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PeopleBook

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Agreement Management Overview

Agreements are established between partners to move inventory between the partners' locations or to the partners' customers. You enter into agreements with business partners to save money and time, provide better service to your customers, and save on capital expenses. The Agreement Management system complements and enhances your day-to-day contract negotiations by providing a comprehensive documenting and monitoring system.

The purpose of the Agreement Management system is to record all transactions, monitor volume or amount balances, and determine whether you and your business partners are in compliance with the contract terms. With the Agreement Management system, you can establish agreements easily, enter orders against them immediately, and maintain volume or amount monitoring.

System Integration

The Agreement Management system is designed to be fully integrated with other J.D. Edwards systems. The Agreement Management system allows you to create and monitor the status of many types of distribution agreements. This system integrates with J.D. Edwards systems to:

- Allow you to enter transactions to move inventory to fulfill contracts
- Create unique pricing structures for transactions used to fulfill the terms of contracts
- Create penalty schedules to apply if your business partner does not meet the terms of the contract

The following table illustrates how the Agreement Management system integrates with other systems:

Function	System
Create contracts and define terms.	Agreement Management (system 38)
Set up and apply pricing and penalty schedules for one or more partners and contracts.	Advanced Price and Adjustments (system 42)
Ship product to your partner.	Sales Order Management (system 42)
Receive product from your partner.	Procurement (system 43)
Exchange product.	Bulk Stock Management (system 41)
Monitor status, print statements, and adjust balances.	Agreement Management (system 38)

Types of Agreements

Many companies use actual written legal documents that include all the terms and stipulations for each contract. Different kinds of agreements are used in the purchasing and sales cycle.

With the Agreement Management system, you can readily monitor many types of contracts. You can identify the volume or currency amount on each transaction that has been assigned a specific contract number and identify any out-of-balance contracts.

Exchange Agreements

An exchange agreement allows products to be traded between companies. The partners often agree to exchange specific quantities of product for a given time period. Exchanges involve different products or multiple products and often include a differential that one party pays per unit of product exchanged. Financial differentials are not currently handled by the Agreement Management system, but are supported with the integrated systems.

If the agreement is for an extended period (one year, for example), the parties normally agree on monthly quantities to exchange. Partners generally expect exchanges of physical product to remain roughly in balance. However, imbalances do occur and are usually monitored on a monthly basis. Partners often review their contracts annually to bring the contracts in balance with adjustments, monetary payment, or product repayment.

Loan or Borrow Agreements

A loan or borrow agreement is the simplest type of product exchange and often is used in response to a potential stock shortage. It is usually for the same product and does not involve product or price differentials. In a shared facility, a simple loan or borrow agreement can occur when a company depletes its stock. If another company at the depot has stock available, it might agree to loan the stock against a planned replenishment. Or, a company might pick up product from a partner at another depot and replace it with product at a later date. Normally, loans and borrows are informal agreements that are settled in product.

Tonne per Tonne Agreements

A tonne per tonne (transport) agreement involves moving product for a partner. Partner A transports its product along with Partner B's product and then unloads, stores, and delivers the product to Partner B. Partner B does the same for Partner A at another location. These agreements are limited to one physical product, but can involve one or more depots per partner.

Imbalance settlements usually involve throughput fees and transport charge differentials and are settled with a financial transaction instead of physical product.

Throughput Agreements

A throughput agreement is essentially a service agreement in which Partner A agrees to store and manage product for Partner B for a specified time period. Partner B actually owns the stock stored in Partner A's depot, but Partner A monitors the stock level, suggests replenishments, and unloads, stores, and delivers product to the partner or its customers. Partner A might process customer sales for Partner B, or Partner B might simply pick up product for distribution to its customers. Partner A charges Partner B a service fee for managing, transporting, storing, and delivering product.

Consignment Agreements

In a consignment agreement, the retailer acts as agent for the company. The product sold from the retail site is owned by the company. The company agrees to supply a specific volume of product to the retailer, based upon expected demand. The agent does not pay for the product upon delivery, but only upon sale of the product (at the agreed-upon price).

Storage Agreements

In a storage agreement, one company provides storage facilities for another and charges a fee based on the quantity stored (cost per unit volume) and for the time that the product is stored or the storage space is held. The volume is monitored through the Agreement Management system and the associated fees are handled through supporting systems.

Information Structure

The Agreement Management system contains master maintenance and transaction processing tables.

