for the site for that item. Similarly, some options for an item at a site serve as defaults for the stockroom.

This default process occurs only when you first define each item. After that, changes you make to item options do not serve as defaults for the site or stockroom.

This table shows which item options serve as defaults for the site or the stockroom:

This option...	Set for the...	Serves as default for...	Override?
Description	Enterprise	Site.	Yes
Cross Reference	Enterprise	Site.	No
Unit of Measure	Enterprise	Site.	Yes
Usage Code	Enterprise	Site.	No
Commodity	Enterprise	Site .	Yes
Service	Enterprise	Site.	No
Fixed Asset	Enterprise	Site.	No
Consignment	Enterprise	Site.	Yes (if no activity occurred)
Special Handling	Enterprise	Site.	No
Purchase Site	Enterprise	Site.	No
Unit of Measure	Site	Stockroom.	Yes
Description	Site	Stockroom.	Yes
Cross Reference	Site	Stockroom.	No
Consignment	Site	Stockroom.	No

Item's Unit of Measure

In Supplies Management, you can choose a different unit of measure for each site and stockroom where an item is used. Before you do, a unit of measure conversion must exist between all unit of measures you choose for any one item.

Defining Consignment Items

You designate whether an item is a consignment item for either the enterprise or the site. After an item is defined in any stockroom, you cannot change this designation for the item at the site or stockroom. You can change it for the enterprise, but it will have no effect.

For more information about the properties of consignment items, see Consignment Items.

Defining Replenishment Groups

What Are Replenishment Groups?

Replenishment groups are a subset of the items that are defined for a stockroom. They can consist of items

- That share a common vendor, commodity, or other attribute
- That need to be replenished more frequently than other items because you need to keep a specific quantity in stock at all times.

After you define items for the stockroom, you can add replenishment groups.

How Supplies Management Uses Replenishment Groups

The Replenishment program uses replenishment groups as an alternate method of replenishing the items in a stockroom.

For information about defining and using replenishment groups, see Replenishment Group Strategy.

Defining Site Commodities

What are Site Commodities?

Site commodities are commodities that are associated with a specific site.

You can use site commodities to identify groups of the most commonly purchased items and services at a site. You can then associate buyers, receiving rules, and accounting distributions with each site commodity.

For more information, see Defining Site Commodities.

How Supplies Management Uses Site Commodities

When considering an item for replenishment, the Replenishment program uses the site commodity issue site and issue stockroom values, if they are not defined for the issue site and issue stockroom.

3 Managing Stockrooms

Chapter Contents

3-1 Overview of Stockroom Activities
3-2 Receiving Items
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3-5 Issuing Inventory
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3-11 Direct Issues
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3-13 Moving Inventory
3-16 Adjusting Inventory
3-18 Bulk Loading On-Hand Quantities
3-19 Inquiring About Inventory
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Overview of Stockroom Activities

With Supplies Management you can perform the following activities to manage stockrooms:

- Receiving items
- Putting items away
- Issuing items to a requisition or kit order
- Moving inventory
- Adjusting inventory
- Inquiring about inventory

Receiving Items

SmartStream Receiving integrates with Supplies Management to track an item from its initial receipt at the dock to final put-away in a stockroom bin location or to a requester.

Receiving manages scheduled receipts and uses the Auto Put-Away process to store items in the appropriate bin location or deliver items to a requester.

With Receiving, you can perform the following tasks:

- Process receipts
- Create unidentified receipts
- Manage scheduled receipts
- Disposition items
- Return items to a vendor or stockroom
- Print receiving documents, such as put-away labels
- Inquire about scheduled receipts

For more information about

- SmartStream Receiving and how it integrates with Supplies Management, see About Receiving
- Setting up Receiving at your site, see Implementing Receiving.

Putting Items Away

When you receive an item, you can specify the bin location to store the item or use the Auto Put-Away process to determine the appropriate the bin location automatically.

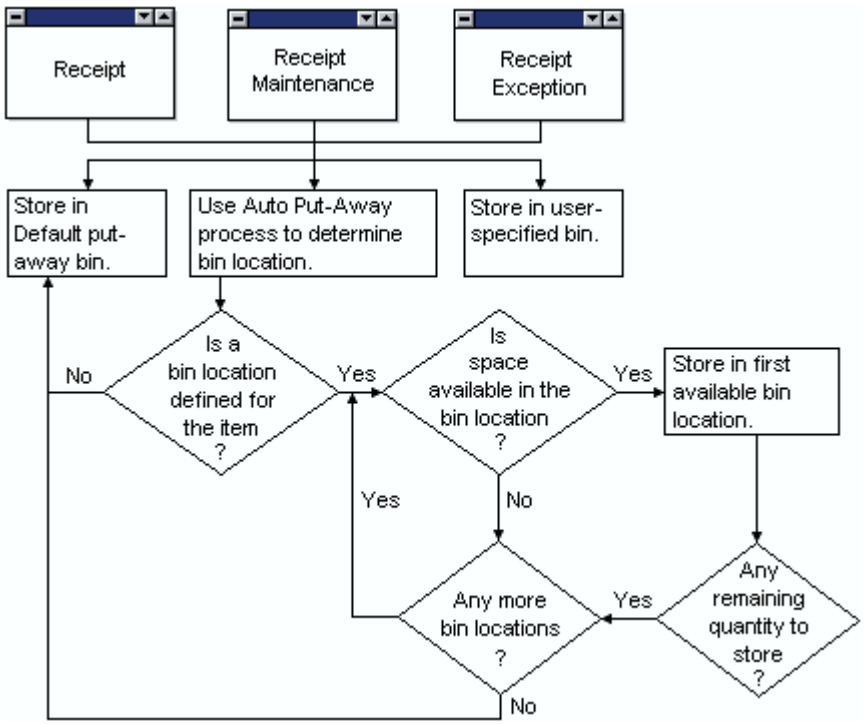
The Auto Put-Away Process

The Auto Put-Away process checks to see if you defined any item/bin-location relationships for the item. If so, it stores as much of the received item as possible in these bin locations.

The item bin-location hierarchy determines the sequence of bin locations the process uses to store the item. When one bin location reaches its capacity, SmartStream checks the next bin location in the hierarchy and stores as much of the item as possible. This process continues until Supplies Management stores the entire received quantity.

If no item/bin-location relationships exist for the item, or if the Auto Put-Away process uses all possible bin locations, the entire remaining balance is stored in the default put-away bin location that you defined for the stockroom.

The following diagram illustrates the process of storing items in the bin location after they are received at a site:



For more information, see Item Bin-Location Relationships and Bin Location Hierarchies.

Issuing Inventory

You can issue inventory from a stockroom to

- Requisitions and kit orders using a picklist, or to
- A requester directly.

Issuing to Requisitions and Kit Orders

The Reservation program generates a picklist to issue available items to

- Approved user requisitions
- Replenishment requisitions to transfer items between sites
- Kit order lines.

Each picklist includes lines listing the bin locations that items are picked from. Using the picklist as a guide, stockroom personnel pick the inventory and deliver it to the location indicated on the picklist.

Supplies Management updates inventory quantities, requisition lines, and kit order detail lines either immediately or after the picked quantity is confirmed, depending on which picklist option you select for a stockroom.

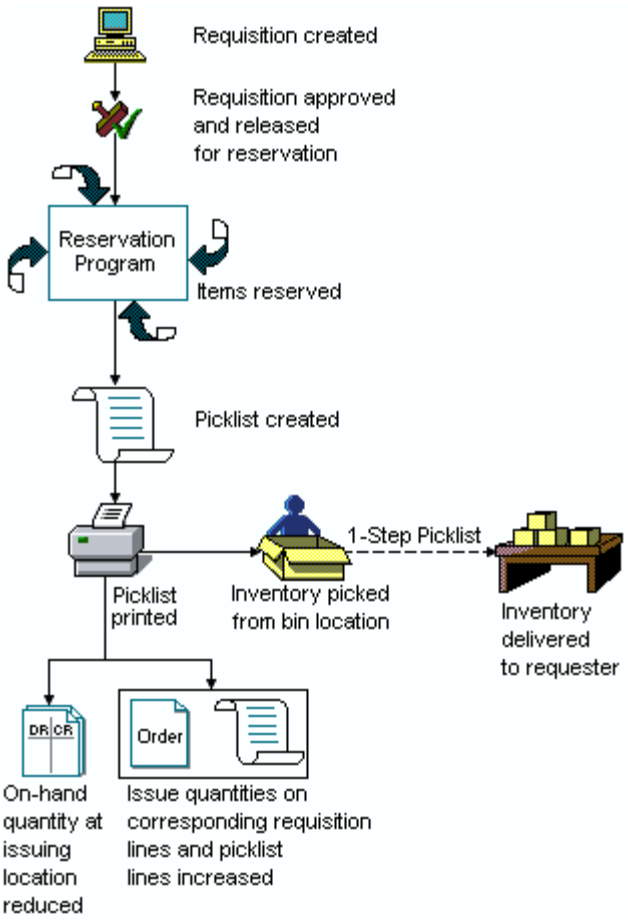
Picklist Options

The Picklist Auto-Confirmation option on the Stockroom window controls whether an item is issued in a one- or two-step process.

One-Step Process

In stockrooms with a one-step picklist policy, on-hand quantities and any reserved quantities of an item are decreased when you print the picklist. Supplies Management updates each requisition line or kit order detail line and records transaction history.

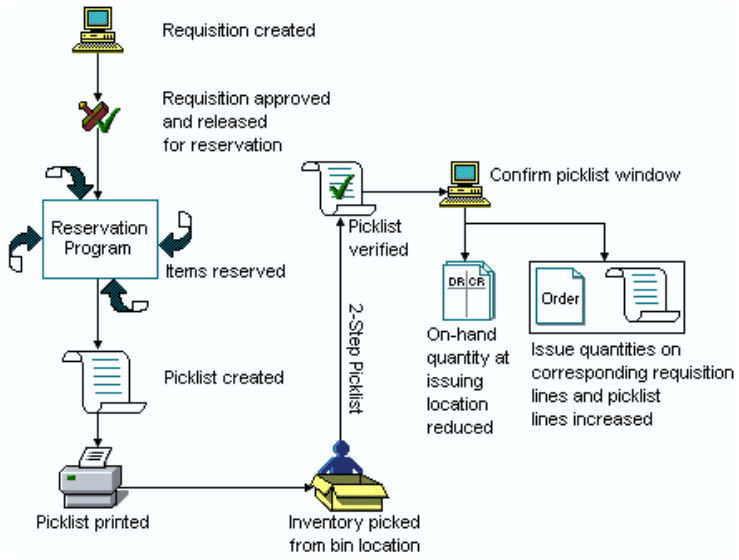
The following diagram illustrates the one-step picklist process:



Two-Step Process

In stockrooms with a two-step picklist policy, available items are allocated when you print a picklist. The on-hand quantities and any allocated quantities of the item are not decreased until you confirm the picked quantities using the Confirm Picklist Quantities window. Supplies Management does not update requisitions and kit order detail lines and does not record the transaction history until you confirm the picked quantities.

The following diagram illustrates the two-step picklist process:



Defining Picklist Policy

Use the Picklist Auto Confirmation option on the Stockroom window to define the picklist policy for a stockroom.

For more information about defining picklist policy, see Stockroom Picklist Policy.

Which Picklist Option Is for You?

The following table provides examples of criteria you can use to determine whether to use a one-step or a two-step picklist policy:

If...	Use a...
Stockroom clerks can print their own picklists	One-step picklist policy.
You have a small stocking operation	One-step picklist policy.
Picklists are printed once a day	Two-step picklist policy.
The person picking the item is not the person entering the data	Two-step picklist policy.

Issuing Consignment Items

When a consignment item is issued or reverse issued, Supplies Management notifies the ERS process to generate an invoice (issue) or debit memo (reverse issue) so the vendor is paid for the inventory consumed.

Consignment items are issued at actual cost not average cost. The price is obtained from the earliest scheduled receipt for that item with an outstanding issued quantity

Print Picklist Window

Use the Print Picklist window to issue or allocate quantities to requisitions or kit order lines. You can print all picklists that are due to be picked or print a picklist for a specific requisition, kit order, or requester.

A picklist is due if any inventory on a requisition is in stock and has been reserved, and the requisition has a need date that is on or before the picklist print due-through date.

How Picklists Print

Supplies Management generates one picklist for each requisition or kit order line. A picklist number identifies each picklist and is referenced to reprint and inquire about a picklist.

Each picklist includes lines listing the bin locations that items are to be picked from. Supplies Management sorts picklists by requisition need date, ship-to address, and deliver-to address as of the through-date specified.

- The sequence number defined for the bin on the Item Bin Location window determines the bin to pick each item from.
- The sequence number defined for the bin on the Stockroom Bin Location window determines the order in which items are picked. Sequence numbers should reflect the physical layout of the stockroom.

Note: The bin with the lowest sequence number is picked from first. If no sequence number is defined, Supplies Management uses ASCII sequence order.

Picklists for Requisitions

Picklists print by requisition number and include the following information:

- Requester of the item
- Ship and deliver to information
- Item to pick
- Bin location from where the item is to be picked
- Quantity of the item to pick.

Picklists Generated for Kit Orders

A kit's component items are reserved and issued to a kit order or backordered if component items are unavailable. When the picklist is generated Supplies Management updates the kit order's issued quantity either immediately or after confirmation, depending on your picklist policy.

Supplies Management generates picklists by kit order and identifies the kit and quantity to assemble. Each picklist line represents the quantity of component items

to pick from each bin location. After you pick the component items and assemble them into kits, you receive the kit into inventory using the Kit Order window.

For more information on receiving kits into inventory, see Receiving Finished Kits Into Inventory.

Picklists for Kit Orders

Kit order picklists print by kit order and include the following information:

- Requester of the item
- Shipping and delivery address information
- Kit item to pick
- Quantity of the kit item to assemble
- Component Item to pick
- Quantity of the component item to pick
- Bin location from Supplies Management picks the component item.

Reprinting Picklists

Use the Reprint Picklist Window to reprint a picklist. Supplies Management records the number of copies you reprinted on each picklist.

Confirming Picklist Quantities

In a two-step picklist process, the Confirm Picklist Quantities window is used to verify the quantities actually picked and correct an already confirmed picklist. The on-hand quantities and any allocated quantities of the item are not decreased until you confirm the quantities. Supplies Management updates requisitions and kit order detail lines and records transaction history.

In a one-step picklist process, use the Confirm Picklist window to correct the quantities already picked by

- Reversing the issue by decreasing the quantity picked
- Over-issuing an item up to the available quantity
- Closing a picklist short.

You can adjust issued quantities regardless of whether you have a one or two-step picklist policy.

Correcting Picklist Quantities

Reverse Issue

A reverse issue occurs when you reduce the quantity picked. You may want to reverse issue when correcting data entry errors.

Note: You can over issue to a picklist line up to an item's available quantity.

Closing a Picklist Short

If you only have enough items to partially satisfy a requisition, you can close the requisition line associated with the picklist line. If so, any items that are reserved or allocated to this order can be used elsewhere. The Close Short indicator is used to manually close a picklist line when backorders are allowed; However, you cannot close Kit Orders short.

If your stockroom policy does not allow backorders, and a remaining reserved quantity exists for a requisition, the requisition line associated with the picklist line is automatically closed or issued short.

Picklist Workflow

Workflow sends informational messages to the sender (by default) when a picklist is

- Printed
- Confirmed or a picklist line is adjusted
- Confirmed and the requisition line is updated but the line has already been canceled or closed.
- Confirmed and the total issued quantity exceeds the requested quantity

Direct Issues

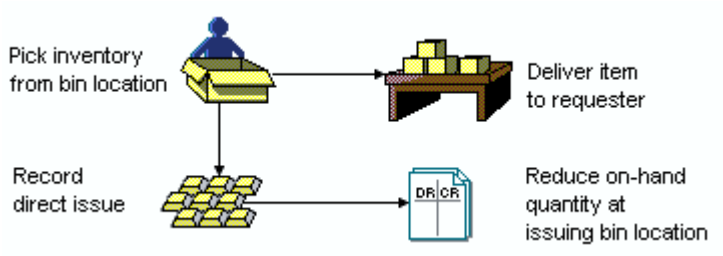
You can issue items directly to users without a requisition or picklist as long as there are available quantities of the item. Use direct issues for unplanned issues.

Rules for Direct Issues

- You can issue any available on-hand inventory, including consignment items.
- You cannot reverse inventory issues. To reverse an issue, return the item.
- You must charge the cost of the item to an existing ledger account. If Projects is installed, direct issues can be charged to a specific project.
- An audit trail of all direct issues is provided through Transaction History.

Direct Issue Process

The following diagram illustrates the direct issue process.



Direct Issue Window

You use the Direct Issue window to specify the item and quantity needed, the bin location, and the expenditure account to which the issue should be charged. It should *not* be used to move or adjust inventory. Use the Inventory Move or Inventory Adjustment window.

Bulk Load Remote Inventory Control (RIC)

Supplies Management interfaces with Geac Enterprise Server's Remote Inventory Control (RIC) product to record direct issues and update inventory to a par or maximum level.

Bulk Load RIC is a scheduled process that is run from the Job Scheduler. It processes and loads tables filled by RIC and updates Supplies Management inventories.

Bulk Load RIC Process

The following table illustrates the Bulk Load RIC process:

Step	Action
1	Issue inventory.
2	Upload issue/return issue transactions from RIC system to a network directory. ▪ Return transactions have the same format as Issue transactions but with a negative quantity and are treated as "reverse" issues not true "returns". ▪ Reformat data file layout from RIC format to SmartStream load file format.
3	Run Bulk Copy program. ▪ Load output file to RIC Load Table (load_ric).
4	Run Bulk Load RIC program. ▪ Stockroom inventory is updated. If it is a positive value, on-hand quantity is decreased. If it is a negative value, on-hand quantity is increased.
5	Correct any load errors using Bulk Load Error Correction window
6	Adjust inventory
7	Rerun Bulk Load RIC program.

For more information about the Bulk Load RIC program, including the specific table layout requirements, see Bulk Load RIC.

Moving Inventory

Supplies Management allows you to move inventory between bin locations within a stockroom and between stockrooms within a site.

You move inventory when the Auto Put-Away process is not used to move inventory from the default put-away bin into assigned bin locations. Also, when a primary bin location is out of an item, you can move inventory from a surplus location to the primary bin location.

Note: To move inventory between sites, you use replenishment requisitions to transfer inventory from one stockroom to another within a site or across sites.

For more information about transferring inventory, see Replenishing Stockrooms.

One-Step Move

Moving supplies is a one-step process in real time. It is an immediate move that does not require a receipt.

A one-step move deducts the inventory of the sending bin location and increments the inventory of the destination bin location within the same transaction. Inventory moves instantaneously and quantities change immediately in the sending and receiving stockroom. Items are immediately available for reservation at the destination bin location provided the material status is stocked.

Security

You must have the necessary security privileges to move inventory. Moving inventory requires you have security privileges in the sending and receiving stockrooms.

What Items Can Be Moved?

You can move items that

- Are defined in both the sending and receiving stockroom
- Have an available quantity for a bin location/item/material status
- Are active
- Have a unit of measure conversion defined, in the event that the unit of measure is different in the receiving and sending stockrooms
- Are not being moved to or from the disposition bin location.

Quantities Available to Move

The quantity that is available to move is calculated depending on the item's material status

The following table defines what available quantity means in terms of the material status:

If the material status is...	Then the Available Quantity is the...
Stocked	On-hand quantity - Reserved quantity - Allocated quantity
On Hold	On-hand quantity

Example

The following table illustrates how available, reserved and allocated quantities are affected when a requisition for a quantity of 10 is reserved, a picklist is printed and after a picklist is confirmed.

	On-Hand Qty	Available Qty	Reserved Qty	Allocated Qty
Requisition for 10	100	100	--	--
Run Reservation	100	90	10	0
Print Picklist	100	90	0	10
After Confirm Picklist	90	90	0	0

Move Tickets

A *move ticket* is a document that records and tracks the movement of inventory. Supplies Management generates a Move Number for every move ticket and it is used to reference the move for printing or inquiry at a later date.

Each move ticket consists of one or more lines that provides details about the inventory, including the

- Item and description
- Quantity of the item moved and the unit of measure of the sending stockroom
- Stockroom and bin location from and to which the item is being moved
- Quantity of the item moved in the unit of measure of the destination stockroom.

Inventory Move Window

Use the Inventory Move window to move inventory from one bin location to another either within the same stockroom or between different stockrooms. You also use this window to change the material status of inventory quantities.

How to Move Inventory

To move inventory you indicate the stockroom(s) involved in the move and enter or generate a move number. The move number references the move transaction and prints on the move ticket.

You can perform multiple moves or material status changes for the Stockroom combination by entering more than one detail line per move number. Each detail line can be for a different type of move, and you can move and change the material status in the same detail line.

For each item to be moved you indicate the sending bin location and material status, and select from the available inventory. Next, you specify the destination bin location and material status.

Changing Material Status

You use the Inventory Move window to change the material status of any available item quantity, even if you are not moving it.

Considerations

- If you change the material status from Stocked to On-Hold, the item is no longer available to be reserved or replenished.
- If you change the material status from On-Hold to Stocked, the item becomes available to be reserved and replenished.

Move Processing

When you save a Move transaction, the following processing occurs:

- The available quantity at the sending location decreases by the moved quantity, and the on-hand quantity at the destination bin location is increased by the moved quantity with the sending material status.
- Transaction History records the move.
- If inventory is moved from a non-permanent bin location and the move reduces the on-hand quantity in the bin location to zero, the item/bin location relationship is deleted.
- A move ticket is generated and can be printed by the user.
- Supplies Cost recalculates inventory cost in the destination stockroom if Cost is established at the stockroom level.

Workflow

Workflow generates an informational message that is sent to the sender (by default) when a move ticket is created.

Adjusting Inventory

As you implement and use Supplies Management, it is important that your system inventory matches what is physically in a bin location. You adjust inventory when you

- Add a new on-hand quantity when initializing quantities during Supplies Management implementation
- Adjust an existing on-hand quantity
- Delete an on-hand quantity.

Inventory Adjustment Window

Use the Inventory Adjustment window to correct system inventory to match what is physically in a bin location.

Security Privileges

You must have the necessary security privileges to adjust inventory because quantity changes will affect reserved, allocated, and issued inventory. You should limit the users that have access to this window.

Do not use the Inventory Adjustment window to

- Receive inventory (use the Receipt window)
- Move items from one location to another (use the Inventory Move window)
- Change an item's material status in a bin location (use the Inventory Move window).

How to Adjust Inventory

You adjust inventory by entering adjustments as a change to the on-hand quantity, either adding to or subtracted from quantity.

The following table is an example of how to enter adjustment values.

If the system quantity is...	And the actual quantity is...	Enter this adjustment value
100	122	22
80	100	-20

Rules for Adjusting Inventory

Follow these rules when adjusting inventory:

- You adjust quantities by item, bin location and material status.
- You enter adjustments as a change (add or subtract) to the on-hand quantity.
- You must include a reason code to explain the adjustment.

- You cannot reverse an adjustment. To reverse a previous transaction, re-adjust the on-hand quantity that was originally adjusted.
- A transaction history record is maintained for each adjustment and used to calculate the average cost of an item.

Inventory Adjustment Workflow

Workflow generates informational messages that are sent to the Sender (by default) whenever you

- Add a quantity to an existing bin location
- Add a new item quantity
- Adjust an existing item quantity
- Delete a quantity from a bin location.

Bulk Loading On-Hand Quantities

You can bulk load initial on-hand balances or reconcile the physical inventory with system inventory using the Bulk Load On-Hand Quantity program. This program facilitates easy, high-volume inventory adjustments, and would most often be used to initialize bin quantities during implementation.

The Bulk Load On-Hand Quantity program

- Loads new on-hand balances, not delta quantities
- Calculates the adjustment quantity for transaction history.

For more information about the Bulk Load On-Hand Quantities program, including the specific table layout requirements, see Bulk Load On-Hand Quantities.

Inquiring About Inventory

The following table lists the types of inquiries you can use to track information about inventory in your enterprise:

Perform this type of inquiry...	To...
Inventory	Display inventory balances for an item across all stockrooms at a specific site or for a specific stockroom.
Inventory Demand	Display all kits and requestions processed by the Batch Reservations program for a specific item, within a specified date range.
Bin Location	Display inventory balances for a specific bin location or for all bin locations within a stockroom.
Transaction History	Inquire about past transactions by transaction type and date.

Inventory Inquiry

Use Inventory Inquiry to inquire about inventory quantities of an item by site, stockroom, or bin location.

The following table lists the three views by which you can inquire.

View by...	To inquire about...
Site	An items inventory quantity for all sites within an enterprise.
Stockroom	Item inventory by stockroom and material status.
Bin Location	An item's bin location by stockroom and material status.

Inventory Demand Inquiry

Use the Inventory Demand Inquiry to display all kit and requisition orders processed by the Batch Reservations program for an item, within a specified date range. This inquiry allows you to immediately see how inventory has or has not been reserved for an item within the date range.

Bin Location Inquiry

Use the Bin Location Inquiry to display the on-hand inventory balance for each item in a bin location.

Transaction History

Use Transaction History Inquiry to inquire about past transactions by transaction type and date.

The following table lists each transaction type and the Supplies Management activity from which the transaction is generated:

Transaction Type	To inquire about transactions generated from...
Inventory Adjustment	Inventory Adjustments
Inventory Moves	Inventory Move and Receipt Exception
Issues	Direct Issue, Print Picklist, and Confirm Picklist Quantities
Kit Component Scraps	Kit Order
Kit Receipts	Kit Order
Owner Scraps	Receipt Exceptions
PO Receipt Exceptions	Receipt and Receipt Maintenance
Receipts	Receipt
Returns to Vendor	Return
Transfer Adjustments	Replenishment Requisition
Vendor Scraps	Receipt Exceptions

Windows to Use

Use the following windows to implement the concepts discussed in this chapter. For more information, refer to the online Help for each window.

To perform this task...	Use this window...
Correct errors processed by the Bulk Load Receipt program	Bulk Load Error Correction
Batch load receipts or direct issues	Job Scheduler to run the Bulk Load Receipt, Bulk Load On Hand Quantity and Bulk Load RIC programs
Process scheduled receipts	Receipt
Correct or adjust receipts	Receipt Maintenance
Issue items directly to a requester	Direct Issue
Issue inventory to a requisition or kit order	Print Picklist
Issue inventory to a requisition or kit order in a two step picklist environment; adjust picked quantities	Confirm Picklist Quantities
Reprint a picklist	Reprint Picklist
Move inventory and change material status	Inventory Move
Adjust inventory	Inventory Adjustments
Display inventory balances for an item	Inventory Inquiry
Inquire on past transactions.	Transaction History Inquiry
Display information about item quantities in a stockroom bin location	Location Inquiry
Display the results of the Batch Reservations program for a specified item, within a specified date range.	Inventory Demand Inquiry

4 Managing Kits

Chapter Contents

4-1 About Kits
4-2 Kits and Kit Orders
4-4 Defining an Item as a Kit
4-5 Defining Kits
4-6 Replenishing Kits
4-9 Reserving Items to Kit Orders
4-10 Receiving Finished Kits Into Inventory
4-11 Closing a Kit Order
4-12 Kit and Kit Order Inquiries
4-13 Windows to Use

About Kits

A kit identifies a group of items that are pulled and packaged together to be a stocked item. The items that comprise a kit are called components. Component items are stocked in the same stockroom as the kit and can be component items of more than one kit.

Example

A Hospital Admissions kit for patients is identified as item HA100 and consists of the following components:

- 2 bars of soap
- 1 pair of slippers
- 1 toothbrush
- 1 tube of toothpaste
- 1 clear plastic pouch

Kits and Kit Orders

A kit is defined as the component items and the quantity of each component item required to build one kit. A user requests a kit through a requisition and when the kit is available in inventory the kit is reserved and picked like any other item.

When the kit is unavailable in a stockroom, a kit order is created to replenish the kit inventory. A kit's component items are reserved and issued to the kit order or backordered if component items are unavailable. As kits are assembled, they are received and put-away into inventory. Unused component items are accounted for and the kit order is closed.

Kit Process Overview

The following table describes the process involved in defining and replenishing kits.

Stage	Description
1	Define the item as a kit.
2	Create a kit definition by defining the components and the quantity required to make the kit.
3	User requests a kit item.
4	Run the Reservation program to ▪ Reserve available kit item quantities for picking. – Print picklist and issues kit items that are available (Print Picklist/Confirm Picklist Quantities). – Pick and deliver kit item to the requester. ▪ Backorder quantities that are unavailable.
5	Run the Replenishment program to ▪ Create Kit Orders for the kit items that were backordered or that are at a minimum supply level. ▪ Create a Replenishment Requisition for kit component items that are unavailable (and need to be purchased or transferred).
6	Run the Reservation program to ▪ Reserve all available kit component items for picking – Prints picklist and issues kit components items that are available (Print Picklist/Confirm Picklist Quantities) ▪ Backorder kit component items that are unavailable.
7	Assemble kit items in the stockroom.

Stage	Description
8	Receive completed kit items and put kits away into inventory. ▪ You must account for all issued component items that were unused or damaged.
9	Close the Kit Order. ▪ Update Supplies Management Cost.
10	Run the Reservation program to ▪ Reserve available quantities for kit items that were backordered – Prints picklist and issues kit items that are available (Print Picklist/Confirm Picklist Quantities). – Pick and deliver kit item to the requester.

Defining an Item as a Kit

The kit itself is actually an item even though it is called a kit. An item is designated as a kit on the Stockroom Item window.

Rules

The item

- Must be a stocked item
- Cannot be a consignment item
- Cannot be a component of another kit
- Can be a kit in one stockroom, but not in another stockroom.

Example

Stockroom A is where the Hospital Admissions kit (item HA100) is assembled, and it is the replenishment stockroom for Stockroom B. The kit is defined as a kit item in Stockroom A, but not in Stockroom B.

Defining Kits

To define a kit, use the Kit Definition window to identity the

- Component items that are required to assemble the kit
- Quantity of each component item per kit.

A kit can contain an unlimited number of components. Components can be added and deleted from the kit definition at any time. If there are kits-in-process, the kit will be assembled based on how the kit was defined at the time the Kit Order was saved.

Replenishing Kits

A user can request a kit item like any other item. However, when kit inventory is unavailable, it is replenished differently from other items.

Kit inventory is replenished using a kit order. A kit order is an internal request to replenish kit inventory for a stockroom. It represents the process of assembling kit components into a finished kit. Kit components can be replenished from any site or stockroom, or by a vendor.

How Kits Orders are Created

A kit order is created in one of two ways:

- Online using the Kit Order window.
- Automatically by the Replenishment program when kit inventory quantities are unavailable.

For more information, see Replenishing Kits.

Kit Order Window

Regardless of how a kit order is created, it is maintained using the Kit Order window. The Kit Order window allows a stockroom manager to

- Create a kit order
- Maintain or delete a kit order
- View the component items of a particular kit
- Receive finished kits into inventory
- Close kit orders.

Creating a Kit Order

You create a kit order by adding one or more kit order lines. Each line represents a quantity of kits to be assembled. To create a line, you enter the following information for each kit to be assembled:

- Kit Item.
- The quantity of kit items to assemble.
- The date that the kit assembly process should begin.
- The date the kit assembly should be completed.

Save the kit order with an open status to release the order to the Reservation program.

Kit Order Line Status

Each kit order line has a status that determines a stage of completion for the kit line. The line status also determines which maintenance tasks you can perform. The line status for each kit order is updated until the order is closed.

The following table lists each kit order line status, what it means, and what maintenance can be performed on the line.

If the line status is...	Then...	And the line...
Open:Approved	The line is open to Reservations	Can be deleted. Can adjust order quantity and complete date
Issued:Partial	A portion of the component items has been issued to the kit order line	Can be closed. Can be received. Cannot be deleted.
Issued:Complete	Reservations has issued all of the required components to the kit order	Can be closed. Can be received. Cannot be deleted.
Received:Partial	A portion of the kits have been received	Received quantities can be adjusted. Can be closed. Cannot be deleted.
Received:Complete	All of the kits have been received for the kit order	Received quantities can be adjusted. Can be closed. Cannot be deleted.
Closed	All of the kits have been received for the order line and unused components have been accounted for.	Cannot be deleted.

Maintaining Kit Orders

You maintain a kit order by

- Adjusting quantities
- Closing kit order lines short
- Deleting the line or kit order.

Adjusting Ordered Quantities

The ordered quantity for a kit order line can be changed up until quantities are issued against the kit order line.

Closing Kit Order Lines Short

A kit order can be closed short as long as all outstanding issued component quantities are accounted for. You account for issued quantities by

- Receiving a kit
- Returning component items to inventory

- Scrapping component items.

Any unused or damaged components must be either returned to inventory or scrapped. For each outstanding order line you must specify a return quantity and bin or a scrap quantity and reason code.

Deleting a Kit Order

A kit order is automatically deleted when all kit order lines for an order are deleted. Only kit order lines with a status of Open are eligible to be deleted. For more information on deleting kit order lines, see Kit Order Line Status.

Inquiring About Component Items

You view the kit definition associated with the kit order line by selecting the Order Detail view. The Order Detail view displays the individual component items and the required quantities of the component items needed to complete the assembly. You can also view the component items using the Kit Definition window.

Reserving Items to Kit Orders

A kit order is available for reservation after it is saved in an Open status on the Kit Order window.

The Reservations program checks availability for each component item and reserves all available component items that are required to assemble a kit. Reservations uses the start and ending dates from the kit order line to determine the order in which the component item quantities are reserved and to determine anticipated supply of the kit.

The Reservations program

- Reserves all available component items for picking
  - Picklist is generated and the kit order detail line's issued quantity is updated
  - Supplies Management Cost is updated
- Backorders component items that are not available
- Updates the kit order detail line status
- Updates kit order detail line's reserved and backordered quantities.

Issuing Kits to a Picklist

Depending on whether you have a one or two step picklist environment, either the Picklist or Confirm Picklist Quantities activity prints a picklist for all reserved component items. The kit order's status is changed to Issue: Partial and the order line's issued quantity is updated.

Receiving Finished Kits Into Inventory

As component items are assembled into finished kits, the kits are received and put-away into stocked inventory. The Kit Order window is used to record the receipt of completed kits in a stockroom by specifying a received quantity for the associated order line.

When the first receipt for the kit order is recorded, the order status changes to Received: Partial. When the Reservation program is run again and issues more component items, the line status is updated to Issued: Partial. When the total received quantity equals the quantity due, the order status changes to Received: Complete.

Adjusting Received Quantities

You can reverse the receipt of kit inventory if you enter an incorrect received quantity or you enter a received quantity against the wrong kit order line. Use the Kit Order window to adjust the received quantity by entering the delta (negative) quantity.

Example

You entered a received quantity of 10 for Line 1, and you want to actually receive a quantity of 5. Enter a received quantity of -5 for Line 1.

Closing a Kit Order

You can close a kit order if all of the kit order lines have been closed or are eligible to be closed. To be eligible for closing, all kit order component line quantities must net to zero.

You can close a kit order line when all

- Ordered kits have been assembled and received
- Outstanding component items have been either returned or scrapped.

Kit and Kit Order Inquiries

The following two Cost inquiry windows relate to kits and kit orders:

- Kit Order Cost Inquiry
- Kit in Process Cost Inquiry

Kit Order Cost Inquiry

Use Kit Order Cost Inquiry to view the cost of a kit order. You can view a kit order's costs regardless of whether the order is open or closed. The work-in-process (WIP) value of a kit, is shown while the kit is open. When the order is closed, it shows the cost per kit for the order.

- The estimated cost per kit for the order. This amount is made up of the average costs of the kit's components when the kit order was created. When the order is closed, the actual cost per kit.
- The actual monetary value of the component's inventory that is in process. The inventory is in process if it has been issued to the kit order, but has not been scrapped or assembled into a kit that has been received back into stock.
- The actual monetary value of the component's inventory that has been issued to the kit order.
- The current total actual cost of scrap for the order.
- The total actual cost of scrap for the component on the order. Because scrap can be recorded only after the order is closed, no scrap amount displays until after the order is closed and a scrapped quantity has been recorded.
- The current total actual cost for the kits that have been assembled and received back into stock for this order. If the order is still open, this amount could change before the order is closed.

Kits in Process Cost Inquiry

Use the Kits in Process Cost Inquiry to view the value of all kit components for kits in process (KIP) as of a specified point in time. When components have been issued to an order but has not yet been received, the order is considered in-process. You can view kits in process for any kit, in one or all stockrooms.

Windows to Use

Use the following windows to implement the concepts discussed in this chapter. For more information, refer to the online help for each window.

To perform this task...	Use this window...
Define an item as a kit.	Stockroom Item.
Define a kit and its components.	Kit Definition.
Create, maintain, receive, close or delete a kit order.	Kit Order.
Issue kits or kit components	Print Picklist.
Issue kits or kit components in a two-step picklist environment; adjust picklist quantities	Confirm Picklist Quantities.
View the value of all kit components for kits in process.	Kits-in-Process Cost Inquiry.
View the cost or value of a kit order.	Kit Order Cost Inquiry.

5 Reserving and Replenishing Supplies

Chapter Contents

5-1 Overview
5-3 Reservation and Replenishment Process Variables
5-7 Reservation Program
5-11 Replenishment Program
5-14 Setting Up the Reservation and Replenishment Process
5-15 Running the Reservation and Replenishment Programs
5-16 Replenishing by Stockroom or Replenishment Group
5-18 Replenishing Different Types of Items

Overview

The Supplies Management Reservation and Replenishment process is a fully automated way to maintain desired inventory levels and to obtain the supplies you need on time. The process

- Evaluates your current inventory quantities, including anticipated receipts,
- Reserves available inventory for open requisitions based on need date, and
- Creates orders for items needed to satisfy open requisitions and minimum inventory stocking requirements.