Master Maintenance Tables

Agreement Master (F38010)	Contains information on the partner, contract effective dates, and other information that the system uses to process the contract.
Agreement Quantities (F38011)	Contains information on products and quantities, which partner is receiving or shipping the product, and the unit of measure used to measure the product.
Product Source/Destination Master (F38012)	Contains information on all sources from which product can be moved.
Agreement Quantities Schedule (F38013)	Contains information on the forecasted schedule for shipment and receipt of product between you and your business partner.
Agreement Formulas and Factors (F38014)	Contains the information to balance unlike products on an agreement.

Transaction Processing Tables

Agreements Transaction Ledger (F38111)	Contains quantity and amount information for all agreement transactions and adjustments.
Agreements Committed Quantities (F38112)	Holds temporarily the quantities committed on transactions until the processing moves them to actual quantities.
Sales Order Detail File (F4211)	Contains detail information for each sales order line.
Purchase Order Detail File (F4311)	Contains detail information for each purchase order line.
Item Ledger File (F4111)	Contains history information for all inventory transactions. The system records any changes to the inventory in this table.
Tank Master File (F41500)	Contains supplemental information pertaining to bulk transactions only.

Agreement Management Processing

Although each company's actual agreements are unique documents, the Agreement Management system provides a standardized format for creating and managing all of the item and scheduling information.

After you create an agreement, you can assign the number to the transactions that move product to fulfill the agreement's terms. You use the same applications for agreement transactions that you use to place sales orders, purchase orders, or bulk stock control transactions. Frequently, you do not know if you should apply a product to an agreement until load confirmation. You can also assign an agreement number to an order at this time.

You can prepare balance statements to determine if you and your partner are in compliance with the terms of the agreement. The statement includes the agreement information and identifies what you owe or what your partner owes to meet the terms.

As you manage agreements, you might note that the terms have not been met or that you need to assign a transaction. You can correct the out-of-balance conditions with an adjustment or a sales order transaction.

Creating an Agreement

The Agreement Management system provides methods to document and track the terms, products, quantities or currency amounts, and penalties on each of your agreements with business partners. Depending on the agreement terms and your company's procedures, you can choose some or all of the methods to define your agreements.

You must define the relationships for each agreement. This creates a master for each agreement that you can use to define the terms of the agreement, extend the agreement, or create additional agreements.

Each agreement has values that might differ from other agreements or from the system values. In addition to the product quantity values, you can specify unique prices and penalties if agreement terms are not met.

An agreement might have multiple sources and destinations. For example, you might want to specify one or more destinations that can receive a product to fulfill the agreement. You might want to identify only one or several locations that can provide a product.

Some agreements are based on moving specific product quantities during specific periods of time. If you define specific time frames, you can also monitor the actual maintenance of the agreement to the schedule.

Some agreements include terms to exchange products. Not all products have the same unit value. If your agreement includes unlike products or products with unequal values, you can define the ratios that make exchanges equal.

Before You Begin

- ❑ Set up your partner in the address book and branch/plant constants. See the task, *To define Branch/Plant Constants* in the *Inventory Management Guide*.
- ❑ Review *Other Agreement Management Functions* in the *Agreement Management Guide*.

Other Agreement Management Functions

Revising an agreement

After you have entered an agreement and assigned it to transactions, the system prohibits changes to some fields. For example:

- You cannot change Agreement Quantity if transactions exist.
- You cannot shorten the Effective Dates if the changed date would exclude existing transactions.

Extending or renewing an agreement

You have several options for renewing or extending agreements. The option that you use depends on your company's operating procedures and policies. You can:

- Create a new agreement.
- Copy an existing agreement and identify the original agreement in the Created From field.
- Add a supplement number to extend or renew an agreement.
- Change the expiration date in the original agreement and create numbered supplements.

Closing an agreement An agreement is no longer active when the expiration date equals the current system date. To close an agreement earlier than the expiration date, change the status or enter a cancellation date and reason on the Agreement Master Revisions form.

You can also close an agreement while making agreement adjustments.

Attaching a note to an agreement You can choose from the following memo functions to attach an explanatory message to an agreement:

- Agreement notes
- Opening notes
- Closing notes

When you attach a note:

- The opening, closing, and transaction notes print on the Agreement Balance Statement.
- You can work with the notes in the transaction programs.

Multi-currency The Agreement Management system can accommodate multi-currency agreements. If you establish a base currency for your depot, the base currency appears on each of the forms. Additionally, you can identify different currencies for different sources and destinations when you define the agreement values and locations.