The Reservation and Replenishment process consists of two parts: the Reservation program and the Replenishment program.

Reservation and Replenishment Process Summary

Stage	Description
1	The Reservation program runs and ▪ Examines every item in a stockroom or replenishment group ▪ Reserves available items against approved requisitions ▪ Creates backorders for unavailable, needed items.
2	The Replenishment program runs and ▪ Examines every item in either a stockroom or a replenishment group ▪ Determines when inventory must be received to satisfy backorders and stockroom minimum and maximum requirements ▪ Creates the transactions that result in requisition lines or kit orders for needed items.
3	Requisition lines become purchase orders or create demand in external stockrooms.
4	Purchase and transfer orders are processed.
5	Items are received and moved into stock.

Reservation and Replenishment Process Variables

User Defined Process Variables

This is a list of the Reservation and Replenishment process variables that you initialize and maintain as you define your sites, items, stockrooms, and replenishment groups, and as you place requisitions.

For a list of the variables initialized and maintained by the system, see System-Defined Reservation and Replenishment Process Variables.

Active

The Replenishment program only processes items that are active. You can activate or deactivate an item in a stockroom at any time.

For more information on how to deactivate an item, see the online help for the Active option in the Stockroom Item window.

Min and Max Replenishment Demand

Demand is generated by the Replenishment program in response to the minimum stocking requirements for an item in a stockroom. When the Replenishment program sees that the available quantity of an item has fallen below the minimum quantity, it creates a transaction to replenish the item up to the maximum quantity value.

Example

The following table illustrates how the Replenishment program determines replenishment quantity:

Available Qty	Minimum Qty	Maximum Qty	Replenish Qty
10	8	100	0
9	20	50	41
45	45	200	0
0	10	100	100

UOM Round Up

For each site, you can determine whether or not the replenishment process will round up quantities when a vendors' unit of purchase or the issue stockroom's unit of measure differs from the stockroom unit of measure and a UOM conversion has not been established.

Example:

The following table illustrates the results of Purchasing's Scheduled Requisition Load process when the UOM Round Up option is selected:

Requested Quantity	Vendor unit of purchase/ Issuing Stockroom UOM	Replenish Qty
15 EA (discrete)	CS, discrete (with 20 EA per case)	1 CS
21 EA (discrete)	CS, discrete (with 10 EA per case)	3 CS

If the UOM Round Up option is not selected and a UOM conversion has not been defined, errors are generated that must be manually fixed when the vendor unit of purchase or the issuing stockroom's unit of measure differs from the stockroom unit of measure. In the previous table, both of these examples would generate errors.

Need Date

The date the item is needed in stock. You enter this value when you create a user or replenishment requisition. SmartStream calculates this value when it generates a replenishment requisition.

Reorder Tolerance Percent

You can use this field to increase the number of items that get replenished during any single run of the Replenishment program for a replenishment group. (This option is not available for Replenishment program runs for a stockroom.) This helps to consolidate more items onto each replenishment requisition the Replenishment program generates.

For more information on how the Reorder Tolerance Percent option works, see the Reorder Tolerance Percent online help

Replenishment Frequency

You must tell SmartStream how often you will run the Replenishment program for each stockroom and replenishment group you define.

For more on indicating and maintaining Replenishment program frequency, see Replenishment Variables and the Frequency in Days online help.

Replenishment Lead Time

This should be your best estimate of the number of days it takes to get an item into stock, from the day you request it to the day you stock it. The Reservation and Replenishment process uses this value to help determine whether orders for certain items should be placed immediately, or whether they can wait until the next time the Replenishment program runs.

You are required to enter a lead time value for each stockroom and replenishment group. You can enter a lead time value for as many of the items in a stockroom as you want. The Reservation and Replenishment process will use the item level lead time if you provide one; otherwise, it uses the stockroom or replenishment group lead time.

Replenishment Sources

There are two potential replenishment sources for a stocked item. You can either transfer it from another stockroom, or purchase it from a vendor. (The exception is a kit item, which you replenish internally from the same stockroom where it is defined.)

You must specify a replenishment source for each item you define at the stockroom level. You can change the replenishment source if you include the item in a replenishment group, although changing it there changes it at the stockroom level as well.

Requested Quantity This is the quantity of the item being requested on a requisition line.

Stop Replenishment Date This is the first date that the Replenishment program stops considering an item for replenishment. By specifying a stop replenishment date for an item, you can prevent automatically generated replenishment requisitions while you use up existing inventory.

System-Defined Process Variables

This is a list of the variables that are initialized and maintained by the Reservation and Replenishment process. The Reservation Program Flowchart and the Replenishment Program Flowchart provide graphical views of where these variables are used in the process.

Available Quantity The total on-hand quantity of the item less what has been backordered, reserved, or allocated. This represents the quantity of the item in the stockroom that is available for issue.

Current Available Quantity The total quantity of the item that will be available between today and the date the item is needed.

Current Demand Quantity The quantity of the item that is needed to satisfy

- Requisitions whose need date falls between today and the *replenishable-by date*
- All open kit orders, regardless of need date.

Current Supply The total anticipated supply of the item between today and the date the item is needed. Includes the current on-hand quantity plus all scheduled receipts.

Future Demand The sum of all the requisition lines for this item that is not needed until after the next replenishment date.

Last Replenishment Date The date on which the Replenishment program was last run for the stockroom or replenishment group.

Next Replenishment Date The next date that this item is likely to be replenished. This value is figured by taking the last date the Replenishment program was run for the item, and adding the replenishment frequency and replenishment lead time values.

On-Order Quantity The total quantity of this item scheduled to be received into the stockroom between today and the item's replenishable-by-date.

Quantity to Order This is the additional quantity of the item that is needed to satisfy current demand. The Replenishment program sends a transaction reflecting this quantity to the Batch Requisition activity.

Replenishable-By Date A calculation of how long it will take to get more of this item into the stockroom. This value is figured by adding today's date to the replenishment frequency and the replenishment lead time that you defined for the item.

Reservation Program

Overview

The Reservation program reserves stocked items against requisitions or kit orders for those items. It can reserve both quantities that are on hand now and those to be received in the future.

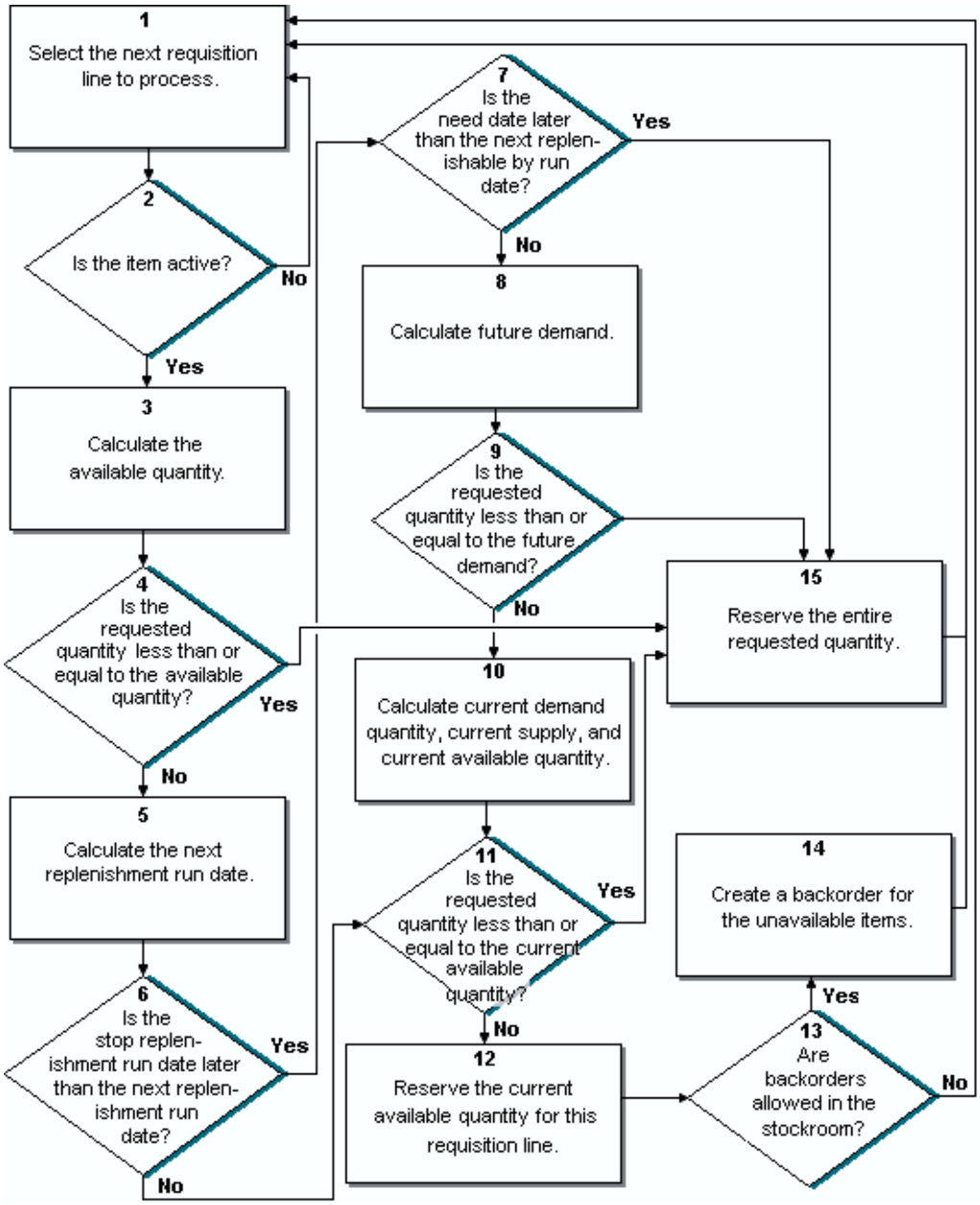
If some or all of the needed items are or will be available, the Reservation program reserves them for the requisition or kit order that needs them. If not, you can choose to have the program create backorders for unavailable items. The Replenishment program will then generate the code that results in transfer lines or purchase orders for the backordered items.

Design Theory

Items are reserved based on the requisition need date and a calculation of when more of the item will be received. Initially, items are reserved on a first-requested, first-reserved basis. The Reservation program may then take items reserved for one requisition and reserve them for another that is needed sooner, but only if it anticipates that the first requisition will be filled on time. This way, requisitions that are placed well in advance of the need date are not compromised by requisitions that are placed just before they are needed.

Reservation Program Flowchart

The diagram below depicts the process flow of the Reservation program:



Reservation Program Variables

The following is a list of variables used by the Reservation program.

For a graphical representation of where these variables are used in the process, see the Reservation Program Flowchart.

- Current Available Quantity
- Current Demand Quantity

- Current Supply
- Future Demand
- Last Replenishment Date
- Need Date
- Next Replenishment Date
- Replenishment Frequency
- Replenishment Lead time
- Requested Quantity

Issues Affecting the Reservation Program

Adjusting Inventory

You can increase or decrease any quantity of any item using the Inventory Adjustment window.

Decreasing Inventory

When you decrease the quantity of a stocked item, you risk deleting a reserved quantity. If you do, some requisition lines may not be filled by the need date that were previously thought to be safe.

The next time the Reservation program runs, it re-evaluates the adjusted quantities and re-reserves or backorders the affected items as necessary.

Increasing Inventory

Quantities of stocked items increased using the Inventory Adjustment window are immediately available. The Reservation program will consider these items the next time it runs.

Adjusting On-Hold Item Inventory

Since the Reservation program does not consider on-hold items, changes you make to these items do not affect it.

Closing or Canceling a Requisition Line

You can close a requisition line if some (but not all) of the items on the line have been issued. If none of the items have been issued, you simply cancel the requisition line.

Closing a Requisition Line

When you close a requisition line, the Reservation program

- Releases the unissued balance on the requisition line from reservation, and
- Subtracts the unissued balance from the associated scheduled receipt (if the requisition line was a transfer line).

Cancelling a Requisition Line

When you cancel a requisition line, the Reservation program

- Releases any items it may have reserved for that line
- Deletes the associated scheduled receipt (if the requisition line was a transfer line).

Closing a Picklist Short

When you close a picklist short on the Confirm Picklist Quantities window, the Reservation program

- Releases the unissued balance on the picklist from reservation
- Subtracts the unissued balance from the associated scheduled receipt (if the picklist was for a transfer line).

Replenishment Program

Overview

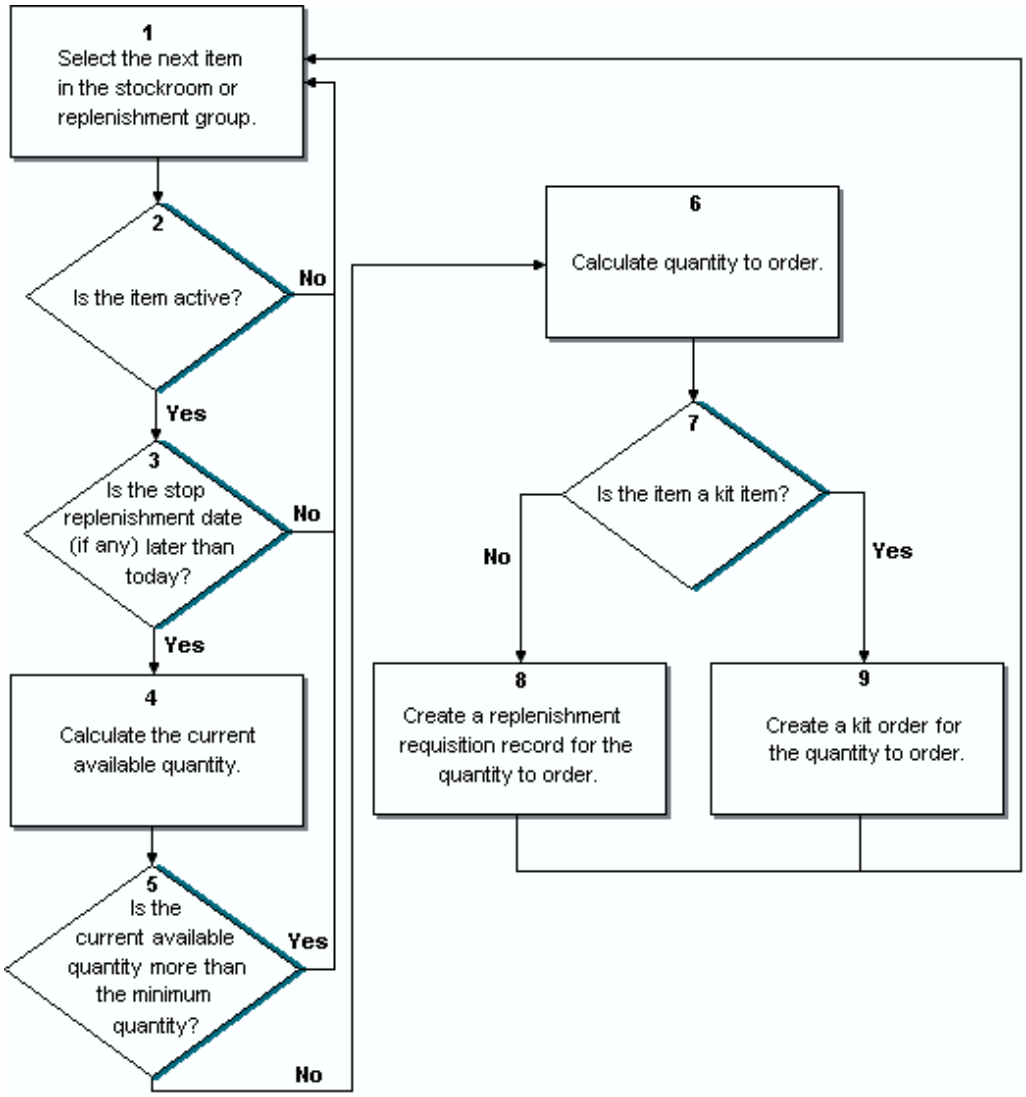
The Replenishment program evaluates demand for stocked items within a stockroom or replenishment group. It then creates the transactions that result in purchase orders, kit orders, or transfer lines or for these items.

You run the Replenishment program using Job Scheduler. It is most effective when run as a scheduled process, but you can run it on demand as often as needed. See Replenishment Frequency for recommendations on how and when to launch the Replenishment program.

The Replenishment program considers every item in either a stockroom or a replenishment group, as you designate.

Replenishment Program Flowchart

The following diagram illustrates the process flow of the Replenishment program.



Replenishment Program Variables

The following is a list of variables used by the Replenishment program.

For a graphical representation of where these variables are used in the process, see the Replenishment Program Flowchart.

- Active
- Available Quantity
- Current Available Quantity
- Current Demand Quantity
- Min and Max Replenishment Demand

- On-Order Quantity
- Quantity to Order
- Replenishable By Date
- Stop Replenishment Date
- Stop Replenishment Date

About Replenishment Demand

Demand for a stocked item can originate from the following sources:

- A backorder for the item. The Reservation program generates backorders for items that will not be available in time to satisfy a requisition.
- Minimum and maximum replenishment demand.
- A kit order (if the item is a kit). You can generate a kit order manually using the Kit Order window. The Replenishment program will also create a kit order if there is a backorder or min and max replenishment demand for the item.

  For more information about how kit orders generate demand, see Replenishing Kits.

Setting Up the Reservation and Replenishment Process

As you define your items, stockrooms, and replenishment groups, you initialize the user-defined variables that govern how the Reservation and Replenishment programs function with each one. Then, you use the Job Scheduler to set the frequency and scope of each scheduled process.

When you define a stockroom, item, or replenishment group, you initialize a set of replenishment variables. The Reservation and Replenishment process uses these values to determine the source and quantity of items to reserve, backorder, or replenish.

Stockroom Replenishment Variables

These replenishment variables apply to an entire stockroom. They are:

- Replenishment Frequency
- Replenishment Lead Time
- Replenishment Sources

Item Replenishment Variables

You define a set of replenishment variables for each item at each stockroom. These variables are:

- Active
- Min and Max Replenishment Demand
- Replenishment Lead Time
- Replenishment Sources
- Stop Replenishment Date

Replenishment Group Replenishment Variables

The following is a list of replenishment variables that apply to replenishment groups:

- Reorder Tolerance Percent
- Replenishment Frequency

Running the Reservation and Replenishment Programs

The implementation team determines how often the Reservation and Replenishment programs will run using the Job Scheduler window. You can also launch these processes manually.

Reservation and Replenishment Program Frequency

You can schedule the Reservation and Replenishment programs to run as frequently as you want for any given stockroom or replenishment group. You do not need to run them concurrently, but you should run the Reservation program just before you run the Replenishment program. Otherwise, some items that really should be replenished may not be.

Running these scheduled processes often increases the effectiveness of the process. You could run the Reservation program every few minutes if you wanted to approximate real-time inventory reservation. However, running the Replenishment program too often could result in multiple requisitions for items that might otherwise have been consolidated.

For more information about indicating and maintaining Replenishment program frequency, see Replenishment Group Variables and the Stockroom window Frequency in Days online help.

Replenishing Manually

You can manually generate replenishment requisitions by accessing the Replenishment Requisition window. The automatic replenishment process considers these requisitions when performing its calculations.

Running the Replenishment and Batch Requisition Programs Simultaneously

You cannot run the Replenishment program if the Batch Requisition program is running, and vice versa.

As scheduled processes, these programs will stop if the other one is already running. If this happens, you must manually restart the halted program. Otherwise, the program will not launch automatically until the next scheduled date and time.

Reservation and Replenishment Process Policy Decisions

Consider the following questions when you are determining how often to run the Reservation and Replenishment programs for a stockroom or replenishment group:

- How often do you want to create requisitions for needed items?
- How much demand is placed on the stockroom or replenishment group?
- How critical are these items?
- How long does it take to replace these items?

Replenishing by Stockroom or Replenishment Group

You can run the Replenishment program for

- A stockroom
- A replenishment group within a stockroom
- Both.

Replenishing Stockrooms

When you run the Replenishment program for a stockroom, every item in the stockroom is considered, as long as

- The item is active
- The stop replenishment date for item has not passed.

If you are using replenishment groups in a stockroom, you may want to consider replenishing by replenishment group instead of replenishing by stockroom.

For more information, see Replenishment Group Strategy.

Replenishment Groups

What Are Replenishment Groups?

Replenishment groups are groups of items that you want to replenish together. These might be items that share a common vendor, commodity, or other attribute. Or, these items might need to be replenished more or less frequently than other items.

Replenishment groups exist at the stockroom level, and are composed of items defined at the stockroom level. An item can belong to only one replenishment group in a stockroom.

Replenishing Replenishment Groups

When you run the Replenishment program for a replenishment group, only the items in the group are evaluated. When you run the Replenishment program for a stockroom, every item in the stockroom is evaluated.

Replenishment Group Strategy

The Reservation and Replenishment process works best when either all or none of the items in a stockroom belong to a replenishment group. If you have replenishment groups, you should schedule the Replenishment program to run for the replenishment groups and rarely (if ever) for the stockroom. There are two reasons for this:

- If you run the Replenishment program for a replenishment group and then for the stockroom, all of the items in the Replenishment Group are unnecessarily considered twice. This can result in multiple requisitions for items that might have been consolidated.
- If an item is a member of a replenishment group, the Replenishment program always uses the replenishment group replenishment frequency value for the item, even when you run the Replenishment program for the stockroom. Under this scenario, the replenishment frequency values for some or all of the items will be

incorrect. This can result in unplaced orders for needed items, or orders being placed that could have been postponed.

Deleting Replenishment Groups

You can delete a replenishment group or remove an item from a replenishment group at any time. Performing either of these actions does not delete or change any existing item definitions.

Replenishing Different Types of Items

Replenishing Consignment Items

The Reservation and Replenishment process cannot replenish consignment items across sites. Consignment items can be replenished from a stockroom within the same site, or from an outside vendor. This rule is enforced when you are defining a consignment item in a stockroom.

Although the automatic replenishment process does not consider them, you can manually create requisitions for consignment items at any time.

Replenishing Kits

When you identify an item as a kit in a stockroom, it can be replenished in one of two ways:

- Externally, from another stockroom. In this scenario, the kit is replenished in the same manner as other types of items.
- Internally, from the same stockroom in which the kit is defined. This means that you will assemble the kit components to create the completed kit.

Note: Kits cannot be replenished from a vendor.

Replenishing Kits Process Narrative

1.

Step	Action
1	A requisition for a kit is generated from one of the following sources: ▪ An individual requester, or an external stockroom seeking to replenish its supply of the kit from this stockroom. ▪ The Replenishment program as it responds to the kits' maximum and minimum quantity requirements.
2	The Reservation program reserves available kits for the requisition and creates backorders for any unavailable kits.
3	The Replenishment program generates a kit order to cover the unavailable kits. A kit order is also generated manually using the Kit Order window.)
4	The Reservation program reserves available kit components for the kit order and creates backorders for any unavailable kit items.
5	The Replenishment program creates the code that results in requisitions for backordered kit components. These components are ordered and eventually received into stock.
6	Step 4 repeats until all required kit components are received into stock

Kits and Stockroom Backorder Policy Needed components for kits in a stockroom are always backordered, regardless of whether or not you allow backorders in the stockroom.

For more information on backorders, see the Create Backorder field help.

6 Costing Supplies Inventory

Chapter Contents

6-1 Cost Features
6-3 Setting Up Supplies Cost
6-5 Inventory Transactions
6-8 Using Average Cost to Value Inventory
6-9 Transaction Valuation
6-13 Creating Journal Entries
6-16 Annualized Inventory Turn Ratio

Cost Features

Supplies Management provides the ability to measure and analyze inventory for managing costs and for external financial reporting purposes by

- Tracking the cost of items for all sites or for each stockroom
- Viewing costs for stockroom inventory, kits in process (KIP), and in-transit inventory
- Costing inventory and creating journal entries in discrete or continuous mode
- Updating weighted average cost during transaction valuation for a receipt.

The Flow

The following table describes the activity flow of Supplies Cost.

Step	Activity	To…
1	Setup Average Cost	Capture currency rates for multi-currency sites. Determine whether cost is maintained at the site or stockroom level. Establish the initial average cost for all items. Define a default ledger entity for a site.

Step	Activity	To…
2	Perform Inventory Transactions	Change quantities of inventory. Assign values to each transaction.
3	Run the Transaction Valuation Program	Assign appropriate costs for all inventory movement. Assign distribution types to each transaction. Recalculate unit costs. Create debits and credits for each transaction it values.
4	Run the Journal Creation program to create journal entries	Assign UDAK accounts to each transaction. Create journals for ledger posting.
5	Perform Cost inquiry and reporting	Show the results of transaction valuation and creating journal entries.
6	Adjust Average Cost	Manually adjust the average cost

Setting Up Supplies Cost

There are four steps to setting up Cost in Supplies Management:

1. Choose a default ledger entity.
2. Determine level at which to maintain average cost.
3. Assign cost currency exchange rates.
4. Establish initial average cost for items.

Selecting a Default Ledger Entity

You must select a default ledger entity for each site. You use the Site Policy View on the Site window to select a default entity. You can override the Site-level default on the Stockroom Accounting Distribution window.

You can also have a ledger entity associated with stockrooms, but the currency must be the same as the Site's currency.

Maintaining Average Cost

In Supplies Management, item average costs can be maintained in each stockroom or in each site. For each stockroom, Cost values inventory movement to cost the changes to the stockroom's inventory. Each stockroom reports the value of inventory to the ledger and all costs are booked to a single ledger entity that you define for the stockroom.

To determine the level at which a site's average costs is maintained, use the Site window, Site Policy view, and select either the For This Site or For Each Stockroom option. If you select Site, an item has the same cost across stockrooms. If you select Stockroom, an item's cost can be different in every stockroom

Assigning Cost Currency Rates

You need to establish currency exchange rates in Supplies Management only if your enterprise uses more than one currency. Supplies Management uses Currency exchange rates to convert transfer costs in other currencies to a sites primary currency. For example, when transferring inventory between sites that use different currencies you must copy exchange rates from the Enterprise Currency application to Supplies Management's Cost currency.

Cost Currency Rates Window

The Cost Currency Rates window is used to copy currency exchange rates previously defined in the Currency application, to Supplies Management.

The currency rates populate the cost_curr table and are used by the Transaction Valuation program to value inventory.

- Each site has its own Currency exchange rate.
- The Cost Currency Rates window does not apply to single-currency enterprises.

Establishing Initial Average Cost for Items

For existing inventory you can manually enter the cost of items using the Item Average Cost window or bulk load item costs using Average Cost Bulk Load scheduled process.

For new items, average cost is captured automatically when items are received. Initial cost is based on the purchase order price.

Cost Item Setup

Run the Cost Item Setup program to load items into the cost_item table when inventory already exists; for example, when a Purchasing customer is implementing Supplies Management and has existing items. When new items are added in Supplies Management, a cost record is automatically created for the item.

Implementation Consideration

The order in which information is loaded is important because unwanted journal entries can be created. Run Bulk Load programs in the following order if you *do not* want to create journal entries:

Step	Action
1	Bulk Load Item or the Cost Item Setup program
2	Bulk Load Stockroom Item
3	Bulk Load On Hand Quantity
4	Bulk Load Average Cost

Run Bulk Load programs in the following order if you *do* want to create journal entries:

Step	Action
1	Bulk Load Item or the Cost Item Setup program
2	Bulk Load Stockroom Item
3	Bulk Load Average Cost
4	Bulk Load On Hand Quantity

Inventory Transactions

There are three types of inventory tracked by Supplies Management. Each has its own set of accounts.

- Stockroom
- In-transit
- Kits-in-Process

Stockroom Inventory

You identify Inventory at a physical location by its stockroom, bin location, and material status. Stockroom inventory is valued as follows:

Quantity On Hand * Average Unit Cost

The average unit cost for stockroom items is updated when items are

- Received into inventory with a different unit cost
- Moved into a stockroom with a different unit cost.

Note: Cost considers items that are on hold and waiting to be dispositioned as stockroom inventory. Cost Inquiry displays on hold and undispositioned items in the total counts, while Inventory Inquiry does not.

In-transit Inventory

Inventory is in-transit when it is between stockrooms. Stockrooms can be at the same site or two different sites. You identity in-transit inventory using a replenishment requisition number. Its value increases when the inventory is shipped from its issuing stockroom and decreases when it is received at the receiving stockroom.

The average unit cost for transfers can change by issuing items for the same transfer requisition with a new average cost to an existing quantity of items in transit.

Kits-in-Process

A kit-in-process (KIP) is inventory that has been issued to a kit but has not been assembled and received back into inventory. You identify a kit by a kit order/line number. The value of KIP inventory is typically:

Value of Issued Components - Value of Kit Assembly Item Received or Kit Components Scrapped.

The average cost for KIP can change when for the same kit order, additional issues of the components are made at a new price due to the issuing stockrooms average cost changing.

About Consignment Items

There is no average cost processing for consignment items. All cost for consignment items is based on actual cost.

Cost does not cost Consignment items until the item is issued. Cost is determined by using the issue quantity on the earliest scheduled receipt (FIFO). Cost compares already received quantities to remaining issued quantities. Cost automatically generates a request for payment using the purchase order price information when the consignment item is issued.

The following cost transactions affect the inventory value of consignment items:

- Issue to Requester
- Direct Issue
- Receive Return into Inventory

Transactions That Affect Inventory Value

The following table lists the types of cost transactions that can affect the value of inventory:

Types of Cost Transactions	Stockroom	In-transit	KIP
Issue to Requester	Yes		
Issue to Transfer	Yes	Yes	
Issue to Transfer - Sending	Yes	Yes	
Issue to Transfer - Receiving		Yes	
Issue to Kit Order	Yes		Yes
Direct Issue	Yes		
Receive Assembled Kits	Yes		Yes
Scrap Kit Components			Yes
Inventory Move	Yes		
Inventory Adjustment	Yes		
Receive PO into Inventory	Yes		
Receive PO into Exception	Yes		
Receive Transfer into Inventory	Yes	Yes	
Receive Return into Inventory	Yes		
Scrap Receipt at Owner's Expense	Yes		
Scrap Receipt at Vendor's Expense	Yes		

Types of Cost Transactions	Stockroom	In-transit	KIP
Return to Vendor	Yes		
Return to Vendor – no PO	Yes		
Adjust Average Cost	Yes		
Purchase Price Variance	Yes		

Using Average Cost to Value Inventory

A weighted average cost algorithm is used to calculate average cost. Basically, average cost is calculated by dividing the total value of the item by its total quantity. Supplies Management Cost adjusts the weighted average cost and values the inventory for an item at each site or stockroom.

Average Cost Formula

Cost uses this formula for any transaction that can affect average cost.

$$\frac{\text{(Former On-Hand Quantity * Former Average Cost)} + \text{(Current Transaction Quantity * Current Transaction Unit Cost)}}{\text{(Former On-Hand Quantity + Current Transaction Quantity)}}$$

How to Apply the Formula

Example

The beginning on-hand quantity of an item is 50 with the beginning average cost of $1.00. Therefore, the Current Value of the inventory is $50.00 (50 x 1.00). You receive 50 units of the item at a cost $1.50. Your total On-Hand Quantity is now 100. The Current Value of the inventory becomes $125.00. ($1.25 x 100).

$$\frac{(50 * 1.00) + (50 * 1.50)}{(50 + 50)} = 1.25$$

You issue to a requester 25 units of the item at a cost of $1.25. Your total On-Hand Quantity is now 75. The Current Value of the inventory remains $125.00 because issuing items does not change the average cost.

You receive a transfer of 75 units of the item at a cost of $1.35. Your total On-Hand Quantity is now 150. The Current Value of the inventory becomes $195.00 ($1.30 * 150).

$$\frac{(75 * 1.25) + (75 * 1.35)}{(75 + 75)} = \$1.30$$

Refer to the following table for a graphical representation of this example:

Step	Transaction Type	Transaction Quantity	Transaction Amount	Average Cost	On-Hand Quantity	Current Value
1	Starting On-Hand Quantity	---	---	$1.00	50	$50.00
2	Receive PO into Inventory	50	$1.50	$1.25	100	$125.00
3	Issue to Requester	25	$1.25	$1.25	75	$93.75
4	Receive Transfer into Inventory	75	$1.35	$1.30	150	$195.00

Transaction Valuation

Transaction Valuation is a program you run at your site to capture the increases and decreases in your inventory's value by valuing inventory transactions your site or stockroom performs on items.

After the average cost has been established, the Transaction Valuation program uses it to cost activities at the site and establish a new value for stockroom inventory, KIP, and in-transit orders.

The valuation process creates a debit/credit activity file from the Supplies inventory transaction history tables. These activities are costed to create financial journals for posting to a ledger.

Transaction Valuation Processing

The Transaction Valuation program

- Applies the average cost formula to recalculate the unit cost of an item when an inventory transaction is performed that affects inventory value. For example, when items are received, or an item's average cost is changed manually.
- Creates debits and credits for every transaction that it values.
- Runs continuously or as a scheduled process using the Job Scheduler.
- Creates and updates average unit cost, transfer average cost, and KIP average cost.

Cost Transactions and Sources

The table that shows cost transactions and the source used to assign cost to the transaction.

Types of Cost Transactions	Source of unit cost
Issue to Requester	Site/Stockroom Average Cost
Issue to Requester - Consignment	PO Actual Price from earliest Scheduled Receipt
Issue to Transfer	Site/Stockroom Average Cost
Issue to Transfer - Sending	Sending Site/Stockroom Average Cost
Issue to Transfer - Receiving	Sending Site/Stockroom Average Cost
Issue to Kit Order	Site/Stockroom Average Cost
Direct Issue	Site/Stockroom Average Cost
Direct Issue – Consignment	PO Actual Price from earliest Scheduled Receipt
Receive Assembled Kits	Kit Order Average Cost
Scrap Kit Components	Kit Order Average Cost (of component)
Inventory Move	Sending Site/Stockroom Average Cost
Inventory Adjustment	Site/Stockroom Average Cost
Receive PO into Inventory	Purchase Order Actual Price
Receive PO into Exception	Purchase Order Actual Price
Receive Transfer into Inventory	Transfer Order Average cost
Receive Return into Inventory	Site/Stockroom Average Cost
Receive Return into Inventory - Consignment	PO Actual Price from latest Scheduled Receipt with issued quantities
Scrap Receipt at Owner's Expense	Site/Stockroom Average Cost
Scrap Receipt at Vendor's Expense	PO Actual Price (debit) Issuing Site/Stockroom Average Cost (credit)
Return to Vendor	PO Actual Price (debit) Site/Stockroom Average Cost (credit)
Return to Vendor – no PO	User Entered Transaction Amount (debit) Site/stockroom Average Cost (credit)
Adjust Average Cost	User Entered Adjustment Amount
Purchase Price Variance	Variance Amount (Difference Between PO Price and Invoice Price)

Distribution Type Debit and Credits

For every cost transaction, a distribution type is debited and credited.

The following table lists the Supplies Management Cost transaction and the corresponding distribution type that is debited and credited:

Cost Transactions	Distribution Type to Debit	Distribution Type to Credit
Issue to Requester	Expense @ Issuing Stockroom	Stockroom Inventory
Issue to Transfer	Transfer Order Inventory @ Sending Stockroom	Stockroom Inventory
Reversal	Stockroom Inventory @ Sending Stockroom	Transfer Order Inventory at Transfer Order
Issue to Transfer - Sending	ICOGS @ Sending Stockroom	Stockroom Inventory Inventory Revaluation @ Difference
Issue to Transfer - Receiving	Transfer Order Inventory @ Sending Stockroom Interco A/P Inventory Revaluation @ Difference	Interco A/P
Reversal		Reversal - Transfer Order Inventory at Transfer Order Inventory Revaluation @ Difference
Issue to Kit Order	Kits in process @ Issuing Stockroom	Stockroom Inventory
Reversal	Stockroom Inventory @ Kit in Process	Kits in process
Direct Issue	Expense @ Issuing Stockroom	Stockroom Inventory
Receive Assembled Kits	Stockroom Inventory	Kits in Process
Reversal	Kits in Process @Kits in Process Inventory Revaluation @ Difference	Stockroom Inventory Inventory Revaluation @ Difference
Scrap Kit Components	Scrap Expense	Kits in Process
Inventory Move	Stockroom Inventory @ Issuing Stockroom	Stockroom Inventory
Inventory Adjustment	Stockroom Inventory @ Current Stockroom	Inventory Adjustment
Receive PO into Inventory	Stockroom Inventory @ PO Actual Price	AP Clearing @ PO Actual Price
Reversal	AP Clearing @ PO Actual Price Inventory Revaluation @ Difference	Stockroom Inventory @ Issuing Stockroom Inventory Revaluation @ Difference
Receive PO into Exception	Stockroom Inventory @ PO Actual Price	AP Clearing @ PO Actual Price

Cost Transactions	Distribution Type to Debit	Distribution Type to Credit
Receive Transfer into Inventory	Stockroom Inventory @ Transfer Order	Transfer Order Inventory
Reversal	Transfer Order Inventory @ Stockroom	Stockroom Inventory
Receive Return into Inventory	Stockroom Inventory @ Receiving Stockroom	Expense
Scrap Receipt at Owner's Expense	Scrap Expense @ Issuing Stockroom	Stockroom Inventory
Scrap Receipt at Vendor's Expense	AP Clearing @ PO Actual Price	Stockroom Inventory @ Issuing Stockroom
		Inventory Revaluation @ Difference
Return to Vendor	AP Clearing @ PO Actual Price	Stockroom Inventory @ Issuing
	Inventory Revaluation @ Difference	Inventory Revaluation @ Difference
Return to Vendor – no PO	Return to Vendor @ Transaction Amount	Stockroom Inventory @ Issuing Stockroom
	Inventory Revaluation @ Difference	Inventory Revaluation @ Difference
Adjust Average Cost	Stockroom Inventory @ Extended Adjusted Amount	Inventory Adjustment Accounts
Invoice Price Variance	Stockroom Inventory at extended Purchase Price Variance	Purchase Price Variance

Using the Transaction Valuation Program

Before you run the Transaction Valuation program, you can use the Inventory Cost Transaction Outstanding window to see the number of transactions that need to be processed. This inquiry is especially helpful at the end of an accounting period when you are closing the books, and you need to make sure that all inventory transactions for the period have been valued and journalized.

Run Modes

There are two run modes for the Transaction Valuation program: continuous and discrete. In continuous mode, Transaction Valuation runs until all unprocessed transactions are completed, and then sleeps for a specified number of minutes. In discrete mode, Transaction Valuation processes unprocessed transactions and then stops.

Viewing Transactions

After the transactions are processed, they are saved for viewing online and reporting at a later date. You can view the value of transactions and changes in cost due to cost adjustments.

Transaction Valuation Error Processing

The Transaction Valuation program cannot process transactions when

- A unit of measure conversion is not defined for a transaction that requires a valid conversion
- A currency conversion does not exist for a transaction that requires a valid conversion
- During a cross-site transfer transaction, the Transaction Valuation program is run at the receiving site before the sending site.

Typically, an item does not have an actual cost of 0 (zero). If the Transaction Valuation program processes a transaction with a value of zero for an item, it will notify you in your To do List that the item's Valid Zero Cost indicator is not set on the Item Average Cost window.

You can then determine if the transaction cost of zero was a mistake or not, and manually adjust the item's average cost if the zero cost was indeed a mistake.

Creating Journal Entries

The Transaction Valuation program assigns values to inventory transactions and creates debits and credits. To assign account numbers to the debits and credits, you run the Journal Creation program, which derives an account number for each debit or credit and then validates the account number. It then saves the journal entries so they can be posted to the ledger using a posting program in SmartStream Ledger.

User-Defined Accounting Key

Supplies Management uses a dynamic account creation system. This account creation system saves time and assures that the correct account numbers are created for accurate financial reporting.

The structure of an accounting key was determined by your enterprise when SmartStream was first installed. It can consist of up to 12 accounting key elements (groups) of no more than 256 characters.

See Defining Your Account Key for information about configuring your accounting key.

Account Derivation

The Journal Creation program derives the account numbers to use to post to the general ledger for all accounts except Expenditure accounts. An account number is derived for each type of account to be debited or credited. These are called

distribution types. The components that you can set up to define accounting key information are called *accounting objects*.

Expenditure type accounts are passed directly to the Journal Creation program when a user enters the account number manually while performing the following activities:

- Issuing items to a requester
- Direct Issuing items
- Returning items to a Vendor with no purchase order
- Returning items to a Stockroom.

Accounting Objects Used by Cost

Supplies Cost uses five accounting objects:

- Reason Code
- Item
- Stockroom
- Site Commodity
- Site

Other Accounting Objects exist but are not used by Supplies Cost. For example, Payable Entity, Payable Tax Rule, Receivable Tax Rule, Receivable Entity, Vendor, Requester, and Requisition Entity.

Implementation Consideration

A complete, valid accounting key should be defined at the Site Accounting Distribution level to ensure accounting key information defaults.

See Defining Your Account Key for general information about Distribution Types and Accounting Objects.

Accounting Objects by Distribution Type

For a list of the accounting objects used by Supplies Management by Distribution Type, see Cost Distribution Types.

Building the Account Number

To build the account number, Journal Creation searches through the accounting objects in a sequence you predefine on the Accounting Object Hierarchy window. The sequence is usually from specific objects to more general objects.

Journal Creation uses the accounting keys that it finds for the object and account type based on the value for that object. If the accounting key remains unfilled, it looks for the accounting keys for the second object. It uses the keys for the second accounting object to fill the unfilled keys. The program continues this process until it runs out of accounting objects or has built the entire account number.

Example

The following table illustrates how to derive the Inventory Account for Site SUP1, Stockroom SR1 for an item with a Site Commodity:

Accounting Object	Sequence in Hierarchy	Ledger Entity	Division	Account	Location
Stockroom:	90				BOSTON
Acct # (so far)		----	**----**	-----	BOSTON
Site Commodity	110			138000	
Acct # (now)				138000	BOSTON
Site:	250	LANCO	STARCO	137010	
Acct # (now)		LANCO	STARCO	138000	BOSTON

See the Enterprise Accounting Guide for more information about accounting distribution types.

Accounting Object Hierarchy

You maintain a hierarchy of SmartStream accounting objects using the Accounting Object Hierarchy window. The account derivation hierarchy sequence is used by SmartStream to derive an accounting key.

For more information about accounting objects, see the Enterprise Accounting Guide.

Journal Creation Run Options

You use the Journal Creation Run Options window to schedule a run of the Journal Creation program, which derives account numbers for transactions that have been valued by the Transaction Valuation program.

Specifying a Transaction Cutoff Date

As you schedule a run of the Journal Creation program, you specify the cutoff date of the transactions you want it to process. For example, if you specify a cutoff date of June 30, all transactions with a date of June 30 or earlier are processed.

Trial Mode vs. Run Mode

You can reveal account derivation problems by using a trial or simulation run. A *trial* run derives accounts numbers but does not save the derived account numbers in journal entries. Instead it warns you of possible errors, which you can correct before you run the Journal Creation program in run mode.

Run Mode and the Account Number Error Option

After you are satisfied with how account numbers are derived, run the Journal Creation program in *run* mode. When you process in run mode, the Journal Creation program creates journal entries for the transactions that occurred on or before the Transaction Cutoff Date for which the Transaction Valuation program has assigned values. You can post the journal entries it creates to the ledger.

Account Number Error Options

In processing transactions, the Journal Creation program derives the account number for each transaction's journal entry; However, the journal entry is in error if the Journal Creation program

- Cannot create an account, or
- If SmartStream Ledger is installed, the account number does not exist in the chart of accounts defined to Ledger.

When such errors occur, the run either *stops* at the failed journal entry, even if the Run mode option is continuous, or *continue*s to the next transaction. Either way, you are notified of the erroneous journal entry.

Continuous vs. Discrete Mode

As with the Transaction Valuation program, the Journal Creation program provides two run mode options: continuous and discrete.

In *continuous* mode, Journal Creation gathers all transactions that meet the Transaction Cutoff Date, processes them, and then sleeps for a specified time interval. This cycle continues indefinitely until it is ended using the Job Scheduler.

In *discrete* mode, Journal Creation gathers all transactions that meet the Transaction Cutoff Date, processes them, and then stops.

Correcting Errors

If you run Journal Creation in trial mode, you can correct accounting derivation errors by correcting the accounting derivation process, which is described in the Enterprise Accounting Guide. After the Journal Creation program derives account numbers and saves them, journal entries in error must be corrected in the ledger after they are posted.

Note: SmartStream Ledger's error recycle process is described in the Ledger Guide.

Annualized Inventory Turn Ratio

This is the formula for calculating the annualized inventory turn ratio for an item:

$$\frac{\text{Month's Issue Value} * 12}{\text{Month's Average Balance}}$$

The *month's issue value* equals the total value of all issues and transfers for that month (for example, all inventory leaving the stockroom) less any returns or reverse issues.

The *month's average balance* equals month's beginning balance plus the month's ending balance divided by two.

To view the annualized inventory turn ratio, you can query the cost_supp_inv_balance table.

7 Inquiry and Reporting

Chapter Contents

7-1 Overview
7-2 Cost Inquiry and Reporting
7-3 Archive/Purge Reporting

Overview

Supplies Management provides the following database inquiry and reporting features:

- Cost inquiry and reporting for monitoring all costs transactions
- Archive and purge reporting for monitoring the archive/purge processing of cost transactions, kit orders, and stockroom items

Cost Inquiry and Reporting

Cost Report

The Cost Reports Launch window allows you to run the Journalized Transaction by Account report. This report provides journal details, for all accounts or by inventory accounts. This report lists only journals that were not posted, and is useful for reconciliation purposes if it is run prior to posting to the general ledger.

Cost Inquiries

You can use online inquiry to display detailed information about selected items, orders, stockrooms, and so on.

The following table lists all of the Supplies Management cost inquiries:

To...	Use this window...
View all transactions that generated cost entries. Use it to view all transactions for an item at a site that affect the following inventory: stockroom, in-transit, KIP, or average cost adjustment.	Inventory Valued Transactions Inquiry.
Display additional information about a transaction selected on the Inventory Valued Transactions Inquiry window.	Inventory Valued Transactions Detail.
Inquire about journals that are outstanding for a particular fiscal period. It displays the transaction counts and earliest/latest dates for inventory transactions not yet valued or valued but not yet journalized	Inventory Cost Transactions Outstanding.
View the value of an item's inventory (stockroom or in-transit) at a site or stockroom.	Inventory Cost Inquiry.
View costs for KIP for open kit orders.	Kits in Process Cost Inquiry.
Display the detail information for a kit order, the accumulated actual cost of components, the accumulated total cost of the order, and the actual cost per kit on a closed order.	Kit Order Cost Inquiry.

Archive/Purge Reporting

Use the online or printed archive/purge reports to list information that will be or was archived and purged. The following reports are available after you run the archive/purge process in preview or archive/purge mode.

- Archive/Purge Preview
- Archive/Purge

You can produce each of these reports for the following types of information and archive/purge processes:

Type of Information	Archive/Purge Processes
Cost	Archive Cost to History Archive Cost History to Disk
Kit order	Archive Kit Orders to History Archive Kit Order History to Disk
Stockroom item	Archive Stockroom Items to History Archive Stckrm Item History to Disk

Cost Archive/Purge Reports

These reports contain the following information:

- Descriptive information about the run of the archive/purge request
  - Identifier of the person who added the request
  - Identifier of the archive/purge request
  - Name of the archive/purge process
  - Date and time the request was run
  - Selection criteria
- Detailed information about each cost transaction that will be or was archived and purged:
  - Site
  - Inventory row ID
  - Transaction date/time
  - Table ID
  - Order type code
  - Disposition code

  - Stockroom
  - Item
- Archive/Purge statistics
  - For preview reports - the number of rows available before and after validation
  - For archive/purge reports - the number of rows processed from each table and the number of rows available before and after validation

Kit Order Archive/Purge Reports

These reports contain the following information:

- Descriptive information about the run of the archive/purge request
  - Identifier of the person who added the request
  - Identifier of the archive/purge request
  - Name of the archive/purge process
  - Date and time the request was run
  - Selection criteria
- Detailed information about each kit order that will be or was archived and purged:
  - Site
  - Stockroom
  - Kit order
  - Date created
- Archive/Purge statistics
  - For preview reports - the number of rows available before and after validation
  - For archive/purge reports - the number of rows processed from each table and the number of rows available before and after validation

Stockroom Item Archive/Purge Reports

These reports contain the following information:

- Descriptive information about the run of the archive/purge request
  - Identifier of the person who added the request
  - Identifier of the archive/purge request
  - Name of the archive/purge process
  - Date and time the request was run

  - Selection criteria

- Detailed information about each stockroom item that will be or was archived and purged:
  - Site
  - Stockroom
  - Item
  - Description
- Archive/Purge statistics
  - For preview reports - the number of rows available before and after validation
  - For archive/purge reports - the number of rows processed from each table and the number of rows available before and after validation

Producing Reports

To produce online and printed supplies management archive/purge reports, choose Supplies Management Archive/Purge Reporting from your Activity List and use the following procedure:

Step	Action
1	Select an archive/purge ID.
2	Select the archive/purge request for the archive/purge run whose results you want to display or print. **Result:** The report information is displayed.
3	To display statistics about the records processed, choose View Statistics from the Actions menu. To print the report, choose Print Report from the Actions menu.

Using Preview Reports

You can display or print report information for an archive/purge request run in preview mode or archive/purge mode. When you display or print report information for a request run in preview mode, you can review the report to determine whether you need to change the selection criteria or run parameters and then run the request again.

After you run an archive/purge request in archive/purge mode, the report information for the run of the request in preview mode is no longer available.

Messages

If no information is eligible for archiving, a message is displayed on the window. If the archive/purge process and request combination you select is not the most recent run, a message is displayed.

SMARTStream®

Financials
Tax Policy

Version 6.5

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1 Overview of Tax Policy

Chapter Contents

1-1 About Tax Policy
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About Tax Policy

Tax policy is the set of controls you use for processing, calculating, and reporting about taxes for your business transactions.

This volume contains information to help you

- Set up controls for the rules and rates you use to process the types of taxes you pay, bill, or report
- Define accounting distributions for posting tax details to your ledger
- Set up procedures for determining the types of taxes you must apply for SmartStream Purchasing during international commerce
- Set up controls for processing earnings and withholding information for your vendors.

What Do You Need to Do Before Setting Up Tax Policy?

Before you can set up your tax policies, you must make the following decisions for your enterprise:

- Define your accounting key
- Identify the currencies you use and define currency exchange rate policies
- Identify the countries you need to refer to in your business transactions
- Define enterprise policy defaults for

  - Currency
  - SmartStream Ledger
  - Printing options for reports
- Define ledger entities and validation policies and structures for SmartStream Ledger

If you are installing SmartStream Purchasing you also must

- Add codes to represent the various commodities you purchase
- Add international commodity codes for conducting trade with other countries
- Set up the sites for your enterprise.

What Tasks Can You Perform in Tax Policy?

The following table lists the tasks you can perform for setting up tax policy in SmartStream:

To...	You...
Set up tax rules	Identify and select controls for the taxes you pay, bill, or report
Set up tax rates	Identify the percentages by which to multiply the tax bases for various tax rules
Set up tax rate elements	Divide tax rates into components for processing different local taxes
Set up tax reclaimable codes	Identify the percentages of taxes you can reclaim from different tax authorities
Set up accounting distributions	Identify the accounts to which you want to post amounts for tax expense and liability
Set up tax classifications	Associate tax rules with commodities to use in applying taxes for international transactions
Set up tax rule rate derivations	Associate tax rules and rates with the international commodities and classes of taxes you process
Set up earnings and withholding rules	Identify and select controls for processing earnings and withholding information for your vendors

After you establish tax rules and tax rates, you can define them as defaults for other policy components of SmartStream. These defaults simplify the processing of payment requests, purchase orders, and receivable documents.

What tax information you add depends on the SmartStream products you install and any other software you use for calculating taxes.

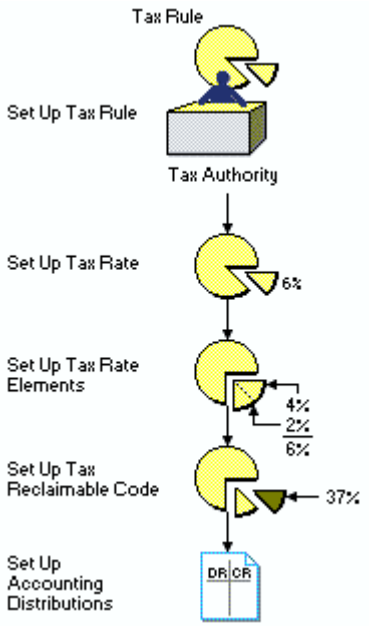
Tasks for Setting Up Payables and Receivables Tax Rules and Rates

Select one of the following for information to help you make business decisions:

- Setting up payables and receivables tax rules
- Adding tax rates and tax rate elements
- Adding tax reclaimable rates and policies for payables tax rules
- Adding accounting distributions for tax rules and tax rates

How You Set Up Payables Tax Rules

The following diagram illustrates setting up the components of payables tax rules and rates:

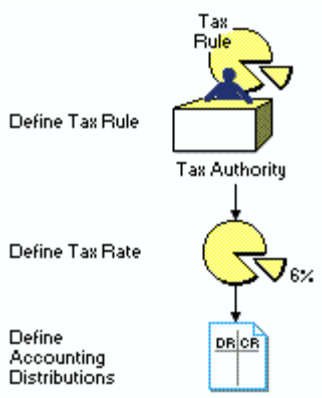


The following table lists the tasks for setting up payables tax rules and rates and shows a suggested order for performing the tasks. It also specifies the SmartStream window to use for each task.

Task	Description	Window
1	Set up a tax rule for each tax your vendors charge or that you assess, and specify the processing and calculation options for each tax rule. **Note:** Depending on the type of tax and the rules of the tax authority, Payables or Purchasing sets some processing and calculation options automatically.	Tax Rule Policy
2	If you need to calculate a tax for payment request lines, define the tax rate or rates to use.	Tax Rate Policy
3	If you need to break down a tax rate into more than one percentage for reporting purposes, define these percentages as elements of the tax rate.	Tax Rate Elements
4	If you reclaim any portion of the tax or report reclaimable taxes or your tax basis, define the reclaimable percentages to use with the tax rule.	Tax Reclaimable Policy
5	Establish accounting distributions for the tax rule or its associated tax rates, or both.	Tax Rule Accounting Distributions Tax Rate Accounting Distributions

How You Set Up Receivables Tax Rules

The following diagram illustrates setting up the components of receivables tax rules and rates:



The following table lists the tasks for setting up receivables tax rules and rates and shows a suggested order for performing the tasks. It also specifies the SmartStream window to use for each task.

Task	Description	Window
1	Identify a tax rule for each tax you bill your receivable accounts and specify the processing options for each tax rule. **Note: -** Depending on the type of tax and options you selected previously, SmartStream sets some processing options automatically.	Tax Rule Policy
2	If you need to record taxes for receivable documents, define the tax rate or rates to use in recording the tax.	Tax Rate Policy
3	Define accounting distributions for the tax rule or its associated tax rates, or both.	Tax Rule Accounting Distributions Tax Rate Accounting Distributions

Tasks for Setting Up Tax Classifications and Derivation

SmartStream Purchasing applies taxes to ordered and invoiced items according to tax classification policies you establish.

What Do You Need to Do Before Setting Up Tax Classifications and Derivation?

Before you can establish Purchasing policies for determining tax classifications, tax rules, and tax rates, you must add the following information for your enterprise:

- Countries in which you do business
- Item tax classifications
- Tax rules
- Tax rates

Tasks for Setting Up Earnings and Withholding Policy

You can establish controls for processing earnings and withholding information during the payment process for your vendors.

With SmartStream Payables you can generate reports detailing your earnings and withholding activity for the tax authorities.

What Do You Need to Do Before Setting Up Earnings and Withholding Policy?

Before you can establish earnings and withholding information to use for your vendors, you must add the following information for your enterprise:

- Countries in which you do business
- Your user-defined accounting key

2 Setting Up Tax Rules

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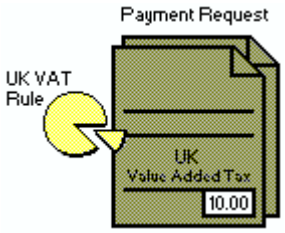
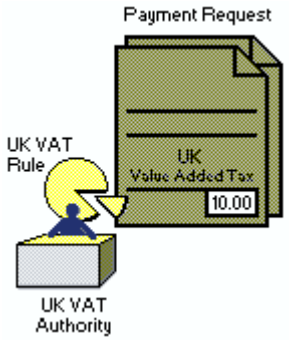
About Tax Rules

A *tax rule* is a set of processing and calculation controls that determine how to apply a tax to purchase orders, payment requests, sales order invoices, or receivable documents.



A tax rule is associated with a *tax authority*, which is the agency that requires you to pay, bill, or report the tax.



For each tax rule you define, you can define as many tax rates and tax reclaimable codes as you need.

Types of Tax Rules

A *tax rule* contains processing and calculation controls for a particular type of tax. Examples of tax rules are

- United Kingdom value added tax
- Canadian goods and services tax
- Australian sales tax
- United States use taxes.

Components of a Tax Rule

The information a tax rule includes depends on whether it is used for payables or receivables processing. This information can include some or all of the following components:

- Identifying information
- Calculation controls (only for payables tax rules)
- Controls for determining and calculating the tax basis
- Controls for processing taxes in multiple tiers
- Controls for posting tax details to ledger
- Procedures for dealing with discounts
- Integration information to use with SmartStream Asset Management
- Controls for verifying taxes entered on payable documents

Changing Tax Rules

You can make the following changes for tax rules:

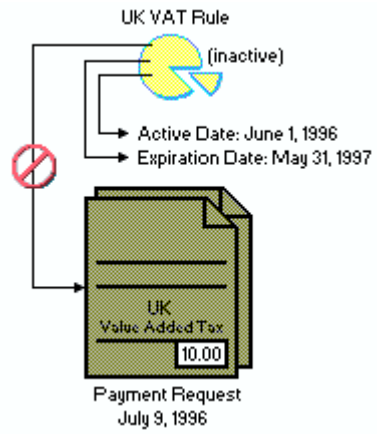
- Add or change a tax rule
- Activate an inactive tax rule
- Inactivate a tax rule
- Add or delete accounting distributions for a tax rule

Inactivating and Activating Tax Rules

If your business practices require it, you can set up a tax rule that you want to go into effect on a future date and immediately make it *inactive*. When you are ready for the tax rule to go into effect, you can then *activate* it.

You can also *inactivate* an existing tax rule and *reactivate* it later if you need to use it again.

While a tax rule is inactive, you cannot use it to process new payables or receivables documents.



Existing documents, however, are not affected when you inactivate a tax rule.

When you inactivate a tax rule, SmartStream automatically inactivates all tax rates, tax rate elements, and tax reclaimable rates defined for the rule.

Note: If you reactivate a tax rule, SmartStream does **not** automatically reactivate its associated tax rates, tax rate elements, and tax reclaimable rates. You must reactivate these tax policy components separately.

Identifying Tax Rules

To set up a tax rule for payables or receivables processing, you first enter identifying information for the rule.

Policy Decisions

When you identify tax rules, consider the following questions:

- What taxes do you pay, bill, or report?
- For payables tax rules, which taxes do your vendors charge and which are self-assessed?
- What is a unique identifier for each tax?
- In what country is each tax administered?
- For each tax rule you define, when do you want the rule to go into effect?

Tax Rule Type

The tax rules you define are available for the Payables, Receivables, and Purchasing components of SmartStream, but you cannot use a single tax rule to process both payables and receivables documents.

This SmartStream product...	Uses this tax rule type...
Payables	Payables
Purchasing	Payables
Receivables	Receivables

Tax Rule Identifiers

Define a unique identifier for each tax rule you set up. You can define a tax rule identifier in any meaningful format.

Examples of Tax Rule Identifiers

The following table shows some examples of user-defined tax rule identifiers for their related taxes:

Tax	Tax Rule Identifier
United Kingdom value added tax	UKVAT
Canadian goods and services tax	CGST
North Carolina use tax	NCUSE

Tax Rule Identifiers and Changing Requirements

When legislation or your business practices require a change in the processing or calculation options for a tax rule, you can define a new rule for the tax and include the modified processing options, or you can change the existing tax rule.

If you choose to define a new occurrence of the tax rule, you can use the same tax rule identifier, so the change is not noticeable to any user who processes payment requests.

The different active date on the new rule makes it unique.

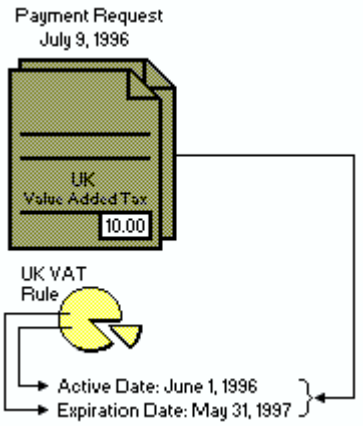
Tax Rule Active Dates and Expiration Dates

When you define a tax rule, you assign it an *active date*. This is the date the tax rule becomes effective. Assign an active date that is earlier than the date of any payables or receivables document you want to enter that uses the rule.

You do not assign an expiration date to a tax rule when you define it. SmartStream assigns expiration dates to tax rules as explained later in this topic.

How SmartStream Uses Tax Rule Active Dates

When you process a document that uses a tax rule, SmartStream compares the date of the document to the active date and the expiration date of the tax rule.



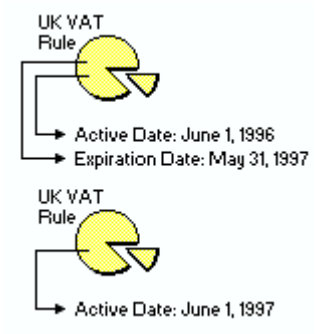
If the document date is later than the active date you assigned to the tax rule and earlier than the expiration date assigned by SmartStream, the tax rule can be used to process the document.

Tax Rule Expiration Dates

When you set up a tax rule initially, SmartStream does not assign it an *expiration date*.

If you define a new occurrence of this tax rule with the same tax rule type and tax rule identifier but with a **later** tax rule active date, SmartStream automatically assigns the original tax rule an expiration date.

This expiration date is one day earlier than the active date of the new tax rule.



When you process a payables or receivables document that uses this tax rule, SmartStream compares the date of the document with the active dates and expiration dates of both tax rules and uses the version of the tax rule that is active for the document date.

When a tax rule acquires an expiration date or if the expiration date for a tax rule changes, SmartStream also assigns or changes expiration dates for all associated tax rates, tax rate elements, and tax reclaimable rates.

Uniqueness of Tax Rules

The combination of tax rule type, tax rule identifier, and tax rule active date makes a tax rule unique. Only one version of a tax rule can exist for a single date range.

Country

When you define a tax rule, you select the country to associate with the rule.

Payables Processing

When you use SmartStream Payables to process a payment request, Payables compares the country for the tax rule with the country of the vendor. If the countries are not the same and the tax is not self-assessed, you receive a warning message.

Determining Requirements for Tax Rules

After you identify a tax rule, you select options for processing and calculating the tax.

The options you select for a tax rule depend on these factors:

- The type of tax
- The requirements of the tax authority
- Your business practices

When you select some processing and calculation options for a tax rule, SmartStream automatically makes selections for other options, based on your previous choices. The discussion that follows covers these dependencies.

Policy Decisions for Payables Tax Rules

When you select processing and calculation options for a payables tax rule, consider the following questions:

- Do vendors charge the tax, or is the tax self-assessed?
- Do you want to verify the amount of a tax charged by a vendor? If you verify the amount of tax charged, do you want to continue processing a payment request if the tax amount you enter is outside the tolerance you define?
- Do you want to post the tax expense amount to the same account as the expenditure for a payment request line or to a separate tax account?
- Do you reclaim part or all of the tax, such as for goods and services tax or value added tax, and does the tax authority require you to report zero tax amounts and your total tax basis?
- Is the tax part of a two-tier tax structure?
- What amounts on payment request lines are taxable, and do you need to calculate the tax before applying any discounts for prompt payment?
- Does the tax authority allow you to adjust the amount of tax if you earn a discount?
- If you add assets during payables processing, do you need to include tax amounts when the asset is added?
- If you process asset information during payables processing, do you want to require the application to adjust asset values in cases of significant change?

Policy Decisions for Receivables Tax Rules

When you select processing and calculation options for a receivables tax rule, consider the following questions:

- Do you plan to use SmartStream Ledger to produce tax reports?

- Does the tax authority require you to report zero tax amounts?
- Does the tax authority require you to report your total tax basis?
- Does the tax authority allow you to adjust the amount of tax for a document if a discount is calculated on the nondiscounted tax basis?
- Is the tax part of a two-tier tax structure?

Calculation Controls

If you use a tax rule to calculate a tax, you identify the calculation method to use.

Line-Level Calculation (Payables Tax Rules)

Select the option to calculate tax for payment request lines under any of these conditions:

- The tax is self-assessed. (SmartStream does this automatically when you select the Self-Assessed Tax option.)
- You reclaim a portion of the tax or must report reclaimable amounts and the tax basis.
- You want to post tax expense (nonreclaimable) amounts to the expenditure account for a payment request line.
- You want to verify the tax amounts you enter from payment requests.

Unless one of the preceding conditions also applies, you do **not** need to calculate the tax for lines under these circumstances:

- You usually enter the amount of tax specified on a payment request.
- You do not want to verify the tax amount entered.
- You post the entire tax expense amount to a separate tax account.

Calculation Methods (Payables and Receivables Tax Rules)

Depending on the type of tax and your processing needs, you can specify how to calculate taxes for your documents.

Receivables Tax Rules

SmartStream automatically selects the tax rate calculation method for receivables tax rules. SmartStream Receivables uses the tax rate you associate with a receivables tax rule to calculate the tax.

Payables Tax Rules

If you use Payables to calculate the tax for payment request lines, you must select one of the following calculation methods:

- Tax rate. This method uses a tax rate you define to calculate the tax amount.
- Weighted average. Payables does not use a tax rate; instead it allocates the amount of tax specified on the payment request to the lines affected by the tax rule.

If a tax is self-assessed, SmartStream automatically assigns the tax rate calculation method to the rule. If you choose to verify a tax, you must select the tax rate calculation method.

If a tax rule does not require you to calculate the tax, SmartStream automatically chooses the Does Not Apply option.

Example 1: Tax Rate Calculation Method

The following example shows the amount of tax calculated for a payment request using the tax rate calculation method.

All lines use the same tax rule. The tax rate is 17.5 %, and the currency used is the pound sterling (GBP).

Line	Tax Basis	Tax Rate	Tax Amount
1	10.00	x 17.5%	= 1.75
2	20.00	x 17.5%	= 3.50
3	30.00	x 17.5%	= 5.25
	Total: 60.00		**Total:** 10.50

Example 2: Weighted Average Calculation Method

This example shows how Payables calculates the amount of tax to allocate to each line of a payment request using the *weighted average* calculation method. All lines use the same tax rule, and the currency used is the United States dollar (USD).

The total tax shown on the payment request is 3.00.

Line	Expenditure	Calculation	Tax Amount
1	10.00	10/60 x 3.00	= .50
2	20.00	20/60 x 3.00	= 1.00
3	30.00	30/60 x 3.00	= 1.50
	Total: 60.00		**Total Tax Allocated:** 3.00

Considerations for Choosing a Calculation Method

The following table summarizes the considerations for choosing a tax calculation method when you set up a payables tax rule:

If you need to...	Use this calculation method...	And Payables...	Examples are...
Verify the tax amount entered for a payment request line	Tax rate	Multiplies the tax basis for payment request lines by a tax rate you define.	European value added taxes (VAT) Canadian goods and services tax (GST) La Taxe de Vente du Quebec (TVQ)
Self-assess the tax amount	Tax rate (SmartStream automatically selects this method)	Multiplies the tax basis for payment request lines by the tax rate you define.	United States use taxes Canadian provincial sales taxes (PST) European value added taxes (VAT) La Taxe de Vente du Quebec (TVQ)
Post tax expense to the expenditure account for a payment request line	Tax rate	Multiplies the tax basis for payment request lines by the tax rate you define.	United States and Australian sales taxes
Post tax expense to the expenditure account for a payment request line	Weighted average	Divides the expenditure for a payment request line by the total expenditure of all lines using the tax rule, then multiplies the result by the total tax amount.	United States and Australian sales taxes
Not calculate the tax	Does Not Apply (SmartStream automatically selects this method)	Does not calculate the tax amount. It posts the entire tax amount entered for the payment request to a separate tax account.	United States and Australian sales taxes

Self-Assessed Taxes (Payables Tax Rules)

If a tax authority requires you to pay or report a tax but a vendor does not charge the tax, specify that the tax is *self-assessed*.

Effect on Other Options

When you specify that a tax is self-assessed, Payables then automatically selects these options:

- Tax rate calculation method
- Calculate tax at line level

When you use a self-assessed tax rule to process a payment request, Payables automatically calculates the self-assessed tax for each payment request line and generates a journal entry for the total tax on the line. SmartStream Ledger then posts it to a self-assessed tax liability account.

Ledger posts the tax expense (nonreclaimable) amount of a self-assessed tax to the payment request line expenditure account or to a separate tax account, depending on the tax expense distribution option you choose for the tax rule.

Other Requirements

If you reclaim any part of the self-assessed tax or report reclaimable taxes, select the option to require a tax reclaimable code. Ledger posts reclaimable amounts (including zero amounts) to a tax reclaimable accounting distribution.

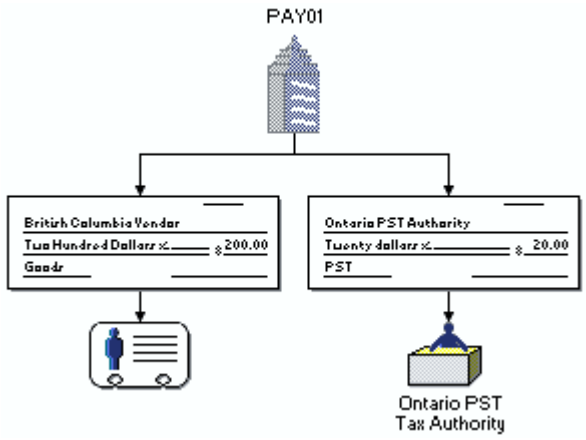
You must define at least one tax rate for a self-assessed tax rule. If you reclaim any part of the tax or report reclaimable tax, you must define at least one tax reclaimable code for the rule.

Note: To pay a self-assessed tax to the required tax authority, you must add and process a payment request.

Example

You are based in Ontario and deal with a vendor in British Columbia. The British Columbian vendor is not registered in Ontario and cannot charge provincial sales tax (PST). You specify that Ontario PST is self-assessed when you set up the tax rule.

You periodically report the amount of self-assessed Ontario PST to the tax authority and instead of including the tax when you pay the vendor, you pay the tax directly to the Ontario PST tax authority.



Tax Basis Options

The *tax basis* for a document line is the sum of all the taxable amounts on the line. When you define a tax rule, you select which of the following amounts to include in the tax basis for document lines:

- Cost of goods and services
- Freight charges
- Miscellaneous charges
- Tier-one tax amount

Tax Basis for SmartStream Receivables

SmartStream Receivables does not calculate the tax basis for a receivable document. The tax basis is the sum of all the enterable amounts on the receivable document lines. You or the application that generated the receivable document supplies the amount of the tax basis.

Tax Basis for SmartStream Payables

When you process payment request lines or invoice line extensions, Payables adds the amounts for each tax basis option you specified for the tax rule, then calculates the tax using this calculated tax basis.

Freight and Miscellaneous Charges (SmartStream Payables)

If you want to include freight and miscellaneous charges in the tax basis for payment request lines, you must allocate these charges to the payment request lines when you process payment requests that use the tax rule.

Some examples of miscellaneous charges are packing, pallet rental, and insurance.

Note: You can select a default option to allocate all freight or miscellaneous charges to payment request lines when you set up a payable entity. (You can also override your choice for this option when you enter a payment request.)

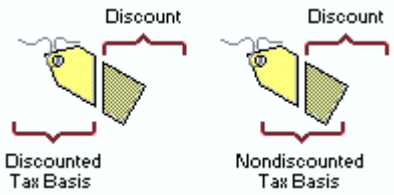
If you need to calculate tax for freight or miscellaneous charges, or both, at a rate that is different from the goods rate, select either or both of the options to tax freight or miscellaneous charges separately.

For example, la Taxe de Vente du Quebec (TVQ) applies different rates to freight and miscellaneous charges than to goods. When you set up a TVQ tax rule, you must select the options to tax freight and miscellaneous charges separately.

Discounted or Nondiscounted Tax Basis

Some tax authorities allow prompt payment discounts to be considered in the calculation of tax basis, while others require you to calculate tax on a total expenditure before determining a discount.

If you calculate the tax basis on the discounted amount of a line, the discount affects both the tax basis and the calculated tax amount for the line.



The following table summarizes your options for including discounts in the calculation of tax basis. It also shows examples of taxes that often use a set of options:

If you need to...	Then...	Examples are...
Calculate the amount of tax on the nondiscounted expenditure for a payment request line or an invoice line extension	Select these options: ▪ Calculate tax at line level ▪ Tax rate calculation method ▪ Nondiscounted tax basis	▪ United States use taxes ▪ Canadian goods and services tax (GST) ▪ French value added tax (VAT)
Calculate the amount of tax on the discounted expenditure for a payment request line or an invoice line extension	Select these options: ▪ Calculate tax at line level ▪ Tax rate calculation method ▪ Discounted tax basis	United Kingdom value added tax (VAT)
Calculate the tax using the weighted average method (SmartStream Payables only)	SmartStream automatically selects the Does Not Apply option for tax calculation basis.	United States and Australian sales taxes

If you need to...	Then...	Examples are...
Enter the tax amount as it appears on a payment request line (SmartStream Payables only)	SmartStream automatically selects the Does Not Apply option for tax calculation basis.	United States and Australian sales taxes

Tier Levels

The *tier level* of a tax indicates its relative position in the tax structure. While most taxes are tier-one taxes, SmartStream allows two tier levels.

Calculating Tiered Taxes

When you enter a payment request or an invoice line extension, Payables calculates the amount of a tier-one tax before calculating any associated tier-two taxes. In some cases, the tax basis for a tier-two tax includes the tax amount calculated for the associated tier-one tax.

Tax Basis for Tier-Two Taxes

When a tax rule is for a tier-two tax, the calculated amount of the associated tier-one tax is often included as part of the tax basis for the tier-two tax.