Currency amount or item quantity You can create an agreement with a partner for a currency amount rather than item quantity. The forms display information as either amounts or quantities, depending on how you define the terms of the agreement.

See Also

- *Creating Adjustments* in the *Agreement Management Guide* for information about closing an agreement while making agreement adjustments

Defining Agreement Relationships

Choose Agreement Master to perform the following functions:

- Set up an agreement in the system
- Enter the information that defines the agreement's relationships with your partner and to other agreements
- Access other programs that define the agreement

► To define agreement relationships

From the Daily Processing menu (G381), choose Agreement Master.

1. On Work With Agreement Master, click Add.

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Select Workspace: Active Foundation

Active Foundation Personalize Change Role Sign Out

Agreement Master Revisions

OK Cancel Form Tools

Agreement Number/Supp: CONSIGN5 Depot: 510
 Name/Description: Sample Consignment Agrmint Date: 01/01/05
 Status: A
 Active

Dates
 Effective Date: 01/01/99 Expiration Date: 12/29/05
 Amendments
 Write Accommodations

Cancel
 Date: Reason:

Partner/Vendor/Cust: 505 Consignment Agent
 Agreement Type/Purpose: N Consignment Blank Value
 Agreement Mgr/Admin:

New/Renewal: N Update at Amb/Std/Wgt (A,S,W): A
 Partner Agreement: Commingled Agreement: N
 Agreement Qty Type: Q Quantity Quantity Control

Reporting Codes
 Associated Agreement: Parent Agreement: Created From Agreement: Closed To Agreement:
 Code 1: Code 2: Code 3: Code 4:

2. On Agreement Master Revisions, complete the following fields:

- Agreement Number/Supp
- Name/Description
- Status
- Partner/Vendor/Cust

3. Choose the following option:

- Amendments
- Depot

4. Complete the following optional fields:

- Agreement Type/Purpose
- Agreement Mgr/Admin
- Partner Agreement
- Update at Amb/Std/Wgt (A,S,W)
- Commingled Agreement
- Code 1

5. Choose the following options:
 - Quantity Control
 - Write Accommodations
6. To define relationships with other agreements, complete the following optional fields:
 - Associated Agreement
 - Parent Agreement
 - Created From Agreement
 - Closed To Agreement
7. Complete the following fields or accept the defaults:
 - Date
 - Effective Date
 - Expiration Date
 - New/Renewal
 - Agreement Qty Type

Note

If you do not want the system to send transactions covered by the agreement to the standard inventory account in the general ledger, set the Write Accommodations indicator to include accommodations. For example, you might want the system to send transactions to a different account for agreements that involve a foreign depot.

8. Click OK.
The Agreement Quantities form appears so that you can define agreement values.

Processing Options for Agreement Master (P38010)

Defaults

1. Depot
2. Quantity or Amount Flag for agreement balance updates
3. Agreement Type that identifies a reporting agreement
Display

Enter a '1' to protect the price override and price schedule fields

Versions

Enter the version for each application. If left blank, ZJDE0001 will be use.

1. Agreement Exchange Ratio (P38014)
 2. Online Statement (P38300)
-

Defining Agreement Values

After you enter basic information for the agreement, you can define agreement values, including:

- Items included in the agreement
- Destinations where each item will be delivered
- Price overrides and cost rules

Each agreement is based on either you, or your partner, moving inventory. When you enter an item, you must indicate if the item is due to your company (C) or due to your partner (P). For example:

- When you loan to your partner, product is due to your partner.
- When you borrow from your partner, product is due to your company.

Some agreements stipulate pricing that might differ from the amounts that you have set up for your direct customers. You can use this program to override the price when an agreement is assigned to a transaction.

Use Agreement Quantities to define which of the following types of quantity checking you want the system to perform:

- Agreement level
- Minimum/maximum agreement quantity level
- Balance level

Before You Begin

- ❑ Set up your pricing schedules. See *Building Adjustment Schedules* in the *Advanced Pricing Guide* for complete information on setting up pricing schedules.
- ❑ Set up your landed cost rules. See *Setting Up Landed Costs* in the *Procurement Guide*.

► To define items and destinations

From the Daily Processing menu (G381), choose Agreement Quantities. (When you create a new agreement, the Agreement Quantities form appears after you click OK on Agreement Master Revisions.)