This table shows the implications for using a tier-one tax as part of the tax basis for a tier-two tax.

If you want the calculated tax basis for a tier-two tax...	Then...	Examples are...
To include the amount calculated for another tax (a tier-one tax)	1. Select **Tier 2** as the tier level for this tax. 2. Then select **Tier 1 Tax** as part of the tax basis for this tax.	La Taxe de Vente du Quebec (TVQ)
Not to include tax amounts calculated for a tier-one tax.	1. Select **Tier 2** as the tier level for this tax. 2. Do not select **Tier 1 Tax** as part of the tax basis of this tax.	PST for some Canadian provinces.

Example

You use SmartStream Payables to process la Taxe de Vente du Quebec (TVQ). The tax basis for TVQ includes the amount paid for Canadian goods and services tax, a tier-one tax.

When you set up the tax basis for TVQ, select these options:

- Goods and services
- Tier 1 tax

The following illustration shows how Payables calculates the TVQ tax basis:

Note: TVQ requires you to tax freight and miscellaneous charges separately from the expenditure, so you do not include these charges in the tax basis for a payables tax rule.

Posting Options

When you set up a tax rule, determine how you want to post amounts for tax liability and expense.

Tax Expense Distribution Options (Payables Tax Rules)

When you set up a payables tax rule, indicate how to post *tax expense* (nonreclaimable) amounts. You can then use information from SmartStream Ledger to help you complete a tax return.

Depending on your choice of calculation method and whether you calculate the tax at line level, you can choose to post tax expense amounts to the expenditure accounts for payment request lines or to separate tax expense accounts.

Choosing Tax Expense Posting Options

The following table summarizes your options for posting tax expense amounts:

If you want to...	Select this option for tax expense distribution...	And SmartStream Ledger then...
Include the tax expense amount with the expense for a line item (expenditure) at posting time	Invoice Line Expenditure	Posts the tax amount together with the expenditure for the line. **Note:** If you select the weighted average calculation method, Payables automatically uses this option when generating journal entries.
Post tax expense amounts to a separate tax account	Separate Tax Account	Posts tax amounts to a separate tax account. If you do not calculate tax at line level, Payables automatically uses this option when generating journal entries.

Posting Tax Basis (Payables and Receivables Tax Rules)

If a tax authority requires you to report your tax basis, you have two options:

- Report the amounts from Payables or Receivables
- Report the amounts from SmartStream Ledger

If you choose to report from Ledger, you must also perform these tasks while defining the tax rule:

For this product...	You must...	And SmartStream Ledger...
SmartStream Payables	Select the tax rate calculation method. Select the option to post the tax basis. Set up a tax reclaimable code for the tax rule.	Records the tax basis in the Miscellaneous Amount field in the ledger account for the reclaimable tax.
SmartStream Receivables	Select the option to post the tax basis.	Records the tax basis in the Miscellaneous Amount field in the ledger account for the tax liability.

These options are useful if you process value added tax (VAT), goods and services tax (GST), or la Taxe de Vente du Quebec (TVQ).

Posting Zero Tax Amounts (Payables and Receivables Tax Rules)

If a tax authority requires you to report all tax amounts, even though an amount is zero, you have the same two options:

- Report the amounts from Payables or Receivables
- Report the amounts from SmartStream Ledger

If you choose to report from Ledger, you must also perform these tasks while defining the tax rule:

For this product...	You must...	And SmartStream Ledger...
SmartStream Payables	Select the tax rate calculation method. Select the option to post zero tax amounts. Set up a tax reclaimable code with a zero percentage for the tax rule.	Records the zero amount in the Miscellaneous Amount field in the ledger account for the reclaimable tax.
SmartStream Receivables	Select the option to post zero tax amounts.	Records the zero tax amount in the Miscellaneous Amount field in the ledger account for the tax liability.

These options are useful if you process goods and services tax (GST) or la Taxe de Vente du Quebec (TVQ).

Tax Discount Adjustments

Some tax authorities such as those in France and Germany allow you to adjust the amount of tax calculated for a payables or receivables document if a discount is calculated.

For such a tax rule, you select the processing option for tax discount adjustment.

SmartStream Receivables Tax Rules

SmartStream Receivables can adjust the amount of tax calculated by an invoice. It reduces the amount of the tax liability by the same percentage as the discount.

SmartStream Payables Tax Rules

SmartStream Payables can adjust the amount of tax it calculates for a payment request if you select the option to adjust the tax amount for the discount.

Net Discount Method

If you process payment requests with a tax for which you can calculate a discount adjustment and use the Net discount method, Payables adjusts the tax amount at payment request entry time to account for the discount.

When you enter a payment request, Payables first calculates the tax on the nondiscounted tax basis, then multiplies the tax amount by the discount percentage. The resulting amount is the tax adjustment, which Payables allocates to the payment request lines that use the tax.

Payables also generates journal entries to reflect the tax adjustment. At payment time, if you do not earn the discount, the payment process reverses the entries for tax adjustment.

Gross Discount Method

If you process payment requests with a tax for which you can calculate a discount adjustment and use the Gross discount method, Payables calculates the tax adjustment at payment request entry time. The tax adjustment is not effective in your ledger until payment time, and then only if you earn the discount.

Generating Journal Entries

Payables generates journal entries that reflect the following amounts at payment request entry time:

- Tax
- Discount
- Tax discount adjustment
- Expenditure
- Accounts payable liability

Posting Journal Entries

If you use the Net discount method, Ledger posts the generated journal entries at the next posting time. If you use the Gross discount method, the amounts are not posted until payment time.

If you use the Net discount method and you do not earn the discount at payment time, Payables generates reversing entries for the tax discount adjustment.

Asset Integration (Payables Tax Rules)

If you process payment requests for assets during payables processing and you also install SmartStream Asset Management, you can set up controls for transferring asset information from Payables to Asset Management.

Using the Asset Integration Option

When you set up a tax rule, indicate whether to include tax amounts when adding an asset to Payables. If you select this option, Payables includes the tax rule, tax rate percentage, tax amount, and any nonreclaimable amount when it sends the asset information to Asset Management.

Adjusting for Significant Change

If you process Canadian goods and services tax (GST), you can also indicate whether to adjust the value of an asset when a significant change occurs (for example, the commercial usage of the asset changes). If you select this option, Payables adjusts the input tax credit and the cost for the asset accordingly.

Verification (Payables Tax Rules)

If you use the tax rate method to calculate tax amounts for payment requests, you can select an option to verify that the total tax amount entered on a payment request matches the total tax calculated for the payment request.

Using Tax Verification

When you process a payment request, Payables calculates the tax for each line, adds the calculated tax amounts, and compares the sum with the total tax entered for the payment request. This enables you to verify that the tax the vendor charged is correct.

If you want to verify taxes, you must perform these tasks while defining the tax rule:

- Select the tax rate method of calculation
- Define at least one tax rate for the rule
- Enter a tolerance amount or percentage

Using Tolerances

Payables can verify whether the entered tax amount is within a particular *tolerance* you define. You can express the tolerance for a tax rule as a *percentage* or as an *amount*, not both.

Note: If you enter a tolerance amount, Payables assumes the amount is in the currency of the payment requests it is processing.

You also indicate which of the following actions you want Payables to take if the entered tax is outside the tolerance:

- Stop processing until the entered tax is within the tolerance
- Continue processing and allow the user to save the payment request

Examples

You usually verify Canadian goods and services tax and European value added taxes because you must report them to the tax authorities. You usually do not verify United States and Australian sales taxes.

Choosing a Verification Option

The table that follows summarizes your options for verifying that entered tax amounts match calculated tax amounts.

If you...	And you...	Then select this option...	Payables then...
Want to verify whether tax entered for a payment request is within a tolerance you define	Want to be able to continue processing the payment request if tax entered is outside tolerance	Warning	Issues a warning message. You can continue processing the payment request and save it, or you can make changes.
Want to verify whether tax entered for a payment request is within a tolerance you define	Do not want to continue processing the payment request until tax entered is within tolerance	Error	Issues an error message. You cannot continue processing the payment request until the tax entered is within tolerance.
Do not want to verify entered tax for payment requests		Do Not Verify	Does not verify taxes entered for payment requests.

Tax Categories and Messages

When you set up tax rules, you can add information to use in creating reports.

Tax Categories

You define *categories* to use in grouping tax rules for reporting purposes.

Example

You process la Taxe de Vente du Quebec (TVQ) that vendors charge and that you assess. You want to generate reports that show all TVQ you process. You define a tax category TVQ.

You set up two tax rules:

- TVQ
- TVQ/SA

When you set up these two tax rules, you assign each of them to the tax category TVQ.

Tax Message

You can add text in any form you need to print on tax reports. This information does not affect the processing of the tax.

3 Setting Up Tax Rates and Tax Rate Elements

Chapter Contents

3-1 About Tax Rates
3-3 Requirements for Setting Up Tax Rates
3-4 Identifying Tax Rates
3-5 Tax Rate Active Dates and Expiration Dates
3-7 About Tax Rate Elements
3-9 Identifying Tax Rate Elements
3-11 Tax Rate Elements Example for Nonvariable Tax Rate
3-12 Tax Rate Elements Example for Variable Tax Rate

About Tax Rates

You define each tax rate for a specific tax rule, and you must set up a tax rule before you can add its tax rates. You can add as many tax rates for a tax rule as you want.

You cannot set up tax rates for inactive tax rules.

Changing Tax Rates

You can make the following changes for a tax rate:

- Change the tax rate percentage
- Inactivate the tax rate
- Reactivate the tax rate

You cannot add or change tax rates for an inactive tax rule.

Warning: Do not change a percentage for a tax rate once you use the tax rate. If you want to establish a different percentage to apply to all payment requests dated after a certain date, **add a new tax rate**. The new rate can have the same tax rule identifier and tax rate code, but its tax rate active date makes it unique.

Inactivating and Activating Tax Rates

If your business practice requires, you can set up a tax rate that you do not want to go into effect until a future date and immediately make it *inactive*. When you are ready for the tax rate to go into effect, you can then *activate* it. You can also *inactivate* an existing tax rate and reactivate it later if you need to use it again.

While a tax rate is inactive, you cannot use it to process new payables or receivables documents. Existing documents are not affected.

When you inactivate a tax rate, SmartStream automatically inactivates its associated tax rate elements if any exist. However, if you reactivate the tax rate, SmartStream does **not** automatically reactivate tax rate elements defined for the rate. You must reactivate these tax rate elements separately.

Note: When you inactivate a tax **rule**, SmartStream automatically inactivates all tax rates, tax rate elements, and tax reclaimable codes defined for the rule. If you reactivate the tax rule, SmartStream does **not** automatically reactivate its associated tax rates, tax rate elements, or tax reclaimable codes.

Requirements for Setting Up Tax Rates

The type of tax rule and your tax processing requirements determine whether you set up tax rates for the rule.

Payables Tax Rule Requirements

You must define at least one tax rate for a payables tax rule if you

- Use the tax rate calculation method
- Verify the amount of tax entered on payment requests or purchase orders
- Self-assess the tax.

You do not need to define tax rates for a payables tax rule if you

- Use the weighted average calculation method and post the entire amount of calculated tax to line expenditure accounts
- Do not calculate the tax for payment request lines or purchase order lines.

Receivables Tax Rule Requirements

You must define at least one tax rate for a receivables tax rule.

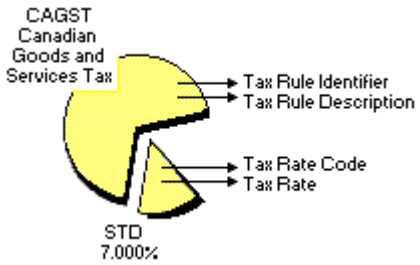
Identifying Tax Rates

When you add a tax rate, you associate the rate with a tax rule and add unique identifying information.

Tax Rate Codes

Identify a tax rate with a *tax rate code* that you define. For example, the code Stand can represent a standard rate, while the code Zero can represent a zero rate.

A tax rate code represents the percentage used to calculate tax amounts as well as the remaining information for the rate. The *tax rate* you enter is the percentage used to calculate the tax on payables or receivables documents.



If you need to use more than one percentage to calculate a tax, you can divide the tax rate into tax rate elements.

Uniqueness of Tax Rates

The combination of tax rule type, tax rule identifier, tax rate active date, and tax rate code makes a tax rate unique. Only one version of a tax rate can exist for a single date range.

Tax Rate Active Dates and Expiration Dates

When you define a tax rate for a tax rule, you assign it an active date. This is the date the tax rate becomes effective.

Tax Rates and Tax Rule Active Dates

The tax rate does **not** assume the active date of the tax rule you define it for, **unless** you are adding the tax rate as a Next Step for a tax rule.

You do not assign an expiration date to a tax rate when you define it. SmartStream assigns expiration dates to tax rates as explained later in this topic.

Using Tax Rate Active Dates

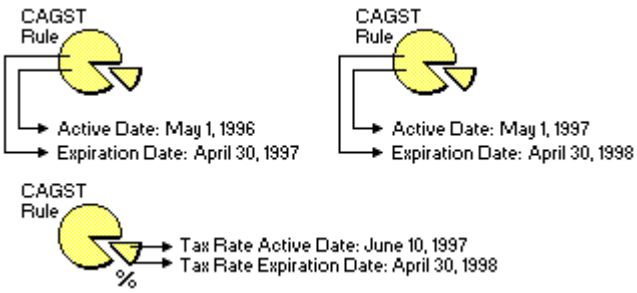
When you process a payables or receivables document that uses a tax rate for a tax rule, SmartStream compares the date of the document to the active date and expiration date of the tax rate.

If the document date is later than the active date you assigned to the tax rate and earlier than the expiration date SmartStream assigned to the rate, the tax rate can be used to process the payment request.

Using Tax Rate Expiration Dates

When you define a tax rate for a tax rule, SmartStream does not assign it an *expiration date* **if this is the only version of the tax rule**. If, for this same tax rule, you define a second version of this tax rate with the same tax rule identifier, tax rate code, and a later tax rate active date, SmartStream automatically assigns the first version of the tax rate an expiration date one day earlier than the active date of the new version.

If you define a tax rate for a tax rule and **more than one version of the tax rule** already exists, the tax rate assumes the expiration date of the appropriate version of the tax rule.



You can use a tax rate for processing after its expiration date as long as the document date you enter is later than the active date and earlier than the expiration date of the rate.

Note: When the expiration date for a tax rule changes, SmartStream automatically changes the expiration dates for all associated tax rates, tax rate elements, and tax reclaimable codes.

About Tax Rate Elements

If you need to specify more than one percentage for a tax rate to use with a tax rule, you can divide the tax rate into *tax rate elements*. SmartStream Payables use these tax rate elements to calculate the components of the tax rate.

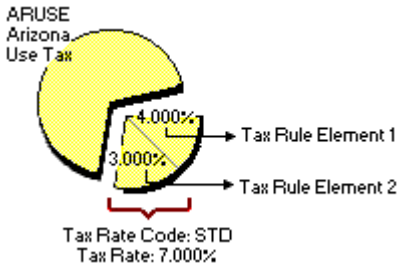
You can add as many tax rate elements for a tax rate as you want.

Purpose of Tax Rate Elements

Some conditions that can require you to divide a tax rate into tax rate elements are

- The tax rate varies based on the cost of an item
- The tax authority requires you to separate the tax amount calculated for a tax rate into two or more portions, each calculated by a different tax rate percentage.

The following diagram shows an example of a tax rate divided into two tax rate elements:



Note: You cannot define a tax rate with tax rate elements for a tax-only payment request.

Tax Rates, Tax Rate Elements, and Tax Rules

You must define a tax rate before you can set up tax rate elements for the rate. You must define a tax rule before you can define tax rates for the rule.

Variable Tax Rates

In some cases, a tax rate may have more than one percentage because the rate varies based on the cost of an item. This is called a *variable tax rate*.

An example of a variable tax rate is a tax that has a tax rate of 2% only on the first 5,000 USD. Another example is a tax with a tax rate of 2% on the first 5,000 USD and a tax rate of 1% on any amount over 5,000 USD.

Changing Tax Rate Elements

You can make the following changes for tax rate elements:

- Activate tax rate elements
- Add or change primary and secondary percentages
- Change maximum tax basis per invoice line
- Change descriptions
- Inactivate tax rate elements

Note: Do not change a percentage for a tax rate element once you use the tax rate element. If you want to establish a different percentage to apply to all payment requests later than a certain date, **add a new tax rate**. The new tax rate can have the same tax rule type, tax rule identifier, and tax rate code, but its tax rate active date makes it unique.

Inactivating and Activating Tax Rate Elements

You can set up a tax rate element that you want to go into effect on a future date and immediately make it *inactive*. When you are ready for the tax rate element to go into effect, you can then *activate* it. You can also *inactivate* an existing tax rate element and reactivate it later.

While a tax rate element is inactive, you cannot use it to process new payment requests. Existing payment requests are not affected.

When you inactivate a tax rate element, the primary percentages of all the elements for the rate no longer add up to the total tax rate, and SmartStream presents two options:

- Correct the remaining primary percentages so that they add up to the tax rate
- Inactivate all the elements for the tax rate

Note: If you inactivate a tax rate or a tax rule, SmartStream automatically inactivates all tax rate elements defined for the existing tax rates. When you reactivate the tax rule or tax rate, SmartStream does **not** automatically reactivate the tax rate elements. You must reactivate the tax rate elements separately, if you need to use them again.

Identifying Tax Rate Elements

Determine the number of separate elements you need to define for a single tax rate.

Element Numbers

When you define each tax rate element, you must assign it an *element number*.

The first tax rate element you define for a tax rate must have an element number of 1, and after that you must assign all other elements you enter for the rate sequential element numbers.

Primary Percentage

The *primary percentage* of a tax rate element is the rate to use in calculating that element of the total tax rate. All the primary percentages you enter for the tax rate elements of a tax rate must add up to the percentage you enter for the tax rate.

Examples

This table shows two example tax rates. Each tax rate has been divided into tax rate elements. The sum of the primary percentages of the tax rate elements for each tax rate is equal to the total tax rate percentage.

Tax Rate	Tax Rate Element	Primary Percentage
7.000%	1	4.000%
	2	3.000%
8.000%	1	6.000%
	2	1.000%
	3	1.000%

If a tax rate varies based on the cost of an item, the primary percentage is the rate charged on an expense amount up to the amount you specify as the maximum tax basis.

For an example of a use tax rule that contains tax rate elements defined for a tax rate, see Tax Rate Elements Example for Nonvariable Tax Rate. This example illustrates a tax rate that does not have variable elements.

Secondary Percentage

You can define a *secondary percentage* for a tax rate element when you want the tax rule to apply two tax rates to a single expense amount, based on the amount of the expense. Payables uses the secondary percentage to calculate the tax on amounts that are greater than the amount you specify for the maximum tax basis.

Examples

This table shows two examples of tax rates for which tax rate elements are defined. In some cases, a tax rate element has a variable percentage based on the maximum

tax basis per line. In these cases, a secondary percentage is defined in addition to the primary percentage.

Tax Rate	Tax Rate Element	Primary Percentage	Maximum Tax Basis Per Line	Secondary Percentage
7.000%	1	4.000%	10,000 USD	3.000%
	2	3.000%		
8.000%	1	6.000%	5,000 USD	7.000%
	2	1.000%	2,000 USD	0.000%
	3	1.000%		

In some cases, amounts greater than the maximum tax basis are not taxable. The default for the secondary percentage is zero; therefore, if you do not enter a secondary percentage, Payables does not calculate tax for the amount over the maximum tax basis per invoice line.

Maximum Tax Basis per Invoice Line

If a tax rate varies based on the cost of an item, you need to assign a *maximum tax basis* for the primary percentage.

Payables compares the calculated tax basis for a document line with the amount you specify as the maximum tax basis per invoice line. Any amounts greater than the maximum are taxed at a secondary percentage rate if you enter one.

Note: If a tax rate is not variable, you do not need to establish a maximum tax basis or a secondary percentage.

For an example of a use tax rule that uses a tax rate with variable elements, see Tax Rate Elements Example for Variable Tax Rate.

Converting Maximum Tax Amounts

If a tax authority specifies a *maximum tax* instead of a maximum tax basis, convert the tax amount to a taxable amount based on the tax rate. Enter this converted amount for the maximum tax basis per invoice line.

Note: If you enter a maximum amount, Payables assumes the amount is in the currency of the documents it processes.

For example, if a maximum tax amount is 25 USD and the tax rate is 2%, the maximum tax basis is 25 ÷ .02 = 1,250 USD.

Tax Rate Elements Example for Nonvariable Tax Rate

You set up a tax rule for Georgia use tax. This tax rule must take into account Fulton County, which distributes the use tax to three different tax authorities. You can subdivide the tax rate for Fulton County Use Tax into three tax rate elements.

Define Tax Rate Elements

The 6% rate for Fulton County use tax consists of the following primary percentages:

- 4% for Georgia state tax
- 1% for Fulton County tax
- 1% for public transportation tax

You identify the tax rule as GAUSE (Georgia use tax). For this tax rule, you define a tax rate for Fulton County with the tax rate code FCUSE.

Then you define the following tax rate elements for the Fulton County tax rate:

Element Number	Primary Percentage	Description
1	4%	Georgia state tax
2	1%	Fulton County tax
3	1%	Public transportation tax

None of the primary percentages has a maximum tax basis per invoice line or a secondary percentage.

Calculate Tax Amounts

When you enter a payment request line using the Georgia Use Tax rule and the Fulton County tax rate, Payables calculates the tax for each tax rate element by multiplying the payment request line amount by the appropriate primary percentage. Then Payables totals the tax amounts to derive a total amount for the payment request line. The currency is the United States dollar (USD).

For a payment request line with an expenditure of 5000 USD, Payables calculates the following amounts for the Fulton County tax rate code:

5000 x 4.000 % = 200

5000 x 1.000 % = 50

5000 x 1.000 % = 50

Total Tax for Tax Rate Code: 300

Tax Rate Elements Example for Variable Tax Rate

You set up a tax rule for Arkansas use tax. For this tax rule, you need to take into account Little Rock use tax, which includes amounts for three different tax authorities. The currency is the United States dollar (USD).

Define Tax Rate Elements

The 7% rate for Little Rock Use Tax consists of the following primary percentages:

- 4% for Arkansas state tax
- 2% for Little Rock City tax
- 1% on only the first 10,000 for jail maintenance

The primary percentage for jail maintenance tax has a maximum tax basis per line of 10,000. This tax rate element also has a secondary percentage of zero.

You identify the tax rule as ARUSE (Arkansas use tax). For this tax rule, you define a tax rate for Little Rock with the tax rate code LRUSE.

Then you define the following tax rate elements for the Little Rock tax rate:

Element Number	Primary Percentage	Secondary Percentage	Description
1	4%		Arkansas state tax
2	2%		Little Rock city tax
3	1%	0%	Jail maintenance tax (only on first 10,000)

Calculate Tax Amounts

When you enter a payment request line using the Arkansas Use Tax rule and Little Rock rate code, Payables compares the calculated tax basis for the payment request line to the maximum tax basis per line you specified for tax rate element 3.

If the tax basis for the line is...	Then Payables calculates the jail tax by...
Less than 10,000	Multiplying the tax basis for the line times the 1% tax rate.
Greater than 10,000	Multiplying the 1% tax rate times 10,000 USD (tax amount is 100).

For a payment request line with an expenditure of 25,000, Payables calculates the following amounts for the Little Rock tax rate code:

25,000 x 4.000 % =	1000
25,000 x 2.000 % =	500
(25,000 - 15,000) x 1.000 % =	100
Total Tax for Tax Rate Code:	1600

4 Setting Up Tax Reclaimable Rates

Chapter Contents

4-1 About Tax Reclaimable Rates
4-3 Identifying Tax Reclaimable Rates
4-4 Tax Reclaimable Active Dates and Expiration Dates

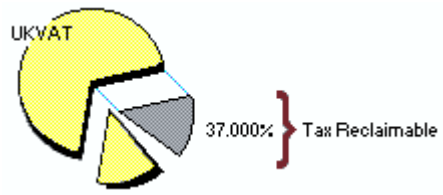
About Tax Reclaimable Rates

A *tax reclaimable rate* specifies the percentage of tax paid or payable that you are eligible to reclaim.

You can set up rates for processing reclaimable taxes only for payables tax rules.

Criteria for Using Tax Reclaimable Rates

If you reclaim any portion of a tax, you define a tax reclaimable rate to represent the reclaimable percentage for that specific tax rule. You can define multiple tax reclaimable rates for each tax rule.



If a tax authority does not allow you to reclaim any portion of taxes paid but does require you to report your tax basis and tax reclaimable amounts of zero, you must define a tax reclaimable rate for reporting purposes.

If you use a tax reclaimable rate, you must select the tax rate calculation method when you define the tax rule.

You cannot define tax reclaimable rates for an inactive tax rule.

Changing Tax Reclaimable Rates

You can perform the following activities for tax reclaimable rates:

- Add tax reclaimable rates to a tax rule
- Change descriptions and reclaimable percentages
- Activate tax reclaimable rates
- Inactivate tax reclaimable rates

Warning: Do not change a percentage for a tax reclaimable rate once you use the tax reclaimable rate. If you want to establish a different reclaimable percentage to apply to all payment requests dated after a certain date, add a new tax reclaimable rate. The new tax reclaimable rate can have the same tax rule type, tax rule identifier, and tax reclaimable rate, but the new tax reclaimable active date makes it unique.

Inactivating and Activating Tax Reclaimable Rates

If your business requires, you can set up a tax reclaimable rate that you do not want to go into effect until a future date and immediately make it *inactive*. When you are ready for the tax reclaimable rate to go into effect, you can then *activate* it. You can also *inactivate* an existing tax reclaimable rate and reactivate it later if you need to use it again.

While a tax reclaimable rate is inactive, you cannot use it to process new payment requests. Existing payment requests are not affected.

Note: If you inactivate a **tax rule**, SmartStream automatically inactivates all tax reclaimable rates defined for the rule. If you reactivate the tax rule, SmartStream does **not** automatically reactivate its associated tax reclaimable rates. You must reactivate these tax reclaimable rates separately.

Identifying Tax Reclaimable Rates

Determine the amount of a tax that you can reclaim.

Tax Reclaimable Code

When you define a tax reclaimable rate, you must identify the rate with a *tax reclaimable code*. For example, the code Full can indicate that the tax is 100% reclaimable, while the code None can indicate that no part of the tax is reclaimable.

Reclaimable Percentage

Tax reclaimable is the percentage of tax paid or payable that you can reclaim. For example, if the tax reclaimable percentage is 75%, then 75% of the tax paid is reclaimable and 25% percent of it is nonreclaimable.

Payables calculates the nonreclaimable portion of the tax first, then calculates the reclaimable portion. The nonreclaimable portion is the tax expense amount.

Tax Reclaimable Active Dates and Expiration Dates

When you define a tax reclaimable rate for a tax rule, you assign it an active date. This is the date the tax reclaimable code becomes effective.

Tax Reclaimable Rates and Tax Rule Active Dates

The tax reclaimable rate does **not** assume the active date of the tax rule you define it for, **unless** you define the rate as a Next Step for the tax rule.

You do not assign an expiration date to a tax reclaimable rate when you define it. SmartStream assigns expiration dates as explained later in this topic.

Using Tax Reclaimable Rate Active Dates

When you process a payment request that uses the tax rule for which you defined the tax reclaimable rate, Payables compares the payment request date to the active date and expiration date of the tax reclaimable rate.

If the payment request date is later than the active date you assigned to the tax reclaimable rate and earlier than the expiration date SmartStream assigned to the rate, Payables can use the tax rule and tax reclaimable rate to process the payment request.

Using Tax Reclaimable Rate Expiration Dates

When you define a tax reclaimable rate for a tax rule, Payables does not assign the rate an expiration date **if this is the only version of the tax rule**. If, for this same tax rule, you define a second version of this tax reclaimable rate with the same tax rule identifier, tax rate code, and a later tax reclaimable rate active date, Payables automatically assigns the first tax reclaimable rate an expiration date one day earlier than the active date of the new tax reclaimable rate.

If you define a tax reclaimable rate for a tax rule and more than one version of the tax rule already exists, the tax reclaimable rate assumes the expiration date of the appropriate tax rule.

If a tax rule acquires an expiration date or changes its expiration date, SmartStream also changes the expiration date for all associated tax reclaimable rates.

Uniqueness of Tax Reclaimable Rates

The combination of tax rule type, tax rule identifier, tax reclaimable rate active date, and tax reclaimable code makes a tax reclaimable rate unique. Only one version of a tax reclaimable rate can exist for a single date range.

5 Setting Up Tax Accounting Distributions

Chapter Contents

5-1 About Tax Accounting Distributions
5-4 Determining Needs for Tax Accounting Distributions

About Tax Accounting Distributions

You can define default accounting distributions for payables or receivables tax rules or for individual tax rates.

When you add a tax rate or a tax rule, you also have a Next Step option to add accounting distributions for the tax rate or tax rule.

For detailed procedures for adding tax rule and rate accounting distributions, see Tax Policy.

Available Distribution Types

The following table shows the types of accounting distributions you can assign to tax rules and rates for each SmartStream Product:

Distribution Type	Products
Tax expense (nonreclaimable tax)	▪ Payables ▪ Purchasing
Tax liability	▪ Receivables
Self-assessed tax liability	▪ Payables ▪ Purchasing
Reclaimable tax	▪ Payables ▪ Purchasing

Using Default Accounting Distributions

The accounting distributions you enter for the tax-related distribution types become defaults for payables and receivables documents that use the tax rule.

If you set up a type of accounting distributions for a tax rule, then set up the same type of accounting distributions for a tax rate defined for the tax rule, the tax rate distributions take precedence.

When you enter a payables or receivables document, you can override an accounting distribution defined for a tax rule or tax rate by entering a different distribution.

Accounting Distributions and Reporting Requirements

Some tax authorities require you to report tax amounts separately by tax rate within a tax rule. When you establish accounting distributions for a tax rule, determine if you need to post the taxes calculated at different rates for the tax rule to separate accounts and set up your accounting distributions accordingly.

You can set up accounting distributions for a tax rate without first setting up distributions for its associated tax rule.

Determining Needs for Tax Accounting Distributions

Determine you tax reporting requirements and your policy for posting tax expense.

Policy Decisions

When you set up accounting distributions for a payables tax rule or tax rate, consider the following questions:

- Does the tax authority require you to report tax amounts separately by tax rate within tax rule?
- Do you want to post tax expense (nonreclaimable) amounts to line expenditure accounts or to a separate tax expense account?
- Do you reclaim a portion of the tax, and if so, do you want to post reclaimable amounts for this tax rule or tax rate to a specific account?
- Is the tax a self-assessed tax?

For receivables tax rules, you can set up accounting distributions for tax liability. Decide if you want to set up a separate account for posting tax liability.

Tax Expense Accounts (Payables Tax Rules)

When you define a payables tax rule, you can choose to post tax expense (nonreclaimable) amounts to the expenditure accounts for the related document lines or to a separate tax expense account.

Posting to Expenditure Accounts

If you choose to post tax expense amounts to line expenditure accounts, SmartStream Payables adds the tax amount for a payment request line to the expenditure amount for the line. SmartStream Ledger then automatically posts the total amount to the expenditure account for the line.

Posting to Separate Tax Account

If you choose to post tax amounts to a separate tax expense account, you can simplify payment request entry by setting up a default tax expense accounting distribution for the tax rule or for a tax rate.

Posting Tax Discount Adjustments

If you calculate a tax on nondiscounted expenditures and Payables calculates a tax discount adjustment for an expenditure, then the adjustment is posted to the same ledger distribution as the original tax amount.

Also, Payables uses the currency exchange rate for the original tax calculation to calculate the tax discount adjustment.

Tax Reclaimable Accounts

If you can reclaim a percentage of the tax paid or payable for a tax rule, simplify payment request entry by entering a default tax reclaimable accounting distribution for the tax reclaimable code.

Tax Liability Accounts

You set up different types of liability accounts for payables and receivables tax rules.

Payables Tax Rules

If you pay self-assessed tax for a tax rule, you can simplify payment request entry by entering a default accounting distribution for self-assessed tax liability.

Receivables Tax Rules

You can set up accounts for posting tax liability when you install SmartStream Receivables.

6 Setting Up Tax Classes

Chapter Contents

6-1 About Tax Classes
6-2 Using Tax Classes

About Tax Classes

For business transactions between some countries such as those in the European Community (EC), you must set up relationships among

- Classes of taxes
- Internationally recognized commodities
- Countries where goods are shipped and received
- Your tax rules and rates.

SmartStream Purchasing uses this information to determine what taxes apply to goods and services in international transactions. For more information about

- The sequence you use to set up tax classes and their related units of measure, international commodities, and tax rules, see the Overview.
- Procedures for relating tax classes with international commodities and your payables tax rules, see Procedures.

Using Tax Classes

Taxes applied to goods during international trade are of several distinct classes. You set up *tax classification* information for SmartStream to use in processing and calculating these different classes of taxes.

What Is Tax Classification Information?

Tax classes used in international commerce depend on

- The nature of the items being traded or sold
- The reporting requirements of the tax authorities involved in a business transaction
- The locations where goods are shipped and received
- The laws of the countries involved.

For example, each country in the European Community uses between one and five tax classes for items such as luxury, zero, and standard. Nontaxable items can be assigned to a special Exempt tax class.

Policy Decisions

When you define tax classes, consider the following questions:

- Are you installing SmartStream Purchasing?
- To what countries do you ship goods?
- From what countries do you receive goods?
- What tax authorities must you deal with?
- What types of taxable goods do you purchase?

Identifiers and Descriptions

You can define your own identifiers for the different classes of taxes you process. For each identifier, include a meaningful description.

Example

Your enterprise consists of several sites in different European countries. The enterprise sells and purchases goods in all these countries.

The following table shows some sample tax classes for items the Paris site purchased and shipped to locations in France and Germany.

Tax Class	Description	Explanation of Tax Class
PLOW	Zero-rated export sales tax	Zero-rated tax on export sale from German vendor to French ship-to address.
GLOW	Standard domestic sales tax	Normal German tax on goods purchased from German vendor and sent to a German ship-to address.

Purchasing Tax Classifications

If you install SmartStream Purchasing, you set up tax information for the payable entities and vendors you use. If you conduct international trade, you also add tax classification information.

Purchasing uses the tax defaults you specify in the tax classification activities in preference to the tax information for your vendors and payable entities.

7 Setting Up Purchasing Tax Classifications

Chapter Contents

7-1 About Purchasing Tax Classifications
7-3 Setting Up Purchasing Country Commodities
7-5 Setting Up Purchasing Item Tax Defaults

About Purchasing Tax Classifications

SmartStream Purchasing uses information you establish for your payable entities and vendors to determine which tax rules and rates apply to the items your enterprise purchases.

For business transactions between some countries such as those in the European Community (EC), you must also set up relationships among

- Classes of taxes
- Internationally recognized commodities
- Ship-to and ship-from countries
- Your tax rules and rates.

For transactions involving international commodities, Purchasing uses this information to determine what taxes can apply to an item.

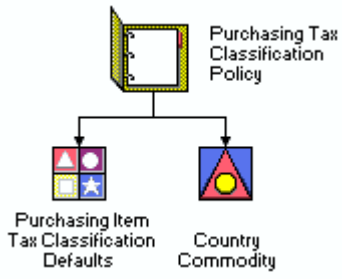
What Do You Need to Do Before Setting Up Purchasing Tax Classifications?

Before you set up purchasing tax classifications for items, you must

- Perform all the prerequisite tasks for setting up tax rules and rates in your enterprise, including adding countries and international commodity codes
- Set up the tax rules and rates for your enterprise.

How You Set Up Purchasing Tax Classification Policy

The following diagram shows the components of purchasing tax classification policy. The symbols in the diagram appear consistently throughout the SmartStream documentation to to represent the concepts of policy, classifications, and commodities.



The following table lists the tasks for setting up purchasing tax classification policy and shows a suggested order for performing the tasks. It also specifies the SmartStream window to use for each task.

Task	Description	Window
1	Set up country commodities.	Country Commodity
2	Set up purchasing item tax defaults.	Purchasing Item Tax

Setting Up Purchasing Country Commodities

You set up *country commodities* for Purchasing to use in applying different taxes to specific groups of items in international commerce.

Policy Decisions

When you add purchasing country commodities, consider the following questions:

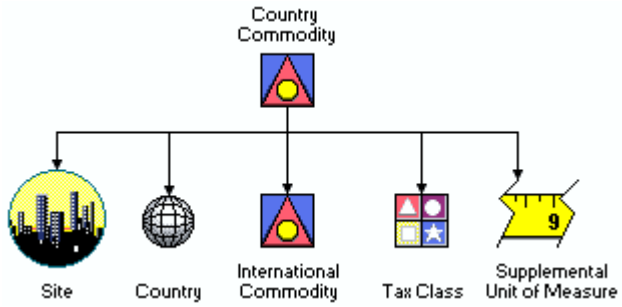
- Do you purchase an international commodity from more than one country? If so, do the tax authorities in these countries classify the commodity differently for tax purposes?
- What items do you need to report on by unit of measure (UOM) to meet EC or other requirements?

Components of a Purchasing Country Commodity

When you set up a purchasing country commodity, you associate

- A site
- A country
- An internationally recognized commodity
- A tax class you define.

You can also assign a purchasing country commodity a *supplemental unit of measure* for reporting purposes.



Purpose of Purchasing Country Commodities

You can assign a single international commodity to several different tax classes, depending on the requirements of different countries. For example, a French tax authority considers item A a luxury item, while a British tax authority applies a standard tax rate to item A.

You define a purchasing country commodity for a particular site in your enterprise. Since purchasing country commodities are specific to sites, you can identify different

tax requirements for the same international commodity between two or more sets of countries.

You can apply purchasing country commodity tax rules by

- Vendor location country
- Ship-to country
- Item tax class.

Example

Your enterprise has purchasing sites in the United Kingdom, France, and Australia. Your Australian site purchases several software packages from vendors in the United Kingdom. It also purchases a software package from a French manufacturer.

The internationally recognized commodity software is taxed differently by the tax authorities in France and the United Kingdom. When you set up the country commodities for your enterprise, you set up the following two country commodities for software at your Australian site:

Country	International Commodity	Tax Class
France	SOFT (Software)	Standard
United Kingdom	SOFT (Software)	Exempt

Supplemental Units of Measure

Tax authorities can also require information about international commodities on reports. For example, some European Community countries require you to generate tax reports for international commodities using particular units of measure.

You can specify a supplemental unit of measure for the international commodity when you set up a country commodity for the purchase site.

Example

You specify a UOM of Each when you add item B to SmartStream. Item B is an international commodity. Your site UK01 purchases some of item B from Germany, where the tax authority requires you to report on transactions for item B in Cases.

You set up the following purchasing country commodity information for site UK01:

Country	International Commodity	Tax Class	UOM (Supplemental)
Germany	Item B	Luxury	Cases

Setting Up Purchasing Item Tax Defaults

For international transactions involving items at a site, you can identify particular tax rules, rates, and reclaimable rates as defaults.

Policy Decisions

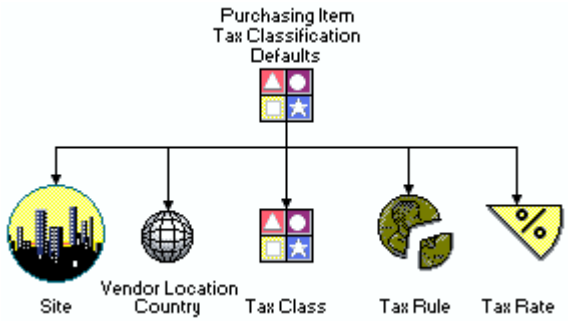
When you set up purchasing item tax defaults, consider the following questions:

- From what countries do your sites purchase international commodities?
- To what countries do your sites ship international commodities?
- Must you apply a specific tax to a class of items purchased from a vendor in a particular country and shipped to another country?
- What tax rate do you want to use to calculate the tax on the items?
- Can you reclaim any portion of the tax on the items? If so, what percentage can you reclaim?

Components of Purchasing Item Tax Defaults

When you set up a purchasing item tax default, you associate

- A site
- The country of the vendor location
- The country to which the vendor ships the goods
- The tax class for the items in a transaction
- The tax rule to apply to the transaction
- The tax rate to use in calculating the tax
- If necessary, the rate of the tax you can reclaim.



Using Purchasing Item Tax Classification Defaults

The tax defaults you set up for transactions involving items included in international commodities appear on purchase orders for these items. The defaults apply to all line schedules for the purchase order. This information takes precedence over tax defaults for the vendors and payable entities referenced on purchase orders.

You can identify up to two default tax rules for the items associated with each combination of site, ship-to country, vendor location country, and tax class.

Example

Your purchase site in Paris orders goods from a vendor in Germany. The German vendor then ships the goods to Paris, as well as to other sites in France and Germany.

Goods shipped to Germany are invoiced to a German tax registration number and include the standard German taxes. Goods shipped to France are invoiced to a French tax registration number and are zero-rated (export sale). Taxes on goods shipped to France are assessed by the company receiving the goods.

The following table shows the purchasing item tax defaults you define for this situation:

Purchase Site	Ship-To Country	Tax Classification	Default Tax Rules
Paris	France	PLOW	FRSA - Rate 1
Paris	Germany	GLOW	DEVAT - Rate 1

Entering Partial Tax Defaults

When you set up purchasing item tax defaults, you can

- Enter the complete default tax rule with its default tax rates and reclaimable code, if needed
- Enter the default tax rule, then enter a rate later, when you enter a purchase order.

Where Purchasing Looks for Tax Defaults

When you set up tax information for your enterprise, you specify the tax rules and rates you need. You can assign tax rules and rates as defaults for the vendors from whom you purchase items. You can also assign default tax rules to the payable entities you use to process purchasing and payables documents.

Purchasing searches for the correct default tax information for purchase orders in a particular sequence.

The following table shows the sequence in which Purchasing searches for tax defaults for purchase order headers and purchase order line schedules:

For the...	Purchasing searches for tax defaults in this order...
Purchase order header	▪ Vendor location ▪ Payable entity
Purchase order line schedule, by item	▪ Country commodity ▪ Purchase item ▪ Payable entity

8 Setting Up Earnings and Withholding Policy

Chapter Contents

8-1 About Earnings and Withholding Policy
8-7 1099 Earnings and Withholding
8-10 Prescribed Payment System (PPS) Earnings and Withholding
8-12 Construction Industry Tax (CIT) Earnings and Withholding
8-14 T4A Earnings and Withholding

About Earnings and Withholding Policy

Earnings and withholding policy is a set of payables rules for withholding taxes and reporting earnings information to the tax authorities.

You need to set up earnings and withholding rules if any of your vendors or payment requests require a rule. After you set up an earnings and withholding rule, you can define it as a default for a vendor.

Select one of the following for additional information:

Earnings and Withholding Policy.

Earnings and Withholding Rule

Earnings and Withholding Category

Earnings and Withholding Accounting Distributions.

Rules

An *earnings and withholding rule* is a set of options that specifies the following information about the taxable amount of a payment request line:

- Whether to withhold taxes
- Default rate to use for calculating withholding amount

You can establish earnings and withholding rules for the following tax authorities:

Tax Authority	Type of Earnings and Withholding Rule
United States Internal Revenue Service	1099
Australian Tax Office	Prescribed Payment System (PPS)
Revenue Canada	T4A
United Kingdom Inland Revenue	Construction Industry Tax (CIT)

You can set up as many of these earnings and withholding rules as you need.

Options

When you set up an earnings and withholding rule, you specify the conditions for withholding the tax on payment request lines.

You can select one of the following options:

- Withhold tax only if no tax ID is present
- Always withhold tax
- Do not withhold tax
- Hold payment if no tax ID is present. (This option does not cause Payables to withhold tax; however, Payables does hold payment to the vendor until a valid tax ID is entered.)

Rates

For each withholding rule you set up, you must specify a rate to use in calculating the withholding amount. You can specify only one rate for each rule, except for Australian Prescribed Payment System (PPS) tax, which requires two rates.

Categories

You can use earnings and withholding *categories* to classify and report on different types of payments for a tax authority.

You are not required to define earnings and withholding categories, but categories are useful for specifying separate classifications for specific amounts within a single payment to the same tax authority.

Associate each category with a specific earnings and withholding rule. You can define as many categories as you need to record types of payments for a single earnings and withholding rule.

Example

For example, categories are useful if you need to separate the various types of taxes reported on 1099 forms for the United States Internal Revenue Service. You can associate a category with a classification on a 1099 form. This 1099 earnings and withholding category then corresponds to the amounts for the specified classification on the 1099 form.

Accounting Distributions

When you set up an earnings and withholding rule, you can define a withholding liability accounting distribution for the rule. You can also define an accounting distribution for withholding liability when you set up a payable entity.

When you use SmartStream Payables to run payments that require processing earnings and withholding amounts, Payables first determines if an accounting distribution exists for a withholding liability account in vendor policy. If not, Payables then examines payable entity policy. If no distribution exists for the vendor or payable entity, Payables uses the accounting distribution defined for the earnings and withholding rule in earnings and withholding policy.

Changing Earnings and Withholding Rules

You can perform the following activities for an earnings and withholding rule:

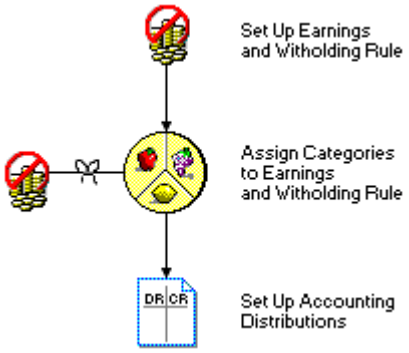
- Activate an inactive rule or category
- Add or change an option or a rate
- Add or change a category
- Inactivate a rule or category

If you change a rate for an earnings and withholding rule, the new rate applies to all currently **unpaid** payment requests.

If you inactivate an earnings and withholding rule, you automatically inactivate all categories associated with the rule.

How You Set Up Earnings and Withholding Policy

This following diagram illustrates setting up the components of earnings and withholding rules:



The following table lists the tasks for setting up earnings and withholding policy and shows a suggested order for performing the tasks. It also specifies the SmartStream window to use for each task.

Task	Description	Window
1	Determine what types of earnings and withholding rules you need to set up.	
2	Set up an earnings and withholding rule for each type of payment that requires withholding.	Earnings and Withholding Rule
3	Assign each earnings and withholding rule to a category, if necessary.	Earnings and Withholding Category
4	Add withholding liability accounting distributions for earnings and withholding rules, as needed.	Earnings and Withholding Accounting Distributions

1099 Earnings and Withholding

The United States Internal Revenue Service (IRS) levies tax on vendor earnings. Payables departments use Form 1099 to report vendor earnings on certain types of income such as

- Interest
- Dividends
- Miscellaneous income.

To correspond with the various types of income, the IRS provides several versions of Form 1099. Examples are

- Form 1099 - INT
- Form 1099 - DIV
- Form 1099 - MISC.

Option

In the United States, payables departments rarely withhold tax on vendor earnings. However, if the vendor for a payment request does not have a tax ID, payment to the vendor is held.

Note: When you select the option Hold Payment If No Tax Identifier, Payables **does not** withhold tax. It **does** hold the vendor's payment if no tax ID exists and the payment is eligible for 1099 withholding.

Rate

Set up the current rate of withholding that is published by the IRS.

Categories

On each type of 1099 form, the IRS requires separate classifications for reporting earnings from various sources. When you define a 1099 tax rule, you can set up categories for the rule that correspond to the amounts in specific boxes on the 1099 forms.

For example, you can define one 1099 category for reporting capital gains distributions (CGAIN) and another 1099 category for reporting gross dividends paid (GRDIV). These categories represent different sources of dividend income.

When you set up a category for an earnings and withholding rule, you associate it with a classification on the 1099 form. You can then associate the earnings and withholding rule and category with the tax identification number of a payable entity.

Accounting Distributions

If you withhold any tax amounts for a vendor, you can set up accounting distributions for posting withholding liability. You can establish the distribution for an earnings and withholding rule, or you can specify a distribution in policy for a payable entity.

Example

You set up a 1099 earnings and withholding rule for use with your U.S. vendors.

The following table shows the options you select and explains the implications for your choices:

For...	You enter or select...	Implications are...
Earnings and Withholding Rule	1099.	
Description	1099 withholding.	
Withholding Option	Hold Payment if No Tax ID.	If a vendor has no tax ID, Payables does not withhold tax for the payment request. However, it **does** hold payment to the vendor until a valid tax ID is entered.
Withholding Rates	Rate 1 = 20%.	
Categories and Descriptions	▪ GRDIV (gross dividends) ▪ CGAIN (Capital gains distributions) NCOMP (Nonemployee compensation).	You can use these categories for user-defined reports.
Accounting Distribution	1099 Withholding Liability	Payables automatically applies this withholding rule to payment requests from U.S. vendors, unless you establish a different withholding liability distribution for a related payable entity.

Prescribed Payment System (PPS) Earnings and Withholding

The Australian Tax Office (ATO) requires withholding for Prescribed Payment System (PPS) taxes.

Option

In most cases, payables departments withhold PPS taxes. Select the option Always Withhold.

Rates

You must define two rates for calculating PPS withholding:

- Standard rate
- Penalty rate

The standard rate applies to all vendors with valid tax IDs, and the penalty rate applies to all vendors without valid tax IDs. The penalty rate is a higher percentage than the standard withholding rate.

Nonstandard Rates

Withholding rates for a contractor can vary depending on the vendor. The vendor can apply to the tax authority for a certificate that specifies the nonstandard rate. You specify this nonstandard withholding rate when you set up the vendor's earnings and withholding policy, and Payables uses the withholding rate from the vendor's policy when processing payment requests from the vendor.

Categories

You do not usually report separate classifications for earnings subject to PPS taxes. However, you can set up categories for PPS if you want to design reports that show separate categories for PPS amounts.

Accounting Distributions

Because you always withhold PPS tax amounts for vendors, set up an accounting distribution for posting withholding liability.

Example

You set up an earnings and withholding rule for use with your Australian vendors.

The following table shows the options you select and explains the implications for your choices:

For...	You select...	Implications are...
Earnings and Withholding Rule	PPS.	

For...	You select...	Implications are...
Description	Prescribed Payment System withholding.	
Withholding Option	Always Withhold.	Payables calculates and withholds tax for all payment requests that use the rule, unless you defined a different withholding option for the rule in payable entity policy.
Withholding Rates	Rate 1 = 20.000%.	Payables calculates withholding at 20% for vendors having valid tax IDs.
	Rate 2 = 48.250%.	It calculates withholding at 48.25% for vendors not having valid tax IDs.
Categories	Not applicable.	
Description	Not applicable.	
Accounting Distributions	PPS Withholding Liability.	Payables automatically applies this withholding rule to payment requests from Australian vendors, unless you establish a different withholding liability distribution for a related payable entity.

Construction Industry Tax (CIT) Earnings and Withholding

The United Kingdom Inland Revenue levies Construction Industry Tax (CIT) on the earnings of a subcontractor.

Options

If the contractor or subcontractor holds a valid tax certificate (CIS5 or CIS6), the contractor does not withhold any taxes from the payments they make to that subcontractor.

If the subcontractor holds a valid registration card (CIS4), the contractor must withhold taxes from any payments they make. The contractor must then remit the tax amounts to Inland Revenue.

The contractor must not pay the subcontractor for work they perform if they do no hold either a valid tax certificate or a valid registration card.

Rate

Set up one rate for a CIT earnings and withholding rule.

Nonstandard Rates

Withholding rates for a contractor can vary depending on the vendor. In such cases, the vendor can apply to the tax authority for a certificate that specifies the nonstandard rate. You can specify this nonstandard withholding rate when you set up the vendor's earnings and withholding policy, and Payables uses the withholding rate from the vendor's policy when processing payment requests from the vendor.

Categories

You do not usually specify different types of payments for CIT taxes. However, you can set up categories for CIT earnings and withholding if you want to design reports that show different payments for CIT.

Accounting Distributions

If you withhold any CIT amounts for a vendor, you can set up an accounting distribution for posting CIT withholding.

Example

You set up an earnings and withholding rule for use with your vendors in the United Kingdom.

The following table shows the options you select and explains the implications for your choices:

For this field...	Enter or select...	Implications are...
Earnings and Withholding Rule	CIT.	

For this field...	Enter or select...	Implications are...
Description	CIT withholding.	
Withholding Option	Withhold if No Tax ID.	If the vendor has no tax ID, Payables withholds the tax and pays the vendor the balance of the amount.
Withholding Rates	Rate 1 = 7.000%.	
Categories	Not applicable.	
Description	Not applicable.	
Accounting Distributions	CIT Withholding Liability.	Payables automatically applies this withholding rule to payment requests from vendors in the United Kingdom, unless you establish a different withholding liability distribution for a related payable entity.

T4A Earnings and Withholding

Revenue Canada requires you to withhold taxes on the following types of payments to nonresidents of Canada:

- Rent
- Management and administrative fees
- Interest
- Dividends
- Motion picture and videotape payments
- Royalties
- Alimony
- RRSP payments
- Patronage
- Annuities
- Retirement

The tax authority requires you to withhold the tax on the earnings of the nonresident and remit it to the federal government. You report the tax withheld on various types of forms.

Option

You always need to withhold T4A tax on these types of earnings, so select the option Always Withhold.

Rate

A typical rate of withholding for T4A is 25%.

Nonstandard Rates

Withholding rates for a contractor can vary depending on the vendor. The vendor can apply to the tax authority for a certificate that specifies the nonstandard rate. You can specify this nonstandard withholding rate when you set up the vendor's earnings and withholding policy, and Payables uses the withholding rate from the vendor's policy when processing payment requests from the vendor.

Categories

You do not usually specify different types of payments for T4A withholding. However, you can set up categories for T4A withholding if you want to set up reports that show different payments for T4A withholding.

Accounting Distributions

Define accounting distributions for a T4A Withholding Liability account.

Example

You set up an earnings and withholding rule for use with your Canadian vendors.

The following table shows the options you select and explains the implications for your choices:

For...	You select...	Implications are...
Earnings and Withholding Rule	T4A.	
Description	T4A withholding.	
Withholding Option	Always Withhold.	Always withhold taxes on these types of payments.
Withholding Rates	Rate 1 = 25.000%.	
Categories	Not applicable.	
Description	Not applicable.	
Accounting Distributions	T4A Withholding Liability.	Payables automatically applies this withholding rule to payment requests from Canadian vendors, unless you establish a different withholding liability distribution for a related payable entity.

9 Tax Rule Policy Examples

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About Tax Rule Policy Examples

This section presents specific information and examples for setting up tax policy information for several widely used taxes.

For each tax, the following considerations are discussed:

- Calculation and verification options
- Components of the tax basis formula
- Tax calculation basis
- Journal entries and accounting distributions
- Tax rates and tax rate elements, if applicable
- Tax reclaimable codes, if applicable

The sample values are used only for illustration.

Australian Sales Tax

This section describes the decisions to make when you define tax rules for Australian sales tax.

Calculation and Verification Options

If you customarily enter the Australian sales tax amount as shown on a payment request and post the entire tax amount to a separate tax account, you do not need to calculate the tax at line level or verify the amount of tax entered.

However, you can choose to verify the tax entered or post the tax expense to the expenditure account for a payment request line.

If you want to...	Then select...
Verify the amount of tax entered	Tax rate calculation method
Post tax expense to the invoice line expenditure account	Calculate Tax at Line Level Tax rate calculation method

Tax Basis Formula

You must specify a tax basis formula only if you use the tax rate calculation method.

Tax Calculation Basis

If you do not calculate the sales tax or if you calculate the tax using the weighted average calculation method, Payables automatically applies the calculation basis option Does Not Apply.

If you use the tax rate calculation method, select the option for either discounted or nondiscounted tax basis.

Journal Entries

If you choose to post Australian sales tax expense to the expenditure accounts for payment request lines, Payables includes the tax expense in the journal entries for the expenditures. To post the sales tax expense to the accounting distribution for an expenditure, use either the weighted average or tax rate calculation method.

If you want to post the sales tax expense to a separate tax account, you can set up an accounting distribution for the tax rule, or you can enter the values for the accounting distribution when you enter a payment request.

Accounting Distributions

The following table shows the types of accounting distributions you can set up for an Australian sales tax rule:

Tax Expense?	Self-Assessed Tax Liability?	Tax Reclaimable?
Yes, if you want to post the sales tax expense to a separate tax account.	N/A	N/A

Tax Rates

If you do not want to verify Australian sales tax amounts, you do not need to define rates for the tax.

If you verify the sales tax amounts, you must define at least one tax rate.

Tax Reclaimable Codes

Australian sales tax authorities do not allow you to reclaim any portion of the taxes paid, so you do not need to define tax reclaimable codes.

Example

This example presents four different scenarios for defining an Australian sales tax rule that you want to go into effect on November 15, 1999.

Compare the scenarios to help you determine how to set up this tax.

Tax Rule Policy

The following table shows examples of processing and calculation options for an Australian sales tax rule. The sample options reflect the requirements for each scenario.

Field or Group	Do not verify entered tax. Post tax expense to separate account.	Do not verify entered tax. Post tax expense to line expenditure.	Verify entered tax. Post tax expense to separate account.	Verify entered tax. Post tax expense to line expenditure.
Tax Rule Type	Payable	Payable	Payable	Payable
Tax Rule	AUSALES	AUSALES	AUSALES	AUSALES
Tax Rule Active Date	15/11/1999	15/11/1999	15/11/1999	15/11/1999
Country	Australia	Australia	Australia	Australia
Description	Australian Sales Tax	Australian Sales Tax	Australian Sales Tax	Australian Sales Tax
Verify Tax	Do Not Verify	Do Not Verify	Warning or Error	Warning or Error
Tax Expense Distribution	Separate Tax Account	Invoice Line Expenditure	Separate Tax Account	Invoice Line Expenditure
Post Tax Basis	No	No	No	No

Field or Group	Do not verify entered tax. Post tax expense to separate account.	Do not verify entered tax. Post tax expense to line expenditure.	Verify entered tax. Post tax expense to separate account.	Verify entered tax. Post tax expense to line expenditure.
Post Zero Tax Amounts	No	No	No	No
Require Tax Reclaimable Code	No	No	No	No
Include Tax Amounts in Asset Additions	No	No	Yes	Yes
Adjust for Significant Change	No	No	No	No
Tax Tier Level	1	1	1	1
Tax Discount Adjustment	No	No	No	No
Tax Category	n/a	n/a	n/a	n/a
Calculate Tax at Line Level	No	Yes	Yes	Yes
Self-Assessed Tax	No	No	No	No
Tax Basis Formula	n/a	n/a	Goods and services Freight Miscellaneous charges	Goods and services Freight Miscellaneous charges
Tax Calculation Method	Does Not Apply	Weighted Average	Tax Rate	Tax Rate
Tax Calculation (Basis)	Does Not Apply	Does Not Apply	Nondiscounted Tax Basis	Nondiscounted Tax Basis

Tax Rates and Tax Rate Elements

The following table shows examples of tax rate policy for an Australian sales tax rule. The sample information is identical for each scenario because the tax authority determines this information.

None of these sample scenarios requires tax rate elements, so you do not set up any tax rate elements.

Field or Group	Do not verify entered tax. Post tax expense to separate account.	Do not verify entered tax. Post tax expense to line expenditure.	Verify entered tax. Post tax expense to separate account.	Verify entered tax. Post tax expense to line expenditure.
Tax Rate Active Date	n/a	n/a	15/11/1999	15/11/1999
Tax Rate Code	n/a	n/a	STD	STD
Tax Rate	n/a	n/a	20.000%	20.000%
Description	n/a	n/a	Standard	Standard

Tax Reclaimable Policy

Australian sales tax authorities do not allow you to reclaim any of the tax, so you do not set up tax reclaimable policy.

Canadian Goods and Services Tax (GST)

This section describes the decisions to make when you define tax rules for Canadian goods and services tax (GST).

Calculation and Verification Options

The calculation and verification options you select for Canadian goods and services tax (GST) depend on whether the tax is Self-Assessed.

Canadian GST Charged by Vendor

When you define a tax rule for Canadian goods and services tax that a vendor charges, you normally calculate the tax for payment request lines using the tax rate calculation method. This enables you to verify if the total tax charged is within a tolerance amount or percentage you define.

When Payables verifies the amount of Canadian GST you enter for a payment request, it alerts you if this tax amount is outside the tolerance you defined. You can choose either of two levels of alert:

- Warning
- Error

If you choose Error, you cannot save the payment request until the entered tax amount is within the tolerance. If you choose Warning, you can save the payment request even when the tax amount entered is outside the tolerance.

Self-Assessed Canadian GST

You must set up a tax rule for Self-Assessed GST if you purchase goods from vendors who are not registered to process GST.

If the Canadian GST is Self-Assessed, Payables automatically calculates the tax at line level using the tax rate calculation method. You must define at least one tax rate for a Self-Assessed Canadian GST rule.

You do not verify Self-Assessed tax amounts.

Tax Basis Formula

The cost of goods and services is automatically part of a GST basis. Freight and miscellaneous charges are also included in the tax basis for Canadian GST, unless you are processing GST with la Taxe de Vente du Quebec (TVQ).

Tax Basis for GST with TVQ

When you set up a Canadian GST tax rule, determine which of the following scenarios describes your payment request processing:

- You process GST with other provincial sales taxes, but none of your payment requests require TVQ.
- All your payment requests require GST and TVQ.

- Some payment requests require GST and TVQ, while others use GST with other provincial sales taxes (PST). No single payment request uses a mixture of these rule combinations.
- Your payment requests use a mixture of tax rule combinations. Some lines on a request use GST with TVQ, while other lines use GST with other provincial sales taxes.

When you set up a tax rule for GST, the following requirements for TVQ processing affect how you define the tax basis for GST:

- TVQ taxes freight and miscellaneous charges at different rates from goods and services.
- The tax basis for TVQ includes the amount of a line expenditure and the amount of the associated tier-one tax (in this case, Canadian GST). Therefore, you must separate the amount of GST on freight and miscellaneous charges from the amount of GST on expenditures in order to set up the tax basis for TVQ correctly.

Based on the four scenarios later in this section, set up your GST rule or rules accordingly:

If...	Then...
No payment requests require you to process GST with TVQ	You can set up a GST rule that includes freight and miscellaneous charges in its tax basis.
All payment requests require you to process GST with TVQ	Set up your GST rule to tax freight and miscellaneous charges separately, even though the GST tax rate is the same for these charges as it is for the expenditures.
Some payment requests require you to process GST with TVQ, while others use GST with another PST	Set up two GST tax rules: one that taxes freight and miscellaneous charges separately, another that includes these charges with the line expenditures as the tax basis.
Your payment requests use a mixture of tax rule combinations: some lines on a request use GST with TVQ, while other lines use GST with other provincial sales taxes.	Select one of these options: ▪ Set up one GST tax rule to tax freight and miscellaneous charges separately. ▪ Set up two GST tax rules. One taxes freight and miscellaneous charges separately and the other does not.

Note: These requirements can also determine how you set up your payable entities. As an example, you can set up one payable entity to process only GST with TVQ and define another payable entity to process GST with other provincial sales taxes.

If you process payment requests that use a mixture of the GST-TVQ and GST-PST tax rule combinations, you can choose one of the following options for processing these taxes:

- Use only a GST tax rule that is set up for processing with TVQ.

  Payables will always calculate one, two, or three tax amounts for GST: the amount of GST on the line expenditure and the amount of GST on the freight or miscellaneous charges or both.

- Use two GST tax rules: one that processes together with TVQ and another that does not.

  You can then divide the amount of GST manually and assign one part to the GST-TVQ tax rule and the other part to the non-TVQ tax rule.

Tax Calculation Basis

Select the option for nondiscounted tax basis.

The Canadian GST tax authority does not allow you to calculate tax on the discounted tax basis.

Journal Entries

If you are eligible for input tax credit (ITC), you can reclaim all or a portion of Canadian goods and services tax (GST), and Payables generates journal entries accordingly.

Reclaimable GST

For reporting Canadian GST, you usually must post all reclaimable tax amounts, including zero amounts.

For reporting purposes, you should also post the tax basis. Ledger posts the tax basis for a Canadian GST rule and rate in the Miscellaneous Amount field of the journal entry for the reclaimable tax.

Nonreclaimable GST

If you post nonreclaimable Canadian GST expense to the expenditure accounts for payment request lines, Payables includes the tax expense in the journal entries it generates for the expenditures.

If you want to post the nonreclaimable GST expense to a separate tax account, you can set up a tax expense accounting distribution for the tax reclaimable code, or you can enter the accounting distribution when you enter a payment request.

Accounting Distributions

The following table shows the accounting distributions you can set up as defaults for Canadian goods and services tax rules:

Tax Expense?	Self-Assessed Tax Liability?	Tax Reclaimable?
Yes, if you want to post nonreclaimable Canadian GST amounts to a separate tax account. Yes, if you enter tax-only payment requests	Yes, if Canadian GST is Self-Assessed.	Yes, if you reclaim all or a portion of the GST tax. Yes, if you report the tax and tax basis. If you post the tax basis, it appears in the Miscellaneous Amount field of the journal entry for reclaimable tax.

Tax Rates

You must define at least two tax rates for each Canadian GST tax rule:

- Standard rate
- Zero rate

If you process Canadian GST together with la Taxe de Vente du Quebec (TVQ), you must also enter a tax rate for freight charges and another rate for miscellaneous charges for the GST rule. These tax rates apply to the total amount entered on a payment request line for freight or miscellaneous charges.

Tax Reclaimable Codes

If you are eligible for Input Tax Credit (ITC) that allows you to reclaim a portion of the Canadian GST paid, you need to define at least one tax reclaimable code for the tax rule. You must also select the tax rate method of calculation.

As the following table shows, reclaimable percentages can vary by industry:

These clients reclaim GST...	At this percentage...
Municipalities	57.14%
Universities	67.00%
Schools	68.00%
Hospitals	83.00%

If you can reclaim at various rates, you must define a tax reclaimable code for each different reclaimable percentage.

If you want to produce a Canadian GST tax return report from your ledger, you must set up at least one tax reclaimable code for the tax rule, even if the reclaimable percentage is zero.

Example

In this example, you are defining a tax rule for Canadian goods and services tax (GST) that you want to go into effect on November 15, 1999.

Tax Rule Policy

The following table shows examples of processing and calculation options for a Canadian goods and services tax rule. The sample options reflect the requirements for each scenario.

Field or Group	GST is not Self-Assessed. Post nonreclaimable tax expense to invoice line expenditure.	GST is not Self-Assessed. Process GST with TVQ. Post nonreclaimable tax expense to separate tax account.	GST is Self-Assessed. Post nonreclaimable tax expense to separate account.	GST is Self-Assessed. Process GST with TVQ. Post nonreclaimable tax expense to separate tax account.
Tax Rule Type	Payable	Payable	Payable	Payable
Tax Rule	GST	GST/TVQ	GST/SA	GST/SA/TVQ
Tax Rule Active Date	15/11/1999	15/11/1999	15/11/1999	15/11/1999
Country	Canada	Canada	Canada	Canada
Description	Canadian GST	Canadian GST	Self-Assessed Canadian GST	Self-Assessed Canadian GST
Verify Tax	Warning or Error	Warning or Error	Do Not Verify	Do Not Verify
Tax Expense Distribution	Invoice Line Expenditure	Separate Tax Account	Separate Tax Account	Separate Tax Account
Post Tax Basis	Yes	Yes	Yes	Yes
Post Zero Tax Amounts	Yes	Yes	Yes	Yes
Require Tax Reclaimable Code	Yes	Yes	Yes	Yes
Include Tax Amounts in Asset Additions	Yes	Yes	Yes	Yes
Adjust for Significant Change	Yes	Yes	Yes	Yes
Tax Tier Level	1	1	1	1
Tax Discount Adjustment	No	No	No	No
Tax Category	GST	GST	GST	GST

Field or Group	GST is not Self-Assessed. Post nonreclaimable tax expense to invoice line expenditure.	GST is not Self-Assessed. Process GST with TVQ. Post nonreclaimable tax expense to separate tax account.	GST is Self-Assessed. Post nonreclaimable tax expense to separate account.	GST is Self-Assessed. Process GST with TVQ. Post nonreclaimable tax expense to separate tax account.
Calculate Tax at Line Level	Yes	Yes	Yes	Yes
Self-Assessed Tax	No	No	Yes	Yes
Tax Basis Formula	Goods and services Freight Miscellaneous charges	Goods and services Tax freight separately Tax miscellaneous charges separately	Goods and services Freight Miscellaneous charges	Goods and services Tax freight separately Tax miscellaneous charges separately
Tax Calculation Method	Tax Rate	Tax Rate	Tax Rate	Tax Rate
Tax Calculation (Basis)	Nondiscounted Tax Basis	Nondiscounted Tax Basis	Nondiscounted Tax Basis	Nondiscounted Tax Basis

Tax Rates and Tax Rate Elements

The following table shows examples of tax rate information for a Canadian goods and services tax rule. The sample information is identical for each scenario because the tax authority determines this information. None of these scenarios requires tax rate elements, so you do not define any tax rate elements.

Field or Group	GST is not Self-Assessed. Post nonreclaimable tax expense to invoice line expenditure.	GST is not Self-Assessed. Process GST with TVQ. Post nonreclaimable tax expense to separate tax account.	GST is Self-Assessed. Post nonreclaimable tax expense to separate account.	GST is Self-Assessed. Process GST with TVQ. Post nonreclaimable tax expense to separate tax account.
Tax Rate Active Date	15/11/1999	15/11/1999	15/11/1999	15/11/1999
Tax Rate Codes	One of these: STD ZERO EXMPT	One of these: STD ZERO EXMPT	One of these: STD ZERO EXMPT	One of these: STD ZERO EXMPT

Field or Group	GST is not Self-Assessed. Post nonreclaimable tax expense to invoice line expenditure.	GST is not Self-Assessed. Process GST with TVQ. Post nonreclaimable tax expense to separate tax account.	GST is Self-Assessed. Post nonreclaimable tax expense to separate account.	GST is Self-Assessed. Process GST with TVQ. Post nonreclaimable tax expense to separate tax account.
Tax Rate	One of these: 7.000% 0.000% 0.000%	One of these: 7.000% 0.000% 0.000%	One of these: 7.000% 0.000% 0.000%	One of these: 7.000% 0.000% 0.000%
Description	One of these: Standard rate Zero rate Exempt from GST	One of these: Standard rate Zero rate Exempt from GST	One of these: Standard rate Zero rate Exempt from GST	One of these: Standard rate Zero rate Exempt from GST

Tax Reclaimable Policy

The following table shows examples of information for tax reclaimable policy for a Canadian goods and services tax rule. The sample information is identical for each scenario because the tax authority determines this information.

Field or Group	GST is not Self-Assessed. Post nonreclaimable tax expense to invoice line expenditure.	GST is not Self-Assessed. Process GST with TVQ. Post nonreclaimable tax expense to separate tax account.	GST is Self-Assessed. Post nonreclaimable tax expense to separate account.	GST is Self-Assessed. Process GST with TVQ. Post nonreclaimable tax expense to separate tax account.
Tax Reclaimable Code Active Date	15/11/1999	15/11/1999	15/11/1999	15/11/1999
Tax Reclaimable Code	One of these: FULL PART NONE	One of these: FULL PART NONE	One of these: FULL PART NONE	One of these: FULL PART NONE
Tax Reclaimable (Percentage)	One of these: 100.000% 57.140% 0.000%	One of these: 100.000% 57.140% 0.000%	One of these: 100.000% 57.140% 0.000%	One of these: 100.000% 57.140% 0.000%

Field or Group	GST is not Self-Assessed. Post nonreclaimable tax expense to invoice line expenditure.	GST is not Self-Assessed. Process GST with TVQ. Post nonreclaimable tax expense to separate tax account.	GST is Self-Assessed. Post nonreclaimable tax expense to separate account.	GST is Self-Assessed. Process GST with TVQ. Post nonreclaimable tax expense to separate tax account.
Description	One of these: Fully reclaimable Partially reclaimable Not reclaimable	One of these: Fully reclaimable Partially reclaimable Not reclaimable	One of these: Fully reclaimable Partially reclaimable Not reclaimable	One of these: Fully reclaimable Partially reclaimable Not reclaimable

La Taxe de Vente du Quebec (TVQ)

La Taxe de Vente du Quebec (TVQ) is a tier-two tax charged by the province of Quebec. TVQ applies a different tax rate to goods and services than it does to freight and miscellaneous charges.

Calculation and Verification Options

The calculation and verification options you select for la Taxe de Vente du Quebec depend on whether the tax is Self-Assessed.

TVQ Charged by Vendor

When you define a tax rule for TVQ that a vendor charges, you normally calculate the tax for payment request lines using the tax rate calculation method. This enables you to verify if the total tax charged is within a tolerance amount or percentage you define.

When Payables verifies the amount of TVQ you enter for a payment request, it alerts you if this tax amount is outside the tolerance you defined. You can choose either of two levels of alert:

- Warning
- Error

If you choose Error, you cannot save the payment request until the entered tax amount is within the tolerance. If you choose Warning, you can save the payment request even when the tax amount entered is outside the tolerance.

Self-Assessed TVQ

You must set up a tax rule for Self-Assessed TVQ if you purchase goods from vendors who are not registered to process TVQ.

If the TVQ is Self-Assessed, Payables automatically calculates the tax at line level using the tax rate calculation method. You must define at least one tax rate code for a Self-Assessed TVQ rule.

You do not verify Self-Assessed tax amounts.

Tax Basis Formula

The cost of goods and services is automatically part of the tax basis for TVQ. TVQ also includes the amount of Canadian goods and services tax (GST), a tier-one tax, in its tax basis.

TVQ taxes freight and miscellaneous charges at a different rate from the cost of goods and services. In order to calculate taxes on freight and miscellaneous charges correctly, you must set up the corresponding tax rule for Canadian GST to calculate tax on freight and miscellaneous charges separately, instead of including those amounts in the tax basis for Canadian GST.

If you attempt to use TVQ with a tier-one tax rule that does not tax those amounts separately, Payables sends you an error message, and you cannot save the payment request.

For more details on setting up a GST tax rule to use with TVQ, see Canadian Goods and Services Tax (GST).

Tax Calculation Basis

Select the nondiscounted basis for calculating the tax. TVQ rules do not allow you to calculate taxes on a discounted tax basis.

Tax Rates

Because TVQ requires you to tax freight and miscellaneous charges separately, you must define at least two rates for the tax rule: one for goods and services and another for freight and miscellaneous charges.

Tax Reclaimable Codes

If you are eligible for Input Tax Refund (ITR) that allows you to reclaim a portion of the TVQ paid, you must define at least one tax reclaimable code for the tax rule.

As the following table shows, reclaimable percentages can vary by industry:

These clients reclaim TVQ...	At this percentage...
Municipalities	37.000%
Universities	23.000%
Schools	23.000%
Hospitals	18.000%

If you can reclaim at various rates, you need to define a tax reclaimable code for each reclaimable percentage.

If you want to produce a TVQ tax return from your ledger, you must set up at least one tax reclaimable code for the tax rule, even if the reclaimable percentage is zero.

Journal Entries

If you are eligible for Input Tax Refund (ITR) that allows you to reclaim a portion of the TVQ paid, you can define a tax reclaimable code for the TVQ rule. If you reclaim all or a portion of TVQ, Payables generates journal entries accordingly.

Reclaimable TVQ

For reporting TVQ, post all reclaimable tax amounts, including zero amounts.

You should also post the tax basis for reporting purposes. Ledger posts the tax basis for each rule and rate in the Miscellaneous Amount field of the journal entry for the reclaimable portion of the tax.

Nonreclaimable TVQ

If you choose to post nonreclaimable TVQ expense to the expenditure accounts for payment request lines, Payables includes the tax expense in the journal entries for the expenditures.

If you want to post the nonreclaimable TVQ expense to a separate tax account, you can set up a nonreclaimable accounting distribution for the tax rule or rate, or you can enter the accounting distribution when you enter a payment request.

Accounting Distributions

The following table shows the accounting distributions you can set up for la Taxe de Vente du Quebec:

Tax Expense?	Self-Assessed Tax Liability?	Tax Reclaimable?
Yes, if you want to post nonreclaimable TVQ amounts to a separate tax account. Yes, if you enter tax-only payment requests	Yes, if TVQ is Self-Assessed.	Yes, if you reclaim all or a portion of TVQ If you post the tax basis, it appears in the Miscellaneous Amount field of the journal entry for reclaimable tax.

Example

In this example, you are defining a tax rule for la Taxe de Vente du Quebec that you want to go into effect on November 15, 1999.

Tax Rule Policy

The following table shows examples of processing and calculation options for a TVQ tax rule. The sample options reflect the requirements for each scenario.

Field or Group	TVQ is not Self-Assessed. Process TVQ with GST. Post nonreclaimable tax expense to invoice line expenditure.	TVQ is not Self-Assessed. Process TVQ with GST. Post nonreclaimable tax expense to separate tax account.	TVQ is Self-Assessed. Process Self-Assessed TVQ with GST. Post nonreclaimable tax expense to separate tax account.
Tax Rule Type	Payable	Payable	Payable
Tax Rule	TVQ	TVQ	TVQ/SA
Tax Rule Active Date	15/11/1999	15/11/1999	15/11/1999
Country	Canada	Canada	Canada
Description	la Taxe de Vente du Quebec	la Taxe de Vente du Quebec	Self-Assessed la Taxe de Vente du Quebec
Verify Tax	Warning or Error	Warning or Error	Do Not Verify

Field or Group	TVQ is not Self-Assessed. Process TVQ with GST. Post nonreclaimable tax expense to invoice line expenditure.	TVQ is not Self-Assessed. Process TVQ with GST. Post nonreclaimable tax expense to separate tax account.	TVQ is Self-Assessed. Process Self-Assessed TVQ with GST. Post nonreclaimable tax expense to separate tax account.
Tax Expense Distribution	Invoice Line Expenditure	Separate Tax Account	Separate Tax Account
Post Tax Basis	Yes	Yes	Yes
Post Zero Tax Amounts	Yes	Yes	Yes
Require Tax Reclaimable Code	Yes	Yes	Yes
Include Tax Amounts in Asset Additions	Yes	Yes	Yes
Adjust for Significant Change	No	No	No
Tax Tier Level	2	2	2
Tax Discount Adjustment	No	No	No
Tax Category	TVQ	TVQ	TVQ
Calculate Tax at Line Level	Yes	Yes	Yes
Self-Assessed Tax	No	No	Yes
Tax Basis Formula	Goods and services Tier-one tax (GST) Tax freight separately Tax miscellaneous charges separately	Goods and services Tier-one tax (GST) Tax freight separately Tax miscellaneous charges separately	Goods and services Tier-one tax (GST) Tax freight separately Tax miscellaneous charges separately
Tax Calculation Method	Tax Rate	Tax Rate	Tax Rate
Tax Calculation (Basis)	Nondiscounted Tax Basis	Nondiscounted Tax Basis	Nondiscounted Tax Basis

Tax Rates and Tax Rate Elements

The following table shows examples of tax rate information for a TVQ tax rule. The sample information is identical for each scenario because the tax authority determines this information. None of these scenarios requires tax rate elements, so you do not define any tax rate elements.

Field or Group	Tax Rate Active Date	Tax Rate Codes	Tax Rate	Description
TVQ is not Self-assessed. Process TVQ with GST. Post nonreclaimable tax expense to invoice line expenditure.	15/11/1999	GOODS SERVICES ZERO EXMPT	8.000% 4.000% 0.000% 0.000%	Goods rate Services rate Zero rate Exempt from TVQ
TVQ is not Self-assessed. Process TVQ with GST. Post nonreclaimable tax expense to separate tax account.	15/11/1999	GOODS SERVICES ZERO EXMPT	8.000% 4.000% 0.000% 0.000%	Goods rate Services rate Zero rate Exempt from TVQ
TVQ is Self-assessed. Process Self-assessed TVQ with GST. Post nonreclaimable tax expense to separate tax account.	15/11/1999	GOODS SERVICES ZERO EXMPT	8.000% 4.000% 0.000% 0.000%	Goods rate Services rate Zero rate Exempt from TVQ

Tax Reclaimable Policy

The following table shows examples of information for tax reclaimable policy for a TVQ tax rule. The sample information is identical for each scenario because the tax authority determines this information.

Field or Group	Tax Reclaimable Code Active Date	Tax Reclaimable Code	Tax Reclaimable (Percentage)	Description
TVQ is not Self-Assessed. Process TVQ with GST. Post nonreclaimable tax expense to invoice line expenditure.	15/11/1999	FULL PART NONE	100.000% 37.000% 0.000%	Fully reclaimable Partially reclaimable Not reclaimable
TVQ is not Self-Assessed. Process TVQ with GST. Post nonreclaimable tax expense to separate tax account.	15/11/1999	FULL PART NONE	100.000% 37.000% 0.000%	Fully reclaimable Partially reclaimable Not reclaimable

Field or Group	Tax Reclaimable Code Active Date	Tax Reclaimable Code	Tax Reclaimable (Percentage)	Description
TVQ is Self-Assessed. Process Self-Assessed TVQ with GST. Post nonreclaimable tax expense to separate tax account.	15/11/1999	FULL PART NONE	100.000% 37.000% 0.000%	Fully reclaimable Partially reclaimable Not reclaimable

Canadian Provincial Sales Taxes (PST)

Canadian provincial sales taxes (PST) are tier-two taxes. This means that Payables calculates PST after calculating Canadian goods and services tax (GST).

This section describes the decisions to make when you define tax rules for Canadian provincial sales taxes. You must set up a tax rule for each province for which you process taxes, as requirements differ from province to province.

Calculation and Verification Options

The calculation and verification options you select for a Canadian provincial sales tax rule depend on whether the tax is Self-Assessed.

Canadian PST Charged by Vendor

If you customarily enter the provincial sales tax amount as shown on a payment request, you do not need to calculate the tax at line level or verify the amount of tax entered.

However, you can choose to verify the tax entered. If you verify, select the tax rate calculation method. You can post the tax expense to the line expenditure account or to a separate tax account.

Self-Assessed Canadian PST

You need to set up a tax rule for Self-Assessed PST if you purchase goods from vendors who are not registered to process PST in the province where you are based.

If the PST is Self-Assessed, Payables automatically calculates the tax at line level using the tax rate calculation method. You must define at least one tax rate code for a Self-Assessed Canadian PST rule.

Tax Basis Formula

The cost of goods and services is automatically part of a PST tax basis. You can also include freight and miscellaneous charges in the tax basis for PST.

Tax Calculation Basis

If you do not calculate the PST or if you calculate the tax using the weighted average calculation method, Payables automatically applies the calculation option Does Not Apply.

If you use the tax rate calculation method, select the option for nondiscounted tax basis. Canadian PST tax authorities do not allow you to calculate the tax on a discounted tax basis.

Journal Entries

If you choose to post PST expense to the expenditure accounts for payment request lines, Payables includes the tax expense in the journal entries for the expenditures.

If you want to post the PST expense to a separate tax account, you can set up an accounting distribution for the tax rate, or you can enter the accounting distribution when you enter a payment request.

Accounting Distributions

The following table shows the accounting distributions you can set up for Canadian provincial sales taxes:

Tax Expense?	Self-Assessed Tax Liability?	Tax Reclaimable?
Yes, if you want to post provincial sales tax amounts to a separate tax account. Yes, if you enter tax-only payment requests	Yes, if the PST is Self-Assessed.	N/A

Tax Rates

If you do not verify the provincial sales tax amounts entered, you do not need to define tax rates.

If you verify tax amounts, you must establish at least one tax rate.

Tax Reclaimable Codes

With the exception of TVQ, no Canadian provincial tax authorities allow you to reclaim any portion of the provincial sales taxes paid, so you do not need to define tax reclaimable codes.

Example

In this example, you are defining a tax rule for Ontario provincial sales tax, which you want to go into effect on November 15, 1999.

Tax Rule Policy

The following table shows examples of processing and calculation options for a PST tax rule for Ontario. The sample options reflect the requirements for each scenario.

Field or Group	PST is not Self-Assessed. Post tax expense to invoice line expenditure. Do not verify entered tax.	PST is not Self-Assessed. Post tax expense to separate tax account. Verify entered tax.	PST is Self-Assessed. Do not include GST in tax basis. Post tax expense to separate tax account.
Tax Rule Type	Payable	Payable	Payable
Tax Rule	ONT/PST	ONT/PST	ONT/PST/SA
Tax Rule Active Date	15/11/1999	15/11/1999	15/11/1999

Field or Group	PST is not Self-Assessed. Post tax expense to invoice line expenditure. Do not verify entered tax.	PST is not Self-Assessed. Post tax expense to separate tax account. Verify entered tax.	PST is Self-Assessed. Do not include GST in tax basis. Post tax expense to separate tax account.
Country	Canada	Canada	Canada
Description	Ontario PST	Ontario PST	Self-Assessed Ontario PST
Verify Tax	Do Not Verify	Warning or Error	Do Not Verify
Tax Expense Distribution	Invoice Line Expenditure	Separate Tax Account	Separate Tax Account
Post Tax Basis	No	No	No
Post Zero Tax Amounts	No	No	No
Require Tax Reclaimable Code	No	No	No
Include Tax Amounts in Asset Additions	Yes	Yes	Yes
Adjust for Significant Change	No	No	No
Tax Tier Level	2	2	2
Tax Discount Adjustment	No	No	No
Tax Category	PST	PST	PST
Calculate Tax at Line Level	Yes	Yes	Yes
Self-Assessed Tax	No	No	Yes
Tax Basis Formula	n/a	Goods and services Freight Miscellaneous charges	Goods and services Freight Miscellaneous charges
Tax Calculation Method	Weighted Average	Tax Rate	Tax Rate
Tax Calculation (Basis)	Does Not Apply	Nondiscounted Tax Basis	Nondiscounted Tax Basis

Tax Rates and Tax Rate Elements

The following table shows examples of tax rate information for a PST tax rule. The sample information is identical for each scenario because the tax authority determines this information.

None of these scenarios requires tax rate elements, so you do not define any tax rate elements.

Field or Group	PST is not Self-Assessed. Post tax expense to invoice line expenditure. Do not verify entered tax.	PST is not Self-Assessed. Post tax expense to separate tax account. Verify entered tax.	PST is Self-Assessed. Do not include GST in tax basis. Post tax expense to separate tax account.
Tax Rate Active Date	n/a	15/11/1999	15/11/1999
Tax Rate Codes	n/a	STD EXMPT	STD EXMPT
Tax Rate	n/a	8.000% 0.000%	8.000% 0.000%
Description	n/a	Standard rate Exempt from PST	Standard rate Exempt from PST

Tax Reclaimable Policy

Canadian PST authorities do not allow you to reclaim any of these taxes, so you do not define tax reclaimable policy information.

New Zealand Goods and Services Tax (GST)

This section describes the decisions to make when you define tax rules for New Zealand goods and services tax (GST).

Calculation and Verification Options

If you customarily enter the New Zealand goods and services tax amount as shown on a payment request and post the entire tax amount to a separate tax account, you do not need to calculate the tax at line level or verify the amount of tax entered.

However, you can choose to verify the tax entered or post the tax expense to the expenditure account for a payment request line.

If you want to...	Then select...
Verify the amount of tax entered	Tax rate calculation method
Post tax expense to the invoice line expenditure account	Calculate Tax at Line Level Tax rate calculation method

Tax Basis Formula

You must specify a tax basis formula only if you use the tax rate calculation method.

Tax Calculation Basis

If you do not calculate the goods and services tax or if you calculate the tax using the weighted average calculation method, Payables automatically applies the calculation basis option Does Not Apply.

If you use the tax rate calculation method, select the option for either discounted or nondiscounted tax basis.

Tax Reclaimable Codes

If you are eligible to reclaim any portion of the New Zealand GST paid, you must define at least one tax reclaimable code for the tax rule. If you can reclaim at various rates, define a tax reclaimable code for each reclaimable percentage.

If you want to produce a New Zealand GST tax return from your ledger, set up at least one tax reclaimable code for the tax rule, even if the reclaimable percentage is zero.

Journal Entries

If you are eligible to reclaim a portion of the New Zealand GST paid, you can define a tax reclaimable code for the GST rule. If you reclaim all or a portion of the GST, Payables generates journal entries accordingly.

Reclaimable New Zealand GST

For reporting New Zealand GST, post all reclaimable tax amounts, including zero amounts.

You should also post the tax basis for reporting purposes. Ledger posts the tax basis for each rule and rate in the Miscellaneous Amount field of the journal entry for the reclaimable portion of the tax.

Nonreclaimable New Zealand GST

If you choose to post nonreclaimable New Zealand GST expense to the expenditure accounts for payment request lines, Payables includes the tax expense in the journal entries for the expenditures.

If you want to post the nonreclaimable New Zealand GST expense to a separate tax account, you can set up a nonreclaimable accounting distribution for the tax rule or rate, or you can enter the accounting distribution when you enter a payment request.

Accounting Distributions

This table shows the types of accounting distributions you can set up for a New Zealand goods and services tax rule:

Tax Expense?	Self-Assessed Tax Liability?	Tax Reclaimable?
Yes, if you want to post nonreclaimable GST amounts to a separate tax account. Yes, if you enter tax-only payment requests	Yes, if GST is Self-Assessed.	Yes, if you reclaim all or a portion of GST If you post the tax basis, it appears in the Miscellaneous Amount field of the journal entry for reclaimable tax.

Tax Rates

If you do not want to verify New Zealand goods and services tax amounts, you do not need to define rates for the tax.

If you verify the goods and services tax amounts, you must define at least one tax rate.

Example

This example presents four different scenarios for defining a New Zealand goods and services tax rule that you want to go into effect on November 15, 1999.

Tax Rule Policy

The following table shows examples of processing and calculation options for a New Zealand goods and services tax rule. The sample options reflect the requirements for each scenario.

Field or Group	Do not verify entered tax. Post tax expense to separate account.	Do not verify entered tax. Post tax expense to line expenditure.	Verify entered tax. Post tax expense to separate account.	Verify entered tax. Post tax expense to line expenditure.
Tax Rule Type	Payable	Payable	Payable	Payable
Tax Rule	NZGST	NZGST	NZGST	NZGST
Tax Rule Active Date	11/15/1999	11/15/1999	11/15/1999	11/15/1999
Country	New Zealand	New Zealand	New Zealand	New Zealand
Description	New Zealand Goods and Services Tax	New Zealand Goods and Services Tax	New Zealand Goods and Services Tax	New Zealand Goods and Services Tax
Verify Tax	Do Not Verify	Do Not Verify	Warning or Error	Warning or Error
Tax Expense Distribution	Separate Tax Account	Invoice Line Expenditure	Separate Tax Account	Invoice Line Expenditure
Post Tax Basis	No	No	No	No
Post Zero Tax Amounts	No	No	No	No
Require Tax Reclaimable Code	No	No	No	No
Include Tax Amounts in Asset Additions	No	No	Yes	Yes
Adjust for Significant Change	No	No	No	No
Tax Tier Level	1	1	1	1
Tax Discount Adjustment	No	No	No	No
Tax Category	n/a	n/a	n/a	n/a
Calculate Tax at Line Level	No	Yes	Yes	Yes
Self-Assessed Tax	No	No	No	No
Tax Basis Formula	n/a	n/a	Goods and services Freight Miscellaneous charges	Goods and services Freight Miscellaneous charges

Field or Group	Do not verify entered tax. Post tax expense to separate account.	Do not verify entered tax. Post tax expense to line expenditure.	Verify entered tax. Post tax expense to separate account.	Verify entered tax. Post tax expense to line expenditure.
Tax Calculation Method	Does Not Apply	Weighted Average	Tax Rate	Tax Rate
Tax Calculation (Basis)	Does Not Apply	Does Not Apply	Nondiscounted Tax Basis	Nondiscounted Tax Basis

Tax Rates and Tax Rate Elements

The following table shows examples of tax rate information for a New Zealand GST tax rule. The sample information is identical for each scenario because the tax authority determines this information.

None of these scenarios requires tax rate elements, so you do not define any tax rate elements.

Field or Group	Do not verify entered tax. Post tax expense to separate account.	Do not verify entered tax. Post tax expense to line expenditure.	Verify entered tax. Post tax expense to separate account.	Verify entered tax. Post tax expense to line expenditure.
Tax Rate Active Date	n/a	n/a	11/15/1999	11/15/1999
Tax Rate Code	n/a	n/a	STD ZRO EXMP	STD ZRO EXMP
Tax Rate	n/a	n/a	0.000% 12.500% 0.000%	0.000% 12.500% 0.000%
Description	n/a	n/a	Standard Zero Exempt	Standard Zero Exempt

Tax Reclaimable Policy

The following table shows examples of information for tax reclaimable policy for a New Zealand GST tax rule. The sample information is identical for each scenario because the tax authority determines this information.

Field or Group	GST is not Self-Assessed.. Post nonreclaimable tax expense to invoice line expenditure.	GST is not Self-Assessed.. Post nonreclaimable tax expense to separate tax account.	GST is Self-Assessed. Post nonreclaimable tax expense to separate tax account.
Tax Reclaimable Code Active Date	15/11/1999	15/11/1999	15/11/1999
Tax Reclaimable Code	FULL PART NONE	FULL PART NONE	FULL PART NONE
Tax Reclaimable (Percentage)	100.000% 37.000% 0.000%	100.000% 37.000% 0.000%	100.000% 37.000% 0.000%
Description	Fully reclaimable Partially reclaimable Not reclaimable	Fully reclaimable Partially reclaimable Not reclaimable	Fully reclaimable Partially reclaimable Not reclaimable

United States Sales Tax

This section describes the decisions you need to make when you define tax rules for United States sales tax.

Calculation and Verification Options

If you customarily enter the U.S. sales tax amount as shown on a payment request and post the entire tax expense to a separate tax account, you do not need to calculate the tax at line level or verify the amount of tax entered.

However, you can choose to verify the tax entered or post the tax expense to the expenditure account for a payment request line.

If you want to...	Then select...
Verify the amount of tax entered	Tax rate calculation method
Post tax expense to the invoice line expenditure account	Calculate Tax at Line Level Tax rate calculation method

Tax Calculation Basis

If you do not calculate the sales tax or if you calculate the tax using the weighted average calculation method, Payables automatically applies the calculation option Does Not Apply.

If you use the tax rate calculation method, select the option for either discounted or nondiscounted tax basis.

Tax Basis Formula

In general, you do not need to specify any of the options for tax basis formula for U.S. sales tax because the most common method of calculating the tax is the weighted average method, unless you verify the entered tax amounts.

Journal Entries

If you choose to post U.S. sales tax expense to the expenditure accounts for payment request lines, Payables includes the tax expense in the journal entries for the expenditures.

If you want to post the sales tax expense to a separate tax account, you can set up an accounting distribution for the tax rule or tax rate, or you can enter the accounting distribution when you enter a payment request.

Accounting Distributions

The following table shows the accounting distributions you can set up for a U.S sales tax rule:

Tax Expense?	Self-Assessed Tax Liability?	Tax Reclaimable?
Yes, if you want to post the sales tax expense to a separate tax account.	N/A	N/A

Tax Rates

If you do not want to verify U.S. sales tax amounts, you do not need to define rates for the tax. If you want to verify the sales tax amounts, you must define at least one tax rate.

Tax Reclaimable Codes

United States sales tax does not allow you to reclaim any portion of the taxes paid, so you do not need to define reclaimable codes for the tax.

Example

In this example, you are defining a United States sales tax rule that you want to go into effect on November 15, 1999.

Tax Rule Policy

The following table shows examples of processing and calculation options for a United States sales tax rule. The sample options reflect the requirements for each scenario.

Field or Group	Do not verify entered tax. Post tax expense to separate account.	Do not verify entered tax. Post tax expense to line expenditure.	Verify entered tax. Post tax expense to separate account.	Verify entered tax. Post tax expense to line expenditure.
Tax Rule Type	Payable	Payable	Payable	Payable
Tax Rule	USSALES	USSALES	USSALES	USSALES
Tax Rule Active Date	11/15/1999	11/15/1999	11/15/1999	11/15/1999
Country	United States	United States	United States	United States
Description	United States Sales Tax	United States Sales Tax	United States Sales Tax	United States Sales Tax
Verify Tax	Do Not Verify	Do Not Verify	Warning or Error	Warning or Error
Tax Expense Distribution	Separate Tax Account	Invoice Line Expenditure	Separate Tax Account	Invoice Line Expenditure
Post Tax Basis	No	No	No	No
Post Zero Tax Amounts	No	No	No	No

Field or Group	Do not verify entered tax. Post tax expense to separate account.	Do not verify entered tax. Post tax expense to line expenditure.	Verify entered tax. Post tax expense to separate account.	Verify entered tax. Post tax expense to line expenditure.
Require Tax Reclaimable Code	No	No	No	No
Include Tax Amounts in Asset Additions	Yes	Yes	Yes	Yes
Adjust for Significant Change	No	No	No	No
Tax Tier Level	1	1	1	1
Tax Discount Adjustment	No	No	No	No
Tax Category	n/a	n/a	n/a	n/a
Calculate Tax at Line Level	Yes	Yes	Yes	Yes
Self-Assessed Tax	No	No	No	No
Tax Basis Formula	n/a	n/a	Goods and services Freight Miscellaneous charges	Goods and services Freight Miscellaneous charges
Tax Calculation Method	Does Not Apply	Weighted Average	Tax Rate	Tax Rate
Tax Calculation (Basis)	Does Not Apply	Does Not Apply	Nondiscounted Tax Basis	Nondiscounted Tax Basis

Tax Rates and Tax Rate Elements

The following table shows examples of tax rate information for a United States sales tax rule. The sample information is identical for each scenario because the tax authority determines this information.

None of these scenarios requires tax rate elements, so you do not define any tax rate elements.

Field or Group	Do not verify entered tax. Post tax expense to separate account.	Do not verify entered tax. Post tax expense to line expenditure.	Verify entered tax. Post tax expense to separate account.	Verify entered tax. Post tax expense to line expenditure.
Tax Rate Active Date	n/a	n/a	11/15/1999	11/15/1999
Tax Rate Code	n/a	n/a	STAND	STAND
Tax Rate	n/a	n/a	6.000%	6.000%
Description	n/a	n/a	Standard rate	Standard rate

Tax Reclaimable Policy

U.S. sales tax authorities do not allow you to reclaim any of this tax, so you do not define tax reclaimable policy information.

United States Use Taxes

If you process United States use taxes, you must set up a use tax rule for each state in which you process use tax.

Calculation and Verification Options

State use taxes are Self-Assessed. When you select the Self-Assessed tax option, Payables automatically calculates the tax at line level using the tax rate calculation method.

Tax Basis Formula

Goods and services are automatically part of the tax basis for a Self-Assessed tax. You can also include freight and miscellaneous charges.

Tax Rates and Tax Rate Elements

You must define at least one tax rate for a Self-Assessed tax.

If you must break down a tax rate into several percentages, define as many tax rate elements for the tax as needed. The primary percentages of the tax rate elements must add up to the total tax rate percentage.

If a tax rate varies based on the cost of an item, assign a maximum tax basis for the primary percentage of that tax rate element. If necessary, enter a secondary percentage for amounts greater than the maximum.

Journal Entries

Payables automatically generates journal entries for calculated Self-Assessed taxes. Ledger posts them to a Self-Assessed tax liability account.

Accounting Distributions

The following table shows the accounting distributions you can set up for a United States use tax rule:

Tax Expense?	Self-Assessed Tax Liability?	Tax Reclaimable?
If you post the tax expense to a separate tax account.	Yes	No

Example

In this example, you are defining a use tax rule for the state of North Carolina that you want to go into effect on November 15, 1999.

Tax Rule Policy

The following table shows examples of processing and calculation options for a North Carolina use tax rule. The sample options reflect the requirements for each scenario.

Field or Group	Post tax to separate account	Post tax to line expenditure
Tax Rule Type	Payable	Payable
Tax Rule	NCUSE	NCUSE
Tax Rule Active Date	11/15/1999	11/15/1999
Country	United States	United States
Description	North Carolina Use Tax	North Carolina Use Tax
Verify Tax	Do Not Verify	Do Not Verify
Tax Expense Distribution	Separate Tax Account	Invoice Line Expenditure
Post Tax Basis	No	No
Post Zero Tax Amounts	No	No
Require Tax Reclaimable Code	No	No
Include Tax Amounts in Asset Additions	Yes	Yes
Adjust for Significant Change	No	No
Tax Tier Level	1	1
Tax Discount Adjustment	No	No
Tax Category	NCUSE	NCUSE
Calculate Tax at Line Level	Yes	Yes
Self-Assessed Tax	Yes	Yes
Tax Basis Formula	Goods and services	Goods and services
Tax Calculation Method	Tax Rate	Tax Rate
Tax Calculation (Basis)	Nondiscounted tax basis	Nondiscounted tax basis

Tax Rates and Tax Rate Elements

The following table shows examples of information for tax rates and tax rate elements for a United States use tax rule. The sample information is identical for each scenario because the tax authority determines this information.

Field or Group	Post tax to separate account	Post tax to line expenditure
Tax Rate Active Date	11/15/1999	11/15/1999
Tax Rate Code	STD	STD
Tax Rate	7.000%	7.000%
Description	North Carolina state use tax	North Carolina state use tax

Field or Group	Post tax to separate account	Post tax to line expenditure
Element Numbers	1	1
	2	2
	3	3
Primary Percentage	4.000%	4.000%
	2.000%	2.000%
	1.000%	1.000%
Maximum Tax Basis per Element	n/a	n/a
Secondary Percentage	n/a	n/a
Description	State tax	State tax
	County tax	County tax
	Transportation tax	Transportation tax

Value Added Tax (VAT)

If you process value added tax (VAT), you must set up a VAT tax rule for each country in which you are registered to process VAT.

Calculation and Verification Options

The calculation and verification options you select for value added tax depend on whether the tax is Self-Assessed.

VAT Charged by Vendors

When you define a tax rule for VAT, you usually calculate the tax for payment request lines using the tax rate calculation method. This enables you to verify if the total tax charged is within a tolerance amount or percentage you define.

When Payables verifies the amount of VAT you enter for a payment request, it alerts you if this tax amount is outside the tolerance you defined. You can choose either of two levels of alert:

- Warning
- Error

If you choose Error, you cannot save the payment request until the entered tax amount is within the tolerance. If you choose Warning, you can save the payment request even when the tax amount entered is outside the tolerance.

Self-Assessed VAT

If your country is a member of the European Community (EC) and you are going to process payment requests from vendors registered in other countries in the EC, you must set up a Self-Assessed tax rule or rules.

If the value added tax is Self-Assessed, Payables automatically calculates the tax at line level using the tax rate calculation method. You must define at least one tax rate code for a Self-Assessed VAT rule.

You do not verify Self-Assessed tax amounts.

Tax Basis Formula

The cost of goods and services is automatically part of a value added tax basis. You can also include freight and miscellaneous charges in the tax basis.

Tax Calculation Basis

If the VAT rule allows you to calculate taxes on the discounted tax basis, select the option for discounted tax basis. Otherwise, select the option for nondiscounted tax basis.

Tax Discount Adjustment

In France and Germany, the VAT tax authorities allow you to adjust the amount of VAT calculated on the nondiscounted expenditure if you earn a discount on the expenditure. Select the processing option for tax discount adjustment.

Journal Entries

You can often reclaim all or a portion of a value added tax, and Payables generates journal entries accordingly.

Reclaimable Value Added Tax

For reporting value added tax from your ledger, you usually post all **reclaimable** tax amounts, including zero amounts.

For reporting purposes, you also post the tax basis. Ledger posts the VAT tax basis for a rule and rate in the Miscellaneous Amount field of the journal entry for the reclaimable portion of the tax.

Nonreclaimable Value Added Tax

If you choose to post VAT expense (nonreclaimable) amounts to the expenditure accounts for payment request lines, Payables includes this tax expense in the journal entries for the expenditures.

If you want to post the nonreclaimable VAT expense to a separate tax account, you can set up a nonreclaimable accounting distribution for the tax rule or tax rate, or you can enter the accounting distribution when you enter a payment request.

Accounting Distributions

The following table shows the accounting distributions you can set up for a value added tax rule:

Tax Expense?	Self-Assessed Tax Liability?	Tax Reclaimable?
Yes, if you want to post nonreclaimable value added tax amounts to a separate tax account. Yes, if you enter tax-only payment requests	Yes, if VAT is Self-Assessed.	Yes, if you reclaim all or a portion of the value added tax. If you post the tax basis, it appears in the Miscellaneous Amount field of the journal entry for reclaimable tax.

Tax Rates

For each value added tax rule, you must define at least one tax rate. In most cases, you set up a code for the standard rate or rates and codes for the various zero rates.

Tax Reclaimable Codes

If the tax authority allows you to reclaim any portion of the VAT paid, you must set up a tax reclaimable code for the tax rule. If you can reclaim the value added tax at

various rates, you must establish a tax reclaimable code for each reclaimable percentage.

To set up a tax reclaimable code for a tax rule, you must select the tax rate method of calculation for the tax rule.

If you want to produce a VAT tax return report from your ledger, you must set up at least one tax reclaimable code for the tax rule, even if the reclaimable percentage is zero.

Example

In this example, you are defining a value added tax rule for France that you want to go into effect on November 15, 1999.

Tax Rule Policy

The following table shows examples of processing and calculation options for a French value added tax rule. The sample options reflect the requirements for each scenario.

Field or Group	VAT is not Self-Assessed. Post nonreclaimable tax expense to invoice line expenditure.	VAT is not Self-Assessed. Post nonreclaimable tax expense to separate tax account.	VAT is Self-Assessed. Post nonreclaimable tax expense to separate account.
Tax Rule Type	Payable	Payable	Payable
Tax Rule	FRVAT	FRVAT	FRVAT/SA
Tax Rule Active Date	15/11/1999	15/11/1999	15/11/1999
Country	France	France	France
Description	French VAT	French VAT	Self-Assessed French VAT
Verify Tax	Warning or Error	Warning or Error	Do Not Verify
Tax Expense Distribution	Invoice Line Expenditure	Separate Tax Account	Separate Tax Account
Post Tax Basis	Yes	Yes	Yes
Post Zero Tax Amounts	Yes	Yes	Yes
Require Tax Reclaimable Code	Yes	Yes	Yes
Include Tax Amounts in Asset Additions	Yes	Yes	Yes
Adjust for Significant Change	No	No	No
Tax Tier Level	1	1	1

Field or Group	VAT is not Self-Assessed. Post nonreclaimable tax expense to invoice line expenditure.	VAT is not Self-Assessed. Post nonreclaimable tax expense to separate tax account.	VAT is Self-Assessed. Post nonreclaimable tax expense to separate account.
Tax Discount Adjustment	Yes	Yes	Yes
Tax Category	VAT	VAT	VAT
Calculate Tax at Line Level	Yes	Yes	Yes
Self-Assessed Tax	No	No	Yes
Tax Basis Formula	Goods and services Freight Miscellaneous charges	Goods and services Freight Miscellaneous charges	Goods and services Freight Miscellaneous charges
Tax Calculation Method	Tax Rate	Tax Rate	Tax Rate
Tax Calculation (Basis)	Discounted Tax Basis	Discounted Tax Basis	Discounted Tax Basis

Tax Rates and Tax Rate Elements

The following table shows examples of tax rate information for a French value added tax rule. The sample information depends on the requirements for each scenario.

None of these scenarios requires tax rate elements, so you do not define any tax rate elements.

Field or Group	VAT is not Self-Assessed. Post nonreclaimable tax expense to invoice line expenditure.	VAT is not Self-Assessed. Post nonreclaimable tax expense to separate tax account.	VAT is self-assessed. Post nonreclaimable tax expense to separate account.
Tax Rate Active Date	n/a	15/11/1999	15/11/1999
Tax Rate Codes	STD ZERO EXMPT	STD ZERO EXMPT	STD ZERO EXMPT
Tax Rate	17.500% 0.000% 0.000%	17.500% 0.000% 0.000%	17.500% 0.000% 0.000%

Field or Group	VAT is not Self-Assessed. Post nonreclaimable tax expense to invoice line expenditure.	VAT is not Self-Assessed. Post nonreclaimable tax expense to separate tax account.	VAT is self-assessed. Post nonreclaimable tax expense to separate account.
Description	Standard rate Zero rate Exempt from VAT	Standard rate Zero rate Exempt from VAT	Standard rate Zero rate Exempt from VAT

Tax Reclaimable Policy

The following table shows examples of information for tax reclaimable policy for a French value added tax rule. The sample information is identical for each scenario because the tax authority determines this information.

Field or Group	VAT is not Self-Assessed. Post nonreclaimable tax expense to invoice line expenditure.	VAT is not Self-Assessed. Post nonreclaimable tax expense to separate tax account.	VAT is self-assessed. Post nonreclaimable tax expense to separate account.
Tax Reclaimable Code Active Date	15/11/1999	15/11/1999	15/11/1999
Tax Reclaimable Code	One of these: FULL NONE	One of these: FULL NONE	One of these: FULL NONE
Tax Reclaimable (Percentage)	One of these: 100.000% 0.000%	One of these: 100.000% 0.000%	One of these: 100.000% 0.000%
Description	One of these: Fully reclaimable Not reclaimable	One of these: Fully reclaimable Not reclaimable	One of these: Fully reclaimable Not reclaimable

SMARTStream®

Shared Components Vendor

Version 6.5

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1 Overview of Vendor

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About Vendor

Use Vendor to set up vendor policy and enter vendor and vendor item information. This information is used to process requisitions, purchase orders, and payment requests. It is also used to evaluate vendor performance.

What to Do Before Using Vendor

Before you can set up vendor policy and enter vendor information, you must make certain decisions for your enterprise and enter options and defaults in various SmartStream components.

The following table lists prerequisite information to enter before you can enter vendor policy. It also refers you to the appropriate guides for information.

Prerequisite Information	Guide
User-defined accounting key	Enterprise Accounting (Shared Components)
Periodic calendar and period type	General Enterprise Setup (Shared Components)
Currency codes and options	Currency (Shared Components)

Prerequisite Information	Guide
Enterprise policy defaults ▪ Address, phone, and fax formats ▪ Countries you conduct business with ▪ Currency options ▪ Ledger options ▪ Printing options ▪ Payables payment option ▪ Vendor options	General Enterprise Setup
Ledger entities ▪ Chart of Accounts	Ledger (Financials)
Payables options ▪ Free on board (FOB) points ▪ Freight terms ▪ Payment terms ▪ Ship-via methods ▪ Tax rates ▪ Tax rate elements ▪ Tax rules	General Enterprise Setup Purchasing (Financials) Site and Item (Shared Components) Tax Policy (Financials)
Purchasing options ▪ Classification code ▪ Commodity codes ▪ International commodity codes ▪ Items ▪ Sites	Purchasing Site and Item

Enterprise Policy Defaults

Enter enterprise policy defaults on the Enterprise Policy window. The Vendor and Payables views of this window contain options for Vendor processing.

Vendor

The following table lists and describes the options available on the Vendor view of the Enterprise Policy window. These options are used by your vendor accounts and affect the entry of vendor information.

Note: You cannot override these options in Vendor.

Use this option...	To...
Allow Changes to Vendor Name	Allow changes to the vendor's legal name on the Vendor Master window. Allow changes to the vendor's operating name on the Vendor Master and Vendor Location windows.
Allow Generated Vendor Identifiers	Generate vendor identifiers automatically when you add new vendors.
History and Statistics Calendar	Define the type of calendar and periods you want to use when you display payment history for your vendors. **Note:** You must define this information to display vendor payment history.

Payables

You can select a vendor payment option on the Payables view of the Enterprise Policy window. This option controls the way Payables groups payments to vendors. The available options are

- Single Payment per Entity
- Single Payment per Invoice.

You can override this option when adding or updating vendors.

Default Processing

Vendor policy defaults have priority over purchase entity and payable entity defaults. When you enter a vendor identifier on a requisition, purchase order, or payment request, the defaults you select for the vendor become the defaults for the requisition, purchase order, or payment request.

Tasks for Setting Up Vendor Policy

After you enter the prerequisite information, you can set up vendor policy and add vendors. This information is used to process purchase orders and payment requests and to evaluate vendors. You can add the information using the vendor windows or a scheduled process.

Window Process

The following table lists the tasks for setting up vendor policy and adding vendor information. It also gives a suggested order for performing the tasks and specifies the window to use for each task.

Task	Description	Window
1	Determine unique identifying information for the vendor.	Vendor Master
2	Determine the locations for the vendor. If you do	Vendor Location

Task	Description	Window
	business with multiple locations, decide on a unique identifier for each location. Determine the business addresses, currency options, print settings, and custom information for each location.	
3	Identify the individuals you can contact at the vendor locations.	Vendor Contact
4	Determine payables information for the vendor locations, including the values to serve as defaults for payment requests.	Vendor Payables Information
5	Determine bank information for the vendor locations.	Vendor Bank
6	Determine tax information for the vendor locations, including tax rules, rates, reclaimable codes, and tax IDs.	Vendor Tax
7	Determine earnings and withholding information for the vendor locations.	Vendor Earnings and Withholding
8	Determine default accounting distributions for the vendor locations for expenditure, freight, and miscellaneous charges.	Vendor Accounting Distributions
9	Determine purchasing information for the vendor locations, including vendor certification information and values to serve as defaults for sending purchase orders and change notices.	Vendor Purchasing Information
10	Determine if you require a vendor item catalog and, if so, the vendor item information you want to establish.	Vendor item windows
11	Determine vendor classifications for the vendor locations.	Vendor Classification Codes
12	Determine the commodities you want to assign to vendors at the vendor locations.	Assign Commodities to Vendor
13	Define rating codes to use for vendor performance evaluations.	Vendor Rating Code
14	Define policies for aging open payment requests and payable drafts and accumulating aging totals so that you can display and analyze them.	Payable Aging Policy

This guide contains information to help you make business decisions for performing these tasks.

Scheduled Process

During implementation, you can use the scheduled process to enter the majority of your vendors; then use the vendor windows to add additional vendors and to make changes. For details on setting up and running the scheduled process, see the Vendor chapter in the *Shared Components Technical Reference*.

Quick Vendors

If you have the proper activity and data security, you can use the Quick Vendor action on the Invoice window in SmartStream Payables to bypass the standard process for setting up vendor policy and adding vendor information previously described and add vendors with minimal information. Vendors added using this alternative method are designated as quick vendors with a vendor payables status of Quick.

You can use quick vendors to speed up invoice entry for invoices from new vendors that are not yet added to SmartStream. You can also use them for payables as one-time vendors that, if eligible, can be purged more quickly from SmartStream because they are not subject to the last activity date criterion.

Quick vendors can also be added using the scheduled vendor load process or any of the vendor windows to which the person adding them has security access.

Tasks for Setting Up Vendor Items

When setting up vendor information, you can define a catalog of items associated with a specific vendor. You add this information using the vendor item windows or through the vendor item scheduled process.

Window Process

For a task table and other information to help you set up vendor items, see Setting Up Vendor Items.

Scheduled Process

For details on setting up and running the vendor item scheduled process, see the Vendor chapter in the *Shared Components Technical Reference*.

Tasks for Evaluating Vendors

After doing business with a vendor for a period of time, you can evaluate a vendor's performance on the Vendor Performance Evaluation window using the statistics and related information you have established.

For information on creating vendor performance evaluations, see Vendor Performance Evaluations.

For the procedure and additional information, see Evaluating Vendors in the online Help.

Integration with Other SmartStream Products

Vendor integrates with the following SmartStream products:

- Payables
- Purchasing

Processing with SmartStream Payables

Payables uses vendor payment information and defaults to process payment requests. Payables also uses vendor bank, vendor tax, vendor earnings and withholding, and vendor accounting distribution information.

Vendor uses Payables statistics for vendor history and statistical analysis, vendor performance evaluations, and reporting.

Processing with SmartStream Purchasing

Purchasing uses vendor and vendor item information to process requisitions and purchase orders.

Vendor uses Purchasing statistics for vendor performance evaluations and reporting.

2 Setting Up Vendors and Vendor Policy

Chapter Contents

2-1 About Vendor Policy and Adding Vendors
2-3 Defining Vendor Location Information
2-8 Defining Vendor Contact Information

About Vendor Policy and Adding Vendors

When you set up vendor policy and add vendors, you define vendor master information and identify vendor locations. You also select processing options and defaults for the locations and define vendor contacts.

For more information about adding vendors and vendor policy, see Setting Up Vendor Policy in the online Help.

Adding Vendors

When you add a vendor, you enter key identifying information for the vendor on the Vendor Master window. This vendor master information includes a unique identifier for the vendor and common information (operating name, legal name, and DUNS number) that all locations of the vendor can share.

Vendor Identifier

You can enter the identifier or generate it using the Next Available Number function. After you save a vendor, you cannot change this identifier.

Business Names

You can define an operating name and a legal name for a vendor. The operating name serves as a default on all vendor-related windows and can serve as the default for the legal name.

The operating name also appears on payment requests, payments, and reports that reference the vendor. The legal name appears on purchase orders. You can change the operating name for a location when you first define a vendor location.

You can select the Allow Changes to Vendor Name option in enterprise policy to allow changes to the vendor's operating name after adding the vendor. If you do not select this option, you cannot change the name.

DUNS Number

A *DUNS number* is a unique number the Dun & Bradstreet Corporation issues an enterprise to identify a business establishment. If a vendor has multiple locations, you can assign a different DUNS number to each location.

You define DUNS numbers using the DUNS Name window and the D&B Information window. You can define up to four levels of DUNS numbers to correlate with the organizational hierarchy of an enterprise and use the multiple levels to roll up vendor data. For example, you can roll up purchase dollars and use this information as leverage in obtaining volume discounts.

You can also use DUNS numbers to identify duplicate vendors or to specify other vendor information. For more information about DUNS numbers, see D&B Information and DUNS Name in the online Help.

Defining Vendor Location Information

Vendor location information consists of basic information, options, and defaults for each vendor location you conduct business with. You can define order-from, remit-to, and return-to addresses, currency information, print settings, and custom fields for each location. You can also define search identifiers to help quickly find vendor information online.

The vendor location is the basis for defining the remaining vendor information and is used when you identify a vendor on a purchase order or payment request, as well as for other payables and purchasing activities.

Policy Decisions

When you identify a vendor location, consider the following questions:

- Does the vendor conduct business out of multiple locations? Do you send orders to and receive goods or services from multiple locations for the vendor? Do you send remittances to multiple locations?
- If you are using multiple locations, what are the options and default values you want to set up for each location?
- Does the vendor location use a single currency or multiple currencies?

Identifying Vendor Locations

When you define vendor locations, you enter vendor location information and assign location identifiers.

Single-Location Vendors

For a single-location vendor, you can enter a location identifier or leave the field blank. By leaving it blank, you indicate that the vendor has only one location or has centralized business functions. Whether or not you enter a location identifier, you must define other vendor location information.

Multiple-Location Vendors

For a vendor with multiple locations, you assign a different location identifier to each location. The combination of the vendor identifier and the location identifier uniquely identifies the vendor location.

Example

A vendor has four offices, each with its own ordering function. You set up the following vendor location structure to meet your address needs:

Office Location	Location Identifier
Atlanta, Georgia	ATL
Los Angeles, California	LA
New York City, New York	NYC
Boston, Massachusetts	BST

Internal Standards

You should set up an internal standard for assigning location identifiers so the same location does not have more than one identifier.

Vendor Location Options

When you set up a location for a vendor, you can select several additional options, depending on the needs of your enterprise. These options are not required for a location, but if you choose them they can affect other activities.

Changing the Vendor Name

The default vendor name comes from the Vendor Master window. If you decide to allow changes to the vendor name in vendor enterprise policy, you can change the operating name of the vendor.

Searching for a Vendor

You can enter a search identifier for a vendor location. This identifier helps you quickly find the vendor location online when you enter purchase orders or payment requests or when you update vendor information.

Example 1

You order goods from several companies that have locations in Georgia. You assign vendor search identifiers using the ZIP Code to distinguish between the different Georgia companies.

A change notice or payment request comes in from one of these vendors. When you receive the change notice or payment request, you can use the ZIP Code as part of the vendor search criteria to generate a list of vendors with that ZIP Code.

Example 2

A vendor has a tax ID of 111-11-111. You can use 111-11-111 as part of the vendor search criteria to display the vendor for tax ID 111-11-111.

Entering Vendor Addresses

You can define up to three types of addresses for a vendor location:

- Order-from
- Remit-to
- Return-to

You can have only one of each address type for each vendor-location combination.

Address Format

You can control the display of the address by choosing an address format.

The address format initially displayed when you access the Vendor Location window is the default format defined in enterprise policy. You can accept the enterprise default or override this default by selecting a different address format.

Country Identifier

You can choose the country that your vendor's location conducts business in. The country you select serves as the default for the vendor's bank and tax rules. Purchasing uses the country identifier to calculate international taxes. This identifier does not affect the address.

Currency Information Options and Defaults

Currency information determines the currency your enterprise uses when purchasing items and services from a vendor and when making payments. You can process purchase orders and payment requests using a single currency or multiple currencies.

Currency Defaults

Before entering vendor currency information, review the currency option you selected for enterprise policy. The following table shows how your choice for the enterprise currency option affects the currency options you can select for your vendor:

If you choose this currency option in enterprise policy...	Then...
Single	Your enterprise does business in a single currency. You cannot access the Currency view when you set up a vendor location. The enterprise policy currency values serve as defaults for the vendor.
Multiple	Your enterprise does business in multiple currencies. You can access the Currency view when you set up a vendor location. The enterprise policy currency values serve as defaults for the vendor.

Changing Currency Information

If the Currency view for the Vendor Location window is available (if you selected the multiple currency option), you can either accept the defaults displayed or override them with options that better suit the vendor.

Currency Option

When you choose a currency option for a vendor location, consider the possible currencies your vendor uses. You choose the currency option that specifies whether this vendor location does business in a single currency or in multiple currencies.

Exchange Rate Information for Payables

You can select payment request defaults for the following exchange rate options:

Exchange Rate Information	Description
Rate Entity	Source the vendor location uses for exchange rate information.
Rate Type	Monetary conversion rate that Payables uses. When you define a vendor location, you can select a default rate type after you specify a valid rate entity.
Rate Date Option	Determines when Payables retrieves currency exchange rates for processing payment requests. When you define a vendor location, you can select a default rate date option.

Transaction Currency

The *transaction currency* is the currency the vendor uses to provide items or services to your enterprise. It is also the currency the vendor issues payment requests in. If the enterprise currency option is Multiple, the transaction currency is not required in enterprise policy. Because transaction currency is required in vendor policy, you must enter a value when adding a vendor location if it has no default.

For a multiple-currency vendor, you can override the transaction currency on the purchase order or payment request.

Print Setting Options

The print settings you specify in enterprise policy serve as default settings for the vendor. You can select options that control how to format amounts and dates for a vendor's purchase orders and remittance advice documents, as well as the language to use for a vendor's payments and remittance advice documents.

Custom Field Options

The custom fields are optional. You can define custom fields for any vendor information you want to maintain. You can then generate queries using Microsoft Access to retrieve the information.

Assigning Custom Fields

You can define up to 20 custom fields. Before you decide how to use each field, consider its length. The following table shows the field lengths:

Custom Fields	Field Length
1–4	15 characters
5–7	5 characters
8–10	3 characters
11–17	15 characters
18–20	25 characters

Example

You decide that you need a list of vendors that provide services such as landscaping and plant leasing. You want a report to show all service vendors and the services they provide.

Vendor A provides lawn cutting services, Vendor B provides lawn treatment, such as spreading fertilizer and weed preventer, and Vendor C provides plant leasing. You decide to use Custom Field 1 for the type of vendor and Custom Field 2 for the type of service provided.

The following table illustrates how you can use the custom fields to produce the information you need:

Vendor	Custom Field 1	Custom Field 2
A	Service	Lawn cutting
B	Service	Lawn treatment
C	Service	Plant leasing

Defining Vendor Contact Information

For each vendor, you usually have at least one person you can contact about your business issues. You can specify information about your vendor contacts to help you communicate quickly when necessary.

When you set up contact information for a vendor, you can include the contact type, phone number, fax number, and email address.

Contact Type

Use contact types to define the type of address for the contact (order-from, remit-to, or return-to). You can have one vendor contact for all address types or one vendor contact for each address type. If your vendor has a different contact for each address type, you can enter one or multiple contacts for each type.

Phone and Fax Numbers

Vendor uses the phone and fax number format you choose for all contacts of a specific contact type. If you change the format, the change applies to all contacts for that contact type.

Contact Email Address

You can enter the email address of the contact person at the vendor place of business to make communication with the vendor faster and easier.

3 Setting Up Vendor Payables Information

Chapter Contents

3-1 About Vendor Payables Information
3-1 Defining Vendor Payables Information
3-6 Defining Vendor Bank Information
3-8 Defining Vendor Tax Information
3-12 Defining Vendor Earnings and Withholding Information
3-15 Defining Payable Aging Policies

About Vendor Payables Information

After entering basic vendor master and vendor location information, enter vendor payables information if you installed SmartStream Payables. This information includes vendor bank, vendor tax, and vendor earnings and withholding information.

Defining Vendor Payables Information

You must define vendor payables information, including vendor payment information defaults, before you can enter payment requests.

For more information about defining vendor payables information, see Setting Up Vendor Policy in the online Help.

Policy Decisions

When you enter payables information for a vendor location, consider the following questions:

- What status best reflects the current position of your vendor?
- What are the payment options and default values you need to set up for each vendor location?
- Do you plan to set up an agreement to pay the vendor using evaluated receipt settlement (ERS)?

Choosing a Vendor Status

You choose a status to specify whether this vendor location is active, inactive, a factor vendor, or a privileged vendor within your enterprise.

When you choose a status for your vendor location, consider new and existing payment requests.

Effects of Your Choice

The following table shows the effects of your choice of status for a vendor location:

If you choose...	Then...
Active	Your enterprise is currently doing business with this vendor location. You can add and maintain payment requests. You can add and maintain other vendor information.
Inactive	Your enterprise no longer does business with this vendor location. You cannot add new payment requests, but you can still process existing payment requests or payments. You can display vendor payables information and perform maintenance on all other vendor information.
Factor	This vendor location has purchased the receivables for another vendor. The factor vendor receives the remittances. You can add and maintain payment requests. You can add and maintain other vendor information.
Privileged	This vendor is one of your primary vendors. You can add and maintain payment requests. You can add and maintain other vendor information.
Quick	This vendor is a quick vendor that requires only minimal information (identifier, location, and operating name). You can use quick vendors to speed up invoice entry for invoices from new vendors that are not yet added to SmartStream. You can also use them for payables as one-time vendors that, if eligible, can be purged more quickly from SmartStream because they are not subject to the last activity date criterion.

Choosing Vendor Payment Information

Vendor payment information consists of processing options and defaults that determine how to pay vendor payment requests.

Policy Decisions

When you select payment defaults for a vendor location, consider the following questions:

- How do you want to pay most payment requests for this vendor location?
- What payment terms and method of payment do you use most often with this vendor location's payment requests?
- Do you need to identify factor vendors?
- Does the vendor want you to remit a single payment for each payment request or combine multiple payment requests into one remittance?

Vendor Defaults

You can enter default values for a vendor when you define vendor payables information. These values serve as defaults on the payment requests you enter for the vendor, which speeds up the entry process. You can define default values for the following options:

- Payment method
- Terms

Payment Method

The payment method represents the bank, bank account, and type of payment that you use to pay the vendor. You can override the default payment method if you need to pay the vendor using a different payment method.

Terms

If the vendor specifies particular terms, you can enter the appropriate terms identifier. You can override the default terms on a payment request

Factor Information

If a vendor location has factors, enter the appropriate factor vendor information. All remittances are sent to the factor vendor you identify.

The factor vendor you specify must meet the following criteria:

- The factor vendor identifier and location must be previously defined.
- The status of the factor vendor must be Factor.

Payables adds payments remitted to a factor to the vendor location total when displaying the history of payment information.

Payment Option

You can choose one of the following payment options for generating payments for a vendor location:

If you select...	Payables...
Single Payment Per Entity	Combines all the vendor location's payment requests, by currency within payable entity, to generate a single payment for each applicable currency for each payable entity
Single Payment Per Due Date	Combines all the vendor location's payment requests by due date to generate a single payment.
Single Payment Per Invoice	Generates one payment for each payment request for a specific vendor location. **Note:** Do not choose this option if you want to combine credit and debit memos.

Note: You must choose Single Payment Per Entity or Single Payment Per Due Date to apply credit or debit memos against existing payment requests. With Single Payment Per Due Date, only credit and debit memos that **equal** the payment date for payment requests are combined.

Placing Vendor Payments on Hold

If you need to place all payments to a vendor location on hold, you can select the Remit Hold indicator. When you select this indicator, all payments are stopped until you release the hold.

Invoice Controls

Invoice controls allow you to define values that serve as defaults for the vendor's payment request. You can specify terms and an approval list. You can override the terms on the payment request.

Setting Up an ERS Vendor

You can negotiate agreements with selected vendors to pay the vendors using evaluated receipt settlement (ERS). You set up processing options and controls for an ERS vendor when you define the vendor's payables information.

Selecting a Matching Control

If you perform three-way matching with SmartStream Payables, Purchasing, and Receiving, you specify how to match purchase orders to their associated invoices and receipts when you set up the payables information for each of your vendors. This *matching control* indicator is a default for each purchase order you enter for a vendor. For an ERS vendor you select the ERS matching control.

After sending purchase orders, entering invoices, and receiving goods from your vendors, you run the *scheduled matching process*. This process matches the information on your purchase order line schedules with their associated invoice lines and receipts. The success or failure of the matching process determines whether Payables can generate a payment for the vendor in the next payment run.

The Scheduled ERS Process

The scheduled ERS process enables you to bypass entering invoices for the vendor by

- Identifying receipts for goods from ERS vendors
- Automatically generating invoice transactions from the information on the receipt details.

Payables includes these transactions during the next scheduled invoice load, and the electronically-generated invoices go through the matching process with any invoices entered on the Invoice window.

Changing the Matching Control

If you send a purchase order to an ERS vendor and you decide to process the purchase order through the normal process of entering an invoice on the Invoice window, you can change the default matching control on the purchase order from ERS to the regular three-way document match. You can make this change anytime before the purchase order is sent.

You cannot change this control from the three-way document match to ERS on the purchase order.

Setting Up Numbering Schemes for ERS Invoices

When you define the payables information for an ERS vendor, you also specify the numbering sequence to use for ERS invoices from the vendor. You can include a prefix or suffix, or both, to identify the vendor's invoices.

Example

You negotiate an agreement with Vendor A to purchase 100 boxes of paper for laser printing and copying once each month, at a price of 500 USD per purchase. You agree to match the information on the receipt for each load of paper to the associated purchase order without requiring an invoice to be entered on the Invoice window.

When you define the payables policy information for Vendor A, you specify the evaluated receipt settlement (ERS) matching control, which is a default for all purchase orders for Vendor A.

You decide to purchase a desk from Vendor A, but your ERS agreement does not cover this item. When you enter the purchase order for the desk, you change the matching control default from ERS to PO/Invoice/Receipt. Vendor A sends you an invoice for the desk, you enter a receipt when the desk arrives, and the scheduled matching process matches the three documents as usual.

Defining Vendor Bank Information

When you enter vendor bank information, you are defining the bank a vendor location uses for depositing payments. You can specify information about a vendor's account, bank name, and branch.

Vendor bank information is required if you pay the vendor using a paper document or a type of electronic transfer.

The available paper methods are

- Bank transfer
- Draft
- International bank transfer
- International letter of transfer
- Letter of transfer.

The available types of electronic transfers are

- ACH (Automatic Clearing House)
- BACS (Banker's Automated Clearing System)
- CEMTEX (Australia only)
- IBT (international bank transfer).

For more information about defining bank information, see

- The Bank guide
- Setting Up Vendor Policy in the online Help.

Policy Decisions

When you enter vendor bank information for a vendor location, consider the following questions:

- Do you pay the vendor electronically or by paper?
- What bank information do you need to identify for a vendor location?
- Will the vendor's bank account be used for international payments and use an international bank account number (IBAN)?

Bank Identification Information

The vendor bank information you define, including the bank address, appears on the payment forms, checks, and letters of transfer during the payment process. You can also display this information on the Payment Detail window.

Country

You can enter the country where your vendor's bank does business. The format of the vendor's bank account number and bank number depends on the country you select. The initial default is the country specified on the Vendor Location window.

Bank Number

Although SmartStream uses the term *bank number* to refer to the identification number for a bank, some countries use different terms to refer to it. The following table shows some examples of terms used to identify the bank number:

The bank number is called…	In…
Bank State Branch (BSB)	Australia.
Bank Sort Code	United Kingdom.
Transit Routing Number	Canada and the United States.

IBAN

For IBAN purposes, some countries require that you enter the bank number using the first 4 uppercase letters of the BIC/SWIFT code followed by the numeric bank code. The following table lists these countries and the formats required when entering the bank number:

Country	Bank Number
United Kingdom	*AAAAnnnnnn* or *AAAAnn-nn-nn*
Ireland	*AAAAnnnnnn* or *AAAAnn-nn-nn*
Netherlands	*AAAAnnnn* or *AAAAnn nn*

If the vendor's bank account has an international bank account number, you must enter a value in the IBAN Check Digit field. The bank administering the account provides this value. SmartStream then validates the IBAN components (country code, check digit, domestic bank account number) using the standards defined by the European Committee for Banking Standards (ECBS) and displays the IBAN on the international payment documents (paper and electronic) it produces when required.

Electronic Funds Transfer

Payables supports four types of electronic funds transfer. The following table lists these types and information for each:

If you select...	You can...
ACH	Enter prenote date and status and standard entry classification information.
BACS	Enter Building Society Roll Number and account code information.
CEMTEX	Electronically format Australian payments to Australian banks.
IBT	Enter funds available and payment channel code information.

Defining Vendor Tax Information

When you define tax information for a vendor location, you are defining the default tax rules, rates, and reclaimable codes you want to use for the vendor when processing payment requests.

Defining the tax information and rates for a vendor location allows you to

- Choose vendor tax information to serve as default values on payment requests for the vendor
- Assign a vendor's tax ID for reporting purposes.

For more information about defining tax information, see

- The Tax Policy guide
- Setting Up Vendor Policy in the online Help.

Policy Decisions

When you enter tax information for a vendor location, consider the following questions:

- Do most of the payment requests for a vendor location require a specific tax rule? If so, do you want the tax rule to serve as the default for the vendor location's payment requests?
- Do you need to track the vendor's tax ID for reporting purposes?

Identifying Tax Information

All tax rules defined for Payables in enterprise policy are available for a vendor.

Defining Default Tax Information

You can identify up to two default tax rules for each vendor location. These rules serve as defaults on the payment requests you enter for the vendor.

If a default tax rule becomes inactive, you can choose to remove the default indicator.

For each default rule, you can also enter default values for the following information:

- Rate code
- Reclaimable code
- Freight rate code
- Miscellaneous charge rate code

These tax defaults apply to all payment requests for the vendor. However, you can override the default values when you enter a payment request.

The availability of the default tax rates depends on the options defined for tax rule policy.

Tax ID

You can enter a vendor tax ID for each tax rule that applies to a vendor location. This is necessary if a tax authority requires you to report taxes paid by the vendor tax ID. This requirement varies by country and tax authority. For example, the United Kingdom requires that you report the vendor's tax ID when reporting value added tax (VAT).

When you enter a payment request that has a tax rule, Payables checks the vendor tax information to see if a vendor tax ID is defined for the tax rule. If it is, it serves as the default on the payment request. The vendor tax ID is displayed on the Tax Information view of the Invoice window.

Example

A vendor does business with your United Kingdom location. The vendor's tax ID for VAT is GB65151008. When defining vendor tax information, you enter the tax ID for the UKVAT tax rule.

When you enter a payment request for this vendor, Payables uses the UKVAT tax rule and passes the vendor tax ID as a default for that rule to the payment request. You use this information to report the VAT paid to the vendor.

Defining Partial Tax Defaults

When you define a default tax rule, you have the following options:

- Enter the complete default tax rule with its default tax rates and reclaimable codes in vendor policy
- Enter selected default rates for the default tax rule in vendor policy, then enter the remaining default rates when you enter a payment request.

Sharing Tax Defaults with a Payable Entity

When you set up a vendor location, you can specify a tax rule and make it a default for payment requests. You can also enter one or more of the default tax rates, if the tax rule uses them.

When you set up tax policy for a payable entity that processes payment requests from the vendor, you specify the same tax rule as a default. You can then enter the remainder of the default tax rates you omitted from the vendor's tax policy.

When you enter a payment request, Payables first obtains any values for the default tax rule defined in vendor policy. Then Payables obtains the remaining values for the default tax rule from the payable entity's policy.

You can omit some of the default information from both types of policy, then fill in this remaining information when you enter a payment request.

Example

Your company is located in Toronto, Ontario. Because you do most of your business within Ontario, you pay Canadian goods and services tax (GST) and Ontario provincial sales tax (PST) on most payment requests. You also deal with a few vendors from Quebec.

Payable Entity Tax Defaults

When you set up the payable entity CAN01, you enter the following tax information:

Tax Rule	Tax Identifier	Default Tax Rule?
CGST (Canadian goods and services tax)	4421-9903	Yes
OPST (Ontario provincial sales tax)	2839-7006	Yes
Self-assessed Ontario PST (provincial sales tax)	22222-666	No

Ontario Vendor Tax Defaults

You set up the following tax policy information for a vendor in Ontario:

Tax Rule	Tax Identifier	Default Tax Rule?
CGST	6666-77	No
OPST	9999-6066	No

Quebec Vendor Tax Defaults

You set up the following tax policy information for a vendor in Quebec:

Tax Rule	Tax Identifier	Default Tax Rule?
CGST	5555-77	Yes
Self-assessed Ontario PST	1111-223	Yes

You set up this tax policy for these reasons:

- You selected two default tax rules for the payable entity because most payment requests for the payable entity include both taxes.
- You entered tax identifiers for both default tax rules for the payable entity because you report paid taxes to both of these tax authorities.
- You selected the tax rule for self-assessed Ontario provincial sales tax for use with companies located outside Ontario. You did not make it a default because you use the rule only for vendors outside Ontario.
- You did not define Canadian goods and services tax as a default for your Ontario vendors because the defaults for the payable entity are sufficient.
- You defined Canadian goods and services tax as a default for your vendors in Quebec because you want Payables to use the vendor default tax rule for self-assessed Ontario provincial sales tax. (The vendor's single default has priority

over both of the payable entity's defaults; therefore, you must define the Canadian goods and services tax rule as a default for both parties.)

- You defined Ontario self-assessed provincial sales tax as a default for your vendors in Quebec because you must report the taxes due to the Ontario tax authorities.

Payables processes taxes for this payable entity as follows:

- Applies Canadian goods and services tax and Ontario provincial sales tax to all payment requests for the payable entity, unless a default vendor tax rule has priority over the payable entity's default.
- Records goods and services tax, Ontario provincial sales tax, and self-assessed Ontario provincial sales tax for reporting purposes.

Defining Vendor Earnings and Withholding Information

Vendor earnings and withholding allows you to define earnings and withholding information for a vendor location. The values you specify serve as defaults on the payment requests for the vendor location.

For more information about defining vendor earnings and withholding, see

- The *Tax Policy* guide
- Setting Up Vendor Policy in the online Help.

Policy Decisions

When you enter earnings and withholding information for a vendor location, consider the following questions:

- Do you need to report withholding for your vendor location?
- What earnings and withholding rule applies to your vendor location?
- What, if any, earnings and withholding category applies to the vendor?

Earnings and Withholding Policy

Earnings and withholding rules and categories are available for your vendor location only if they are already defined in earnings and withholding policy.

You can define earnings and withholding information rules for the following tax authorities:

Taxing Authority	Type of Earnings and Withholding Rule
United States Internal Revenue Service	1099
Australian Tax Office	Australian Prescribed Payment System (PPS)
Revenue Canada	T4A
United Kingdom Inland Revenue	Construction Industry Tax (CIT)

Certificates

A vendor can apply to a tax authority for a withholding percentage that is different from the standard rate. The tax authority gives the vendor a certificate that specifies the nonstandard percentage, and the vendor presents the certificate to you (the payer) as evidence of the different withholding rate.

When you set up earnings and withholding policy for this vendor, enter the nonstandard withholding rate specified on the certificate. When you make a payment to this vendor, Payables uses the withholding rate specified in the vendor's policy

instead of the standard rate contained in the policy for the earnings and withholding rule.

You can enter up to two withholding certificates for each PPS, T4A, or CIT withholding option. However, one certificate must expire before the second certificate becomes effective.

For each certificate, you can enter the following information:

- Certificate number
- Certificate type
- Withholding rate
- Valid to and from dates.

When you choose CIT as the type of withholding rule, you can enter the following additional information for each certificate:

- Construction Industry Scheme (CIS) type
- Free-form text for any CIS need (User Field 2 or User Field 3).

You can also enter free-form text that applies to the CIT withholding rule in general (User Field 1).

Earnings and Withholding Options

When you enter a default earnings and withholding rule for a vendor, you can specify the conditions for withholding the tax for that vendor location. You cannot change the vendor default option when you enter a payment request. If you do not select an option for the vendor, the payment request uses the option set up for the earnings and withholding rule in earnings and withholding policy.

You can select one of the following options:

If you select this option...	Payables...
Withhold only if no tax ID is present	Calculates withholding amounts at the vendor rate when the vendor does not have a tax ID.
Always withhold	Always withholds amounts.
Do not withhold	Never calculates withholding amounts. Payments are for the full amount.
Hold payment if no vendor tax ID	Never withholds amounts. If the vendor does not have a tax ID, Payables holds payment to the vendor until a valid tax ID is entered.

1099 Withholding

The United States Internal Revenue Service (IRS) requires companies to report earnings paid to certain vendors. You use Form 1099 to report the earnings and withholding amounts for a vendor. The IRS uses this information to audit the vendor's income tax reporting.

To designate a vendor as a 1099 vendor, you set up earnings and withholding information for the vendor and select 1099 as the earnings and withholding rule. The 1099 rule serves as a default on all payment requests you enter for the vendor. If you decide not to define earnings and withholding defaults for a vendor at this time, you can add them later on an invoice.

1099 Categories

When reporting earnings and withholding for a vendor, the IRS requires you to classify the earnings using a published set of earnings categories. You can select a 1099 category for the vendor, which serves as the default on the payment requests for that vendor. You can override the default category on the payment request.

Example

A contractor working for your company is subject to 1099 reporting. The type of earnings is categorized as nonemployee compensation. When defining vendor earnings and withholding information for the vendor, you select the 1099 rule and a default category of nonemployee compensation. These values serve as defaults on the payment requests you enter for this vendor.

Prescribed Payment System

The Australian Tax Office requires withholding for Prescribed Payment System (PPS) taxes. Because you always withhold PPS taxes, select the Always withhold option.

PPS uses standard, variable, and penalty rates for calculating PPS withholding. The standard rate applies to all vendors with valid tax IDs, while the penalty rate applies to all vendors without valid tax IDs. Variable rates can apply to vendors with valid certificates.

Construction Industry Tax

The United Kingdom Inland Revenue administers the Construction Industry Tax (CIT). When you process a payment request, Payables withholds the tax only if the vendor has no tax ID. Payables does not use certificate information for CIT if the withholding option is Hold payment if no tax ID entered.

T4A

Revenue Canada administers the T4A tax. Payables does not use certificate information for T4A if the withholding option is Hold payment if no tax ID is entered.

Defining Payable Aging Policies

Aging policy is a set of rules for aging open payment requests and payable drafts and accumulating aging totals. You assign the aging policy to use when you enter Job Scheduler parameters for running the Vendor Aging scheduled process.

Vendor uses the due date of the payment request or payable draft as the basis for the aging process.

Using Aging Totals

After you set up your aging policy, you can use aging totals for analyzing payables statistics to manage your vendor relationships effectively.

How You Set Up Aging Policies

The following table summarizes the tasks for defining aging policy:

Task	Description
1	Determine the different aging policies you need to use for processing payment requests and payable drafts.
2	Assign an aging identifier and a description to an aging policy on the Payable Aging Policy activity.
3	Specify the aging types and maximum days for each accumulator.
4	Repeat steps 2 and 3 until you finish adding the aging policies you need.

Example

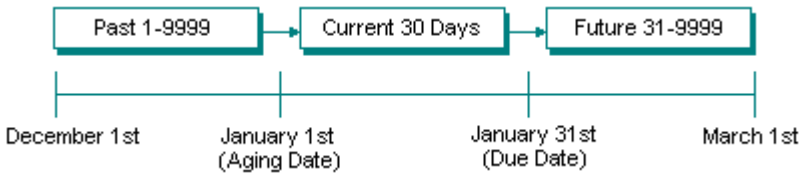
You want to define an aging policy for open payment requests and payable drafts that are

- 1 to 30 days past the due date
- More than 30 days past the due date
- Current for a 30-day period
- More than 30 days earlier than the due date.

Define the aging policy for your enterprise with the following aging types and maximum days:

You add this aging type…	And this maximum number of days from due date…	Vendor ages documents that are…
Past	9999	Over 31 days past the due date.
Past	30	1 to 30 days past the due date.
Current	30	Within a 30-day period of the due date.

You add this aging type…	And this maximum number of days from due date…	Vendor ages documents that are…
Future	9999	Earlier than the due date.



Defining Aging Policies

After you determine the aging policies you need, enter the information necessary to define aging policies that meet the requirements of your enterprise.

Aging Accumulators

You can define up to 12 aging categories for each aging policy. Using these categories, also called *accumulators,* you can store aging totals for analysis.

Identifiers and Descriptions

Define a unique identifier for each aging policy and a name or title to describe the identifier.

You might want to define naming conventions to ensure consistency.

Aging Types

Aging types define the kinds of aging totals you want to accumulate for payment requests and payable drafts.

You can accumulate the following aging types:

- Future
- Current
- Past due.

For each aging policy you set up, you can accumulate up to 12 totals using these aging types.

Requirements

The aging policy you set up must include one current aging type and at least one future and past due aging type.

Maximum Days from Due Date

Entering the number of days from the due date defines the cutoff for the range of an aging total. For past due totals, maximum days represent the number of days past the due date. For current and future, they represent the number of days before the due date.

You must enter a different number of maximum days for each past due or future accumulator.

The aging date is the date you specify when you run the aging processor. If your aging date is January 1, Vendor includes payment requests and payable drafts due before January in a past due accumulator. It accumulates payment requests and payable drafts due January 1 in a current accumulator. It accumulates payment requests and payable drafts due after January 1 in a future accumulator.

Ranges

When you define an aging type and the maximum days, Vendor displays a brief description of that aging type using the values you entered. After you enter the aging type and maximum number of days from the due date for each accumulator and save the policy, Vendor sequences the accumulators and displays them in past, current, and future order.

Aging Totals

Vendor displays aging totals for the vendor, location, payable entity, and currency comination you select on the Vendor Payables Inquiry window. The descriptions that appear vary based on how you define the policy.

Updating Aging Totals

Changing your aging policy can affect your aging totals. Vendor does not update the totals until after you run the *aging processor*. The aging processor is a scheduled process that calculates the age of receivable documents based on the payment request or payable draft due date and the aging date.

4 Setting Up Vendor Accounting Distributions

Chapter Contents

4-1 About Vendor Accounting Distributions
4-3 Defining Distribution Types

About Vendor Accounting Distributions

When you enter accounting distributions for a vendor, you determine the types of accounts you commonly use for your vendors.

For each distribution type, you can enter a full or partial accounting distribution to use as a default for journal entries for the vendor.

The accounting distributions you select as defaults for the available distribution types become defaults for processing purchase orders and payment requests for the vendor. Journal entries are generated for posting amounts to these accounting distributions when you process an invoice for the vendor.

For more information about setting up accounting distributions, see the

- Enterprise Accounting Guide
- Vendor Accounting Distributions Window.

Policy Decisions

When you enter accounting distributions for a vendor, consider the following questions:

- Does this vendor provide goods or services that are always charged to the same expense account?
- Do you allocate freight charges to the lines of a purchase order or payment request, or do you allocate freight charges to a separate freight expense account?
- Do you allocate miscellaneous charges to the lines of a purchase order or payment request, or do you allocate miscellaneous charges to a separate miscellaneous charges expense account?

Defining Distribution Types

You can establish default accounting distributions in vendor policy for the following distribution types:

- Expenditure
- Freight expense
- Miscellaneous charges

You can also establish default accounting distributions for all these distribution types when you set up a payable entity. If you define a different default for the same distribution type, Payables uses the vendor default during processing.

Expenditure

Expenditure accounts can vary depending on the vendor and the commodity that the vendor sells. If the accounts vary, you can choose not to define a default expenditure accounting distribution for the vendor, or you can define a partial accounting distribution with default values for the constant values only.

If you define a default expenditure accounting distribution for a vendor and a different default expenditure accounting distribution for a payable entity, Payables or Purchasing uses the vendor default when processing payment requests and purchase orders.

Freight Expense

When you set up a vendor, you choose whether to allocate freight charges to the lines of payment requests.

If you do not allocate freight charges to payment request lines, Payables generates separate journal entries for these charges and the taxes calculated for these charges (if taxes are calculated separately). Ledger then posts these amounts to a separate fright expense account.

If you define a default accounting distribution for freight expenses for a vendor and a different distribution for a payable entity, Payables uses the vendor default during processing.

Miscellaneous Charges

When you set up a vendor, you choose whether to allocate miscellaneous charges to the lines of payment requests.

If the vendor does not allocate miscellaneous charges to payment request lines, Payables posts these charges and the taxes calculated for these charges, (if taxes are calculated separately) to a separate miscellaneous charges expense account.

If you define a default accounting distribution for miscellaneous charges expense for a vendor and a different distribution for a payable entity, Payables uses the vendor default during processing.

Example

You are setting up policy for the vendor of an office lease. You are also defining policy for the payable entity through which the lease is processed. Your accounting distribution consists of a ledger entity and the following five elements:

- Division
- Account
- Department
- Product
- Project

All services for this vendor are charged to the office lease account (account 53220).

The payable entity that deals with this vendor specifies the division and department leasing the office space as defaults for the accounting distribution.

In vendor policy you enter the office lease account (53220) as the default for the Account element of the accounting distribution.

Alias

To simplify entering accounting distribution information for purchase orders or payment requests, you choose the alias that is associated with the expenditure, freight, or miscellaneous charges distribution type. Vendor displays the associated accounting distribution information in the appropriate fields. You can override this information as needed or add any of the other elements.

5 Setting Up Vendor Purchasing Information

Chapter Contents

5-1 About Vendor Purchasing Information
5-4 Assigning Classifications to Vendors
5-5 Assigning Commodities to Vendors

About Vendor Purchasing Information

You define vendor purchasing information for specific sites. This information serves as the defaults for requisitions, purchase orders, and change notices.

For more information about adding vendor purchasing information, see Setting Up Vendor Policy in the online Help.

Components of Purchasing Information

When you set up purchasing information for a vendor, you can include the following information:

- Send methods for purchase orders and change notices.
- Order information such as terms, shipping methods, freight terms, free-on-board (FOB) point, authorized charges, and vendor certification information.
- Receiving information. This consists of the under-tolerance percentage, over-tolerance percentage, and early or late days allowed for deliveries; lead time required for delivering cataloged vendor items; and ERS (evaluated receipt settlement) information.
- Order-from, return-to, and remit-to addresses. The address format initially displayed can come from enterprise policy or the Vendor Location window. You can override the default.

Send Methods

You can determine the way you usually send purchase orders and change notices to your vendors. You can choose different send methods and defaults for each. The send methods are

- Electronic Data Interchange (EDI)
- Fax
- Print.

Defaults

When you choose a send method for a vendor, you can specify a default for purchase orders and change notices. You can change the vendor default Send Method option on the Document Detail view of the Purchase Order window and the Select Purchase Orders to Send window.

Order Information

You enter the shipping and freight terms to use as defaults for each vendor on purchase orders. The shipping terms consist of

- Payment terms for orders placed
- Method of shipping, such as common carrier
- Free-on-board (FOB) points
- Freight terms to indicate what charges are allowed and what the shipper can collect
- The option to allow freight and miscellaneous charges for a matched purchase order.

Order Hold

You select the Order Hold option if you need to place all purchase orders for a vendor on hold. When you select this option, no orders are sent to the vendor until you release the hold.

Vendor Certification

You can use the Vendor Certified option to specify whether a vendor has passed your certification criteria. You must select this option to add and process purchase orders for a vendor.

You can also select a level of certification (None or 1 through 5) and record the certification date.

Receiving Information

The receiving information you enter determines the acceptance of goods received on purchase orders for the vendor. You identify the

- Tolerance level for closing purchase order line schedules short
- Tolerance level for overages
- Number of days early or late that you can accept goods received

- Number of days a vendor requires to deliver cataloged vendor items
- ERS information.

Under-Tolerance Percentage

You determine the maximum percentage of items under the order quantity that you can receive on a purchase order before SmartStream Receiving can automatically close a purchase order line schedule short.

Example. You set the percentage of tolerance that you allow under the quantity listed on a purchase order at 10%. You add a purchase order for 500 printed brochures. If the vendor sends 475 brochures, Receiving can close the purchase order line schedule short because it is within tolerance. If the vendor sends 425 brochures, Receiving cannot close the purchase order line schedule short.

Over-Tolerance Percentage

You determine the maximum percentage over the order quantity that you can receive on a purchase order before Purchasing generates a receiving exception.

Example. You set the percentage of tolerance that you allow over the quantity listed on a purchase order at 10%. You add a purchase order for 100 chairs. If the vendor sends 110 chairs, Purchasing does not generate a receiving exception. If the vendor sends 111 chairs, Purchasing does generate an exception.

Days Allowed

Early and late days allowed are used to identify the number of days before or after the vendor promise date for deliveries. This information is used statistical purposes.

Lead Time

You can enter the number of days a vendor requires to deliver a cataloged vendor item. Purchasing adds this value to the current date to determine if the required date you enter on a requisition line or purchase order line is valid. If the calculated delivery date falls after the required date, Purchasing issues a warning message. If this date falls on a day that is not a valid workday, Purchasing changes it to the next valid workday.

Note: If you enter a lead time on the Vendor Item Definition window, Purchasing uses that value instead.

Assigning Classifications to Vendors

Vendor classifications are optional and used for reporting purposes. You can assign one or more classifications depending the vendor and your needs. You can also remove classifications.

Before you assign classifications to a vendor, review the classification descriptions you defined on the Classifications window.

Policy Decisions

When you assign vendor classifications, consider the following questions:

- Does your enterprise require classifications for vendors?
- Which vendors can you group under each classification?

Reporting

To produce a list of classifications for your vendors, perform a query or generate a report using Microsoft Access.

Assigning Commodities to Vendors

Commodities are user-defined groups of items or services that share similar characteristics. By assigning commodities to vendors, you can

- Report on the commodities that certain vendors can supply or on the vendors that can supply certain commodities.
- Consolidate your vendor base by fully using the commodities a vendor can supply.
- Track commodity statistics by vendor to use for vendor evaluations.

For more information on vendor statistics, see the Vendor History Totals and Statistics chapter.

For more information on vendor evaluations, see the Vendor Performance Evaluations chapter.

You can remove commodities from a vendor as well as assign them. The assignment of commodities does not affect processing.

Prerequisites

Before you can assign commodities to vendors, you must define commodities on the Commodity window.

Policy Decisions

When you assign commodities to vendors, consider the following questions:

- What commodities does your enterprise need?
- Which vendors can supply these commodities?

Reporting

To produce a list of vendors and commodities, perform a query or generate a report using Microsoft Access.

6 Setting Up Vendor Items

Chapter Contents

6-1 About Vendor Items
6-3 Defining Vendor Item Options and Defaults
6-6 Defining Vendor Item Prices
6-8 Assigning Participating Sites
6-9 Assigning Classifications to Vendor Items
6-10 Defining Vendor Item Manufacturer Information

About Vendor Items

*Vendor item*s are items associated with a specific vendor. When you add vendor items, you define key identifying information for the vendor items and common information that all sites using the vendor items can share. You also define site-specific information for the vendor items. This information is used for processing requisitions and purchase orders.

For more information about setting up vendor items, see Setting Up Vendor Items.

Tasks for Setting Up Vendor Items

You create and maintain an online catalog of vendor items using the vendor item windows or a scheduled process.

Window Process

The following table lists the tasks for setting up vendor items using the vendor item windows. It also gives a suggested order for performing the tasks and specifies the window to use for each task.

Task	Description	Window
1	Determine unique identifying information for the vendor items and associate the items with a commodity.	Vendor Item Master
2	Determine processing options and defaults for the vendor items. Define the purchase site. Establish comments.	Vendor Item Definition
3	Determine price information for the vendor items.	Vendor Item Price
4	Determine manufacturer information for the vendor items.	Vendor Item Manufacturer
5	Assign participating sites to the vendor items.	Assign Participating Sites
6	Assign classifications to the vendor items.	Assign Classification to Vendor Item

Scheduled Process

For details on setting up and running the vendor item scheduled process, see the vendor technical information.

Vendor Item Catalog

A *vendor item catalog* lists the vendor items and detailed information you entered for them on the vendor item windows or through the scheduled process. Purchasing uses this information to process requisitions and purchase orders.

Using vendor item catalog information, you can associate an internal item with one or more vendor items. You can also reference vendor items that are not associated with an item.

Default Processing

When you enter a vendor item identifier on a requisition or purchase order, the information you define for the vendor item can serve as default values. You can override some of this information on the requisition or purchase order.

Commodity

You can group related vendor items by assigning them to a commodity. For example, you can define office furniture as a commodity and associate chairs, desks, and filing cabinets with that commodity.

Defining Vendor Item Options and Defaults

Vendor item information includes processing options and defaults for each vendor item. You define vendor items for a specific site. You can associate a vendor item with an internal item, identify the site that can purchase the item, and establish a primary purchase unit of measure (UOM) for the item.

Policy Decisions

When you enter processing options and defaults for a vendor item, consider the following questions:

- What sites do you want to associate with the vendor item?
- Do you require a minimum order quantity or lead time at the site?
- Is this vendor item a service? Is it a fixed asset?
- What items do you want to associate with this vendor item or with multiple vendor items at this site?
- If you have multiple vendor items associated with an item at this site, do you want to designate one as the preferred vendor item?
- Do you want to establish an under-tolerance percentage for automatically closing a purchase order line schedule short to receiving when you receive quantities that are less than what you ordered?
- Do you want to establish an over-tolerance percentage to automatically generate receiving exceptions when you receive quantities that are greater than what you ordered?

Purchase Site

A *purchase site* is a site that has responsibility for buying specific vendor items. Only purchase sites can purchase vendor items directly. You must define other sites needing the items as participating sites so they can request that the purchase site purchase the vendor items for them.

A purchase site buyer can change vendor item information as needed.

Primary Purchase UOM

You must enter a primary purchase unit of measure (UOM) as a default for vendor item packaging and ordering needs. You can define prices in different units of measure, if you want.

Discrete Validation

The primary purchase UOM is subject to discrete validation if you selected this option when establishing the unit of measure. Discrete validation determines whether you allow ordering fractional quantities or only whole units. If you allow fractional quantities, you can requisition a portion of the primary unit of measure.

Example

You purchase adhesive by the gallon. The vendor's minimum order amount is 1.5 gallons. You did not select the Discrete option when you defined this unit of measure, so you can enter fractional quantities. When you define adhesive as a vendor item, you can enter gallon as the primary UOM and order fractional quantities of the vendor item as needed.

Fixed Asset Indicator

Indicates whether the vendor item is a fixed asset. If you cross-reference a vendor item with an item, Purchasing uses the fixed asset indicator for the site item when processing requisitions and purchase orders.

Service Indicator

Indicates whether the vendor item is a service item. If you cross-reference a vendor item with an item, the service indicator for the site item is used when processing requisitions and purchase orders.

Preferred Vendor Item

You can associate one or more vendor items with an item. The items must be previously defined for your site and have the same commodity. Associating vendor items with an item simplifies choosing the item on the requisition.

You can select one vendor item as the preferred vendor item for each item. When a requester chooses the item, the preferred vendor item is the default on the requisition.

Example

A requester chooses an item, a pen, on the requisition. The preferred vendor item is an ABS ball-point pen. ABS ball-point is the default on the requisition.

Vendor Items Cross-Referenced to Items

When you enter an item first on a requisition or purchase order, Purchasing searches for a vendor item cross-referenced to the item and uses certain vendor item information as the defaults on the requisition or purchase order line.

If Purchasing finds more than one vendor item cross-referenced to the item, it uses the preferred vendor item information as defaults on the requisition. On a purchase order, Purchasing uses the preferred vendor item information if multiple cross-references are defined.

Minimum Order Quantity

The minimum order quantity is determined by your vendors. You can use minimum order quantities to serve as defaults when requesting vendor items on a requisition. The primary unit of measure is associated with the minimum order quantity.

If the Discrete option was not selected for the primary unit of measure, you can enter the minimum order in fractional quantities.

Example

The primary unit of measure for the vendor item, adhesive, is a gallon. Gallon is not defined as discrete. The minimum order quantity that the vendor allows for this item is 1.5 gallons. You can enter 1.5 gallons as the minimum order quantity.

Lead Time

You can enter the number of days a vendor requires to deliver an item. Purchasing adds this value to the current date to determine if the required date you enter on a requisition line or purchase order line is valid. If the calculated delivery date falls after the required date, Purchasing issues a message.

If you do not enter a lead time on this window, Purchasing looks for this value in the vendor purchasing information.

Receiving Tolerances

Receiving uses the under-tolerance percentage to determine when to close a purchase order line schedule short to receiving.

Receiving uses the over-tolerance percentage to determine receipt exceptions when the quantity of goods received exceeds the quantity ordered.

Defining Vendor Item Prices

When you add vendor items, you enter basic pricing information, such as the unit of measure, quantity, price, effective date, and currency. This information serves as defaults on requisitions and purchase orders.

Policy Decisions

When you add vendor item prices, consider the following questions:

- Do most of your vendor items have a single unit of measure? Or do you need to add prices for multiple units of measure?
- What currencies do your vendors use?

Unit of Measure

You can accept the default primary unit of measure or choose from the other units of measure displayed for a vendor item.

Quantity

Quantities depend on the unit of measure. If you need to define prices for fractional quantities, your unit of measure cannot be defined as discrete.

Dates

The effective date for the vendor item price determines the period during which the price is valid. Based on the effective date, the most current price appears on the requisition and purchase order. Consider the following information when setting up your dates:

- You must always have an effective date.
- Expiration dates are optional. If you do not have an expiration date, the price is considered valid indefinitely.
- The price associated with the most current effective date overrides another existing price for the same vendor item.
- Prices cannot be used before the effective date.
- You cannot have multiple prices for a vendor item with the same effective date, UOM, and quantity.

Example

The following table shows an example of prices added for a vendor item:

Effective Date	Expiration Date	UOM	Quantity	Price
10/07/99	10/21/99	Box	100	10.00
10/22/99	11/30/99	Box	100	12.00
11/30/99	12/31/99	Each	10	1.25
12/01/99	12/31/99	Box	75	9.00

Currency Information

All currencies defined for a vendor are available for a vendor item. If the vendor is set up to use a single currency, you can define prices in only one currency.

For information on defining currencies for vendors, see the Currency Guide or see Currency Information Options and Defaults.

Assigning Participating Sites

Only a purchase site can purchase a vendor item. You can assign the other sites needing the vendor item to the vendor item as participating sites. They can then access the vendor item information from the purchase site and request the vendor item on requisitions.

Policy Decisions

When you assign a participating site, consider the following question:

What sites need to request the vendor item?

Reporting

To produce a list of participating sites, perform a query or generate a report using Microsoft Access.

Assigning Classifications to Vendor Items

A classification groups similar items. You can select one or more classifications for a vendor item.

You define classifications on the Classifications window. Before assigning classifications, you may want to review the your classification descriptions.

Policy Decisions

When you assign classifications to vendor items, consider the following questions:

- Does your enterprise require classifications for vendor items?
- Which vendor items can you group?

Reporting

To produce a list of classifications for your vendor items, perform a query or generate a report using Microsoft Access.

Defining Vendor Item Manufacturer Information

You can associate a manufacturer with a vendor item. Depending on the needs of your enterprise, you can associate several manufacturers with a vendor item.

Manufacturer information is used for reference only.

Policy Decisions

When you identify a vendor item manufacturer, consider the question: Does your enterprise require preferred manufacturers for specific vendor items?

Preferred Manufacturer

You can choose one manufacturer as the preferred manufacturer for each vendor item. When a requester chooses an item, the preferred manufacturer serves as the default on the purchase order.

Reporting

To produce a list of manufacturers for vendor items, perform a query or generate a report using Microsoft Access.

7 Vendor Performance Evaluations

Chapter Contents

7-1 About Vendor Performance Evaluations
7-4 Defining Vendor Rating Codes
7-6 Creating Vendor Performance Evaluations

About Vendor Performance Evaluations

The Vendor Performance Evaluation activity is a tool you can use to evaluate a vendor's performance. You can evaluate both current and potential vendors, as long as you first define the vendors in Vendor and define criteria for rating the vendors. You can use vendor performance evaluations, with the D&B Information window, for such purposes as

- Consolidating your vendor base
- Creating bid lists
- Determining vendor reliability
- Determining vendor certification levels
- Determining vendors to order specific goods or services from (if you assign commodities to vendors)
- Making other cost-effective decisions.

For more information, see the references in the following table:

Subject You Want to Learn More About	Online Help Topic
Vendor performance evaluations	Evaluating Vendors
D&B Information window	D&B Information and DUNS Name

Tasks for Creating Vendor Performance Evaluations

The following table lists the basic tasks for adding vendor performance evaluations and gives a suggested order for performing these tasks. The windows you use are explained in this chapter.

For more information, see Evaluating Vendors in the online Help.

Task	Description
1	Determine the elements (characteristics) you want to rate the vendor on.
2	Determine a rating code for each element and how you want to measure each one.
3	Define the rating codes using the Vendor Rating Code window.
4	Determine actual ratings for the vendor.
5	Add a vendor performance evaluation using the Vendor Performance Evaluation window.
6	Analyze and report the information using SmartStream and supported third-party reporting tools.

Determining Actual Ratings

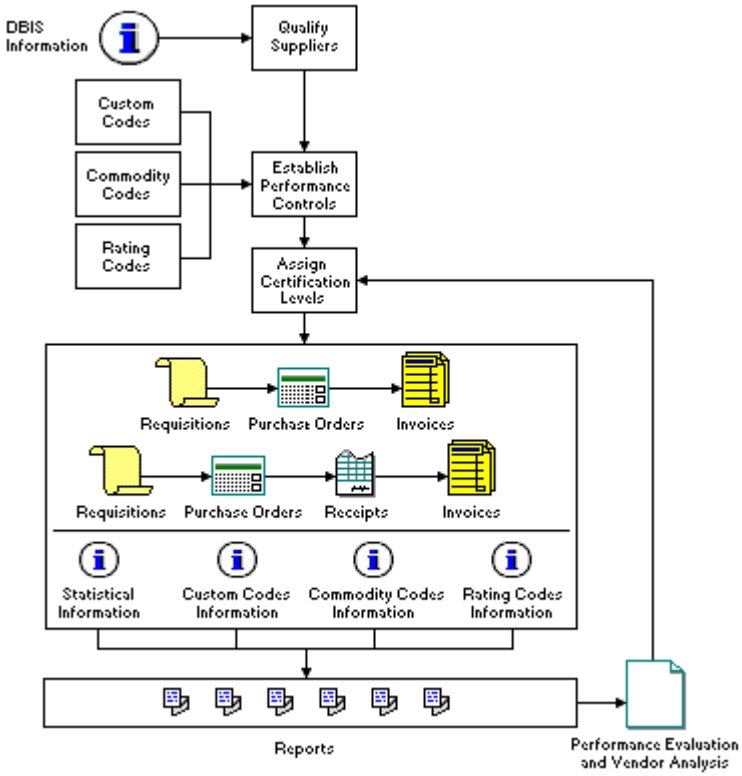
To determine actual ratings for vendors, you can use data from any available source, from your personal knowledge of the vendors to sophisticated statistical analysis. Payables and Purchasing collect statistics during the processing of purchase orders and payment requests. Vendor also collects statistics. Be sure to assign commodities to the vendors if you want to collect statistics by vendor.

The Custom Fields view of the Vendor Location window is another potential source of data. You can use the 20 user-defined fields to record any information you need and report on the information using Microsoft Access. Dun & Bradstreet Information Services (DBIS) is another resource if you have assigned DUNS numbers to your vendors.

After you determine actual ratings, you transfer the information to the Vendor Performance Evaluation window.

Evaluations and Total Supplier Management

Vendor evaluations are a crucial component of vendor management. The diagram on the following page gives an overview of the total supplier management concept and shows the role of the vendor performance evaluation, as well as other components discussed in this chapter.


DBIS Information
Qualify Suppliers
Custom Codes
Commodity Codes
Rating Codes
Establish Performance Controls
Assign Certification Levels
Requisitions
Purchase Orders
Invoices
Requisitions
Purchase Orders
Receipts
Invoices
Statistical Information
Custom Codes Information
Commodity Codes Information
Rating Codes Information
Reports
Performance Evaluation and Vendor Analysis

Defining Vendor Rating Codes

A *vendor rating code* is a user-defined identifier for a vendor performance element (characteristic). You associate each code with a short description. You can also record detailed information or calculations for the code or the element it measures. You use these codes for evaluating vendors on the Vendor Performance Evaluation window.

Policy Decisions

When you define vendor rating codes, consider the following questions:

- What vendor performance elements do you want to rate the vendors on?
- What code will you use to identify each element? Do you want to establish naming standards?
- How will you measure each element?
- Do you want to define codes for determining overall ratings?

Overall Ratings

You can combine several individual ratings to get an overall rating score for a broader category of vendor performance. For example, you can measure the pricing components of competitiveness, stability, and accuracy of pricing. You can then create an overall rating for pricing that combines these ratings.

Example

The following table shows an overall rating for pricing and the individual ratings it consists of:

Rating Code	Description	Comments
PRICING	Overall rating for pricing	PRICING = (ACURPRIC + CMPTPRIC + STABPRIC) / 3
ACURPRIC	Accuracy of pricing	Your comments
CMPTPRIC	Competitiveness of pricing	Your comments
STABPRIC	Stability of pricing	Your comments

Comments

You can enter comments to record any information about a vendor rating code, such as

- How you measure the element the code represents (such as survey, statistical calculations, or subjective means)
- The source of any statistics or data used
- The percentage of achievement needed to receive a particular rating (such as 95 percent for a rating of excellent).

Reporting

To produce a list of your vendor rating codes, descriptions, and comments, perform a query or generate a report using Microsoft Access.

Creating Vendor Performance Evaluations

A *vendor performance evaluation* contains a measurement of the level of performance of a vendor, as determined by statistics, surveys, and other information you define.

Policy Decisions

When you define a vendor performance evaluation, consider the following questions:

- What naming standards do you want to use for evaluation IDs?
- What date range do you want the evaluation to cover?
- Do you want to evaluate the vendor's performance at a specific site or across multiple sites?
- Do you want to evaluate the vendor for a specific vendor item or do you want to evaluate the vendor across vendor items?
- Which performance elements do you want to rate the vendor on? Have you defined vendor rating codes for these elements?
- Do you want to define target ratings to use as goals for the vendor to achieve?

Evaluation Identifiers

Each performance evaluation you define must have a unique identifier for the vendor and vendor location combination and, if applicable, the site and vendor item.

Rating Codes

You can evaluate vendors on an unlimited number of rating codes, as long as you first define the codes on the Vendor Rating Code window.

Attachments

You can attach an unlimited number of supporting documents to an evaluation, such as spreadsheets or word processing documents that support your ratings.

Scope

The scope of an evaluation varies according to the information you specify.

Begin and End Dates

You can select the date range you want an evaluation to cover. This is useful for trend analysis or for vendor evaluations over multiple time periods.

Site and Vendor Item

You can specify evaluations for specific sites and vendor items or you can evaluate over multiple sites and vendor items.

Target and Actual Ratings

When you add a vendor performance evaluation, you can enter a target rating representing the level of performance you expect a vendor to achieve.

The actual ratings you enter can be based on any criteria you specify.

Comments

You can enter comments to track any additional information about a vendor's performance, such as sporadic purchasing, receiving or invoicing problems, or conversations with suppliers about actions or issues.

Copying Evaluations

After you add an evaluation and assign an evaluation ID, vendor rating codes, and target ratings, you can automatically copy these and other values to speed adding additional evaluations. This is especially useful when evaluating a vendor over different time periods.

8 Vendor History Totals and Statistics

Chapter Contents

8-1 About Vendor History Totals and Statistics
8-2 Vendor History Totals
8-4 Vendor Payables Inquiry
8-7 Vendor Purchasing Statistics

About Vendor History Totals and Statistics

Vendor history totals and statistics help you analyze and manage your vendor relationships effectively. Access vendor

- History totals using the Vendor History Totals window
- Payable statistics and aging totals using the Vendor Payables Inquiry window
- Purchasing statistics using Microsoft Access.

Vendor History Totals

You can display vendor history totals to show payment request and payment statistics over a period of time for a vendor location. You can determine how your enterprise is processing payment requests for a vendor location by checking several of the statistics. Use the following questions to guide your search:

- What is the current liability for a vendor location and how many invoices are outstanding?
- How much money has been paid or withheld for a vendor location in a particular calendar period?
- Are you taking advantage of the discount payment terms offered by a vendor?

For more information on vendor history totals, see Overview of Analyzing Vendor Statistics in the online Help.

Selecting Period History Options

You can use the Vendor History Totals window to choose the options for displaying the statistics you need. You can determine the totals to display by time periods, payable entity, and transaction currency.

Payable Entity

You can display values for a payable entity or all payable entities associated with a vendor location. You must have proper security for the selected payable entity. The initial display is of all payable entities.

Transaction Currency

You can display history totals for the transaction currency of the vendor. The default transaction currency displayed is from the Vendor Location window.

For a multiple currency vendor, you can display history totals for only one currency at a time. You cannot combine currencies. The totals displayed represent the business transactions for the selected currency.

Starting Period End Date

When you enter a starting period end date, Payables displays that calendar period and the previous three calendar periods in descending order

Example

You enter a starting period end date of October 31, 2002, and your enterprise policy is set up to display months. The following four calendar period end dates appear with their associated vendor statistics:

- October 31, 2002
- September 30, 2002
- August 31, 2002
- July 31, 2002

Calendar Periods to Display

Calendar periods are user-defined periods of time, such as months, quarters, and years. Calendar periods are defined in enterprise policy and control the display of your calendars.

Reporting

For a listing of vendor history totals, perform a query or produce a report using Microsoft Access.

Vendor Payables Inquiry

Using the Vendor Payables Inquiry window, you can display the payment request and payment statistics information you need to manage your vendor relationships effectively. During your analysis, you can

- Review key vendor balances for all payable document types and appropriate statuses to determine how your enterprise is processing payment requests and drafts
- Justify each balance by displaying a list of the transactions that make it up and using the transaction list to display the underlying source documents and journal entries
- Understand trends and highlight exceptions by filtering the transactions displayed for a balance using the flexible selection criteria you define
- Ensure accuracy by updating vendor statistics online
- Manage vendor liabilities through user-defined aging totals.

What Are the Vendor Payable Statistics?

The statistics you can display on this window include

- Current liability amount
- Total number of outstanding documents
- Payment request totals
  - Invoice amount
  - Credit memo amount
  - Debit memo amount
  - Incomplete amount
  - Pending approval amount
  - Discounts taken
  - Discounts lost
  - Earnings and withholding amount
- Payable draft totals
  - Complete draft amount
  - Incomplete draft amount
- Total payment amount.

Selecting the Statistics to Display

You use the Vendor Payables Inquiry window to choose options for displaying the statistics you need. You can determine the totals to display by vendor, vendor location, payable entity, and transaction currency.

Vendor Location

After you enter the vendor identifier, you can choose whether to display statistics for a specific location or all locations for the vendor.

Although you cannot choose to display statistics combining only some of the vendor's locations, if your enterprise needs such a report, you can use a supported reporting tool with the vendor_statistics table and the vendor_aging_tot table in the DBSvend database to produce the required report.

Payable Entity

You can also display statistics for a specific payable entity, or you can display statistics for all payable entities associated with the vendor if the statistics for all those payable entities were updated using the same begin date.

Transaction Currency

For a multiple currency vendor, you can display statistics for only one currency at a time. You cannot combine currencies. The statistics displayed represent the business transactions for the selected currency.

If your enterprise needs a report that converts and combines currencies, you can use a supported reporting tool with the vendor_statistics table and the vendor_aging_tot table in the DBSvend database to produce the required report.

Displaying Detailed Transaction Information

After you display payable and payment totals on the Vendor Payable Inquiry window, you can double-click any total to display the list of transactions that make it up. Then when you select a transaction from the list, you can choose the appropriate Zoom to action to go to the window where can you review detailed information about it.

Updating Vendor Payable Statistics

Vendor provides both an online and a scheduled process to update vendor statistics.

Online Update

If vendor activity has been recorded since the last update that you want to include in the statistics, you can choose the Update Vendor Statistics action to recalculate and display the statistics for the vendor, payable entity, and currency combination you select. All locations for a vendor are automatically included in the recalculation.

You can also enter a begin date. Only activity after that date is included when the statistics are recalculated. If you do not enter a begin date, the update process includes all payable activity recorded in Payables.

Scheduled Update

You can also use a scheduled process to update vendor statistics. When you enter the Job Scheduler parameters to run the scheduled process, you can enter the same criteria for determining the activity to include as you can for the online update process.

Displaying Vendor Aging Totals

Before you display aging totals, you must

- Define payable aging policies for your enterprise using the Payable Aging Policy window
- Run the Vendor Aging scheduled process, which ages all open payment requests and payable drafts and accumulates the totals.

When you enter the Job Scheduler parameters to run the scheduled process, you must enter the aging policy to use.

When you choose the Display Vendor Aging Totals action on the Vendor Payables Inquiry window, Vendor displays a graphical and numerical presentation of the totals calculated in the latest run of the aging processor that you can print as needed.

More Information

For more information about

- Payable aging policy, see Defining Payable Aging Policies in this guide.
- Vendor history and statistics windows, see Overview of Analyzing Vendor Statistics in the online Help.

Vendor Purchasing Statistics

Purchasing stores statistics on purchase orders. You can use these statistics to track and report on various aspects of your enterprise. These statistics are stored in the following tables:

- vendor_order_amt_statistics
- vendor_order_qty_statistics

What Are Vendor Purchasing Statistics?

Vendor purchasing statistics are a collection of relevant information about

- A specific purchase order or purchase order line
- All orders from your entity or for a certain vendor.

Vendor-Buyer Statistics

Vendor-buyer statistics are accumulated using a combination of these fields as a key:

- Purchase order site
- Vendor
- Purchase entity
- Buyer
- Purchase order currency
- Transaction date (system date of activity)

Processing Vendor-Buyer Receiving Statistics

The following table shows how vendor-buyer receiving statistics are processed:

If you...	Purchasing...	This statistic...
Receive an order	Adds 1 to	Total deliveries.
Receive an order that is earlier than the due date minus the days-early tolerance	Adds 1 to	Early deliveries.
Receive an order that is later than the due date plus the days-late tolerance	Adds 1 to	Late deliveries.
Reverse a receipt	Subtracts 1 from	Total deliveries.
Reverse an order that was received earlier than the due date minus the days-early tolerance	Subtracts 1 from	Early deliveries.

If you...	Purchasing...	This statistic...
Reverse an order that was received later than the due date plus the days-late tolerance	Subtracts 1 from	Late deliveries.

Processing Vendor-Buyer Purchase Order Send Statistics

The following table shows how vendor-buyer purchase order send statistics are processed:

If the PO status is...	Purchasing...	To this statistic...
Open	Adds PO total	Total order amount.
Open	Adds 1	Total order count.
Change Order	Adds the difference between the annals PO total and current PO total	Amount of change notices.
Change Order	Adds 1	Number of change notices.
Cancelled	Adds current PO total	Amount of cancellations.
Cancelled	Adds 1	Number of cancelled purchase orders sent.

Vendor-Item Statistics

Vendor-item statistics are stored in the VMST database in the following tables:

- vendor_loc_item_statistics
- vendor_loc_item_amt_statistics

Processing Vendor-Item Receiving Statistics

Vendor-item receiving statistics are processed for quantities and amounts.

Quantity Statistics

The following table shows how vendor-item receiving statistics for quantities are processed:

If you...	Purchasing...	This statistic...
Receive an order	Adds the quantity received to	Quantity received.
Return an order to the vendor	Adds the quantity returned to	Quantity returned.
Reverse a receipt	Subtracts the quantity received from	Quantity received.

If you...	Purchasing...	This statistic...
Receive an order that is greater than the quantity ordered and exceeds the allowable tolerance	Adds 1 to	Number of quantity receipt exceptions.
Reverse a receipt that is greater than the quantity ordered and exceeds the allowable tolerance	Subtracts 1 from	Number of quantity receipt exceptions.

Amount Statistics

The following table shows how vendor item receiving statistics for amounts are processed:

If the PO status is...	Purchasing...	This statistic...
Open	Adds the extended PO line amount (quantity X discount price) to	Total vendor item order amount.
Change Order	Adds the difference between the annals PO line amount and the current PO line amount to	Amount of the purchase order change notice.
Cancelled	Adds the extended PO line amount to	Total amount of cancelled purchase orders.

Processing Vendor-Item Purchase Order Send Statistics

The following table shows how purchase order send statistics are processed:

If the PO status is...	Purchasing...	This statistic...
Open	Adds 1 to	Number of orders.
Open	Adds the current PO line quantity to	Quantity ordered.
Change Order	Adds the difference between the annals PO line quantity and the current PO line quantity to	Quantity ordered.
Cancelled	Subtracts the current PO line quantity from	Quantity ordered.
Cancelled	Subtracts 1 from	Number of orders.

Commodity Statistics

Commodity statistics are accumulated using a combination of these fields as a key:

- PO site (purchase site)
- Vendor ID
- Vendor location
- Commodity
- Purchase order currency
- Transaction date (date the PO was sent)

These statistics are stored in the VMST database in the vendor_loc_purch_com_amt_stats table.

Processing Commodity Statistics

The following table shows how commodity statistics for amounts are processed:

If the PO status is...	Purchasing...	This statistic...
Open	Adds the extended PO line amount (quantity X discount price) to	Total commodity order amount.
Change Order	Adds the difference between the original extended PO line amount and the current PO line amount to	Net amount of the purchase order change notice.
Cancelled	Adds the extended PO line amount to	Total amount of the cancelled purchase order.

Reporting on Statistics

To report on vendor statistics, perform a query or generate a report using Microsoft Access.

9 Vendor Reporting

Chapter Contents

9-1 About Vendor Reports
9-4 Producing Reports

About Vendor Reports

Vendor provides the following types of reports for listing and monitoring your vendors and vendor items:

- Vendor List
- Item/Vendor Item List
- Archive/Purge

Vendor List Report

The Vendor List report lists vendors sorted first by vendor identifier and then by vendor location. It includes the vendor's operating name, legal name, and address. It also lists the name, title, phone number, and email address for up to three contacts.

Item/Vendor List Report

The Item/Vendor Item List report lists all available vendor items associated with an item at a particular site. If a vendor item is a preferred vendor item, this item is listed first. Other information in the report includes the item identifier, item description, and unit of measure.

Archive/Purge Reports

Use the online or printed archive/purge reports to list the information that will be or was archived and purged. The following types of reports are available after you run the archive/purge process in preview or archive/purge mode:

- Archive/Purge Preview
- Archive/Purge

You can produce each of these reports for vendors and vendor items.

Type of Information	Archive/Purge Processes
Vendor	Archive Vendors to History Archive Vendor History to Disk
Vendor Item	Archive Vendor Items to History Archive Vendor Item History to Disk

Vendor Archive/Purge Reports

These reports contain the following information:

- Descriptive information about the run of the archive/purge request:
  - Identifier of the person who added the request
  - Identifier of the archive/purge request
  - Name of the archive/purge process
  - Date and time the request was run
  - Selection criteria
- Detailed information about each vendor that will be or was archived and purged:
  - Vendor
  - Operating name
  - Legal name
- Archive/Purge statistics:
  - For preview reports - the number of rows available before and after validation
  - For archive/purge reports - the number of rows processed from each table and the number of rows available before and after validation

Vendor Item Archive/Purge Reports

These reports contain the following information:

- Descriptive information about the run of the archive/purge request:
  - Identifier of the person who added the request
  - Identifier of the archive/purge request
  - Name of the archive/purge process
  - Date and time the request was run
  - Selection criteria
- Detailed information about each vendor item that will be or was archived and purged:
  - Vendor
  - Vendor location
  - Vendor item
  - Description
  - Commodity
- Archive/Purge statistics:
  - For preview reports - the number of rows available before and after validation
  - For archive/purge reports - the number of rows processed from each table and the number of rows available before and after validation

Producing Reports

Use the following activities to produce reports for Vendor and Vendor Item:

- Vendor Reporting and Vendor Item Reporting
- Vendor Archive/Purge Reporting

Vendor Reporting and Vendor Item Reporting

To produce a report, select Vendor Reporting or Vendor Item Reporting from your Activity List. Then, using the Vendor Reports - Report Parameters window or the Vendor Item Reports - Report Parameters window, select the report you want to produce and specify the report parameters. For the Item/Vendor Item List report, your options include specifying the site.

For more information about producing these reports, see Producing the Vendor List Report or Producing the Item/Vendor Item List Report in the online Help.

Vendor Archive/Purge Reporting

To produce vendor archive/purge reports, choose Vendor Archive/Purge Reporting from your Activity List and use the following procedure:

Step	Action
1	Select an archive/purge ID.
2	Select the archive/purge request for the archive/purge run whose results you want to view or print. **Result:** The report information is displayed.
3	To display statistics about the records processed, choose View Statistics from the Actions menu. To print the report, choose Print Report from the Actions menu.

Using Preview Reports

You can display or print report information for an archive/purge request run in preview mode or archive/purge mode. When you display or print report information for a request run in preview mode, you can review the report to determine whether you need to change the selection criteria or run parameters and then run the request again.

After you run an archive/purge request in archive/purge mode, the report information for the run of the request in preview mode is no longer available.

Messages

If no information is eligible for archiving, a message is displayed on the window. If the archive/purge process and request combination you select is not the most recent run, a message is displayed.