1. On Work With Agreement Master, locate the agreement and choose Agreement Quantity from the Row menu.

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Select Workspace: Active Foundation

Active Foundation Personalize Change Role Sign Out

Agreement Quantities

OK Delete Cancel Row Form Tools

Agreement Nbr/Supp: CONSIGN5 Sample Consignment Agrmt - US
 Currency Code: USD Depot: 510
 Effective Date: 01/01/99 Expired Date: 12/29/05

	Due To	Destination	Ds Ty	Item Number	Agreement Quantity	UM	Cur Cod	Effective Date	Expired Date	Minimum Quantity	Max Quse
<input checked="" type="checkbox"/>	C	510	CC	5300	500000	GA	USD	01/01/99	12/29/05		
<input type="checkbox"/>	P	00000505	AB	5300	500000	GA	USD	01/01/99	12/29/05		

2. On Agreement Quantities, complete the following fields:
 - Due To
 - Destination
 - Ds Ty
 - Item Number
3. If you defined the agreement as a quantity type (Q) agreement, complete the following fields:
 - Agreement Quantity
 - UM
4. If you defined the agreement as a currency amount type (A), complete the following field:
 - Amount
5. Click OK.

► To define price overrides and cost rules (optional)

After you define the item and destination, you can define the price overrides and cost rule for each item.

You can establish a price for an item for your partner that differs from the price for your direct customers or in other agreements. The price information you define here overrides the current price whenever you assign this agreement to a transaction.

You also can define a cost rule that the system uses as a default value for a purchase order. The cost rule tells the system how to process costs that exceed the actual price of the item.

1. On Agreement Quantities, accept the defaults, or complete the following optional fields:
 - Effective Date
 - Expired Date
2. Accept the defaults, or complete the following optional fields as appropriate:
 - Minimum Quantity
 - Maximum Quantity
3. Complete one of the following fields:
 - Unit Price
 - Adj. Schedule
4. Click OK.

See Also

- *Defining Agreement Relationships* in the *Agreement Management Guide* for the processing options for this program

Defining Product Source

If the agreement states that your partner will ship the product to you (product due to company), your partner's address book or cost center number is the source. If the agreement states that you will ship the product to your partner (product due to partner), your company is the source. An agreement might allow you to move an item from more than one source to the destination specified in the agreement detail line. You can list each address book or cost center source that the agreement allows.

If the agreement stipulates only one source, you do not need to define the product source. When you enter information on Agreement Quantities for agreements that stipulate only one source, the system automatically creates records in the Product Source/Destination Master table (F38012).

► **To define product source**

From the Daily Processing menu (G381), choose Agreement Quantities.

1. On Work With Agreement Master, locate the agreement and choose Agreement Quantity from the Row menu.
2. On Agreement Quantities, choose the item and destination, and choose Source/Destination from the Row menu.
3. On Agreement Source/Destination, complete the following fields
 - Transaction Source
 - Type
 - Quantity
4. To identify a quantity range, complete the following optional fields and click OK:
 - Minimum Quantity
 - Maximum Quantity

See Also

- *Defining Agreement Relationships* in the *Agreement Management Guide* for the processing options for this program

Defining Time Frames

You can schedule the dates and quantities that you anticipate for the duration of the agreement. The information that you enter is a forecast of the activity that will fulfill the agreement. When you complete this schedule, you can use the Online Statement program (P38300) to compare the actual activity to the forecast.

► **To define time frames**

From the Daily Processing menu (G381), choose Agreement Quantities.

1. On Work With Agreement Master, locate the agreement and choose Agreement Quantity from the Row menu.
2. On Agreement Quantities, choose the item and destination, and choose Source/Destination from the Row menu.
3. On Agreement Source/Destination, choose the row and choose Quantities Schedule from the Row menu.
4. On Agreement Quantities Schedule, complete the following fields:
 - Scheduled Quantity
 - Effective Date
 - Expired Date
5. Click OK.

See Also

- ❑ *Reviewing Agreement Status* in the *Agreement Management Guide* for information about the online statement feature
- ❑ *Defining Agreement Relationships* in the *Agreement Management Guide* for the processing options for this program

Defining Exchange Ratios

If an agreement contains two or more different items (items with different values), you might need a method to balance them. You can define exchange ratios for quantity agreements if the agreements contain items of unequal value.

To define exchange ratios, designate an item as the balancing item, list the ratios for the unlike items, and specify effective and expiration dates for the ratio. The ratio must equal one unit of measure for the balancing item. You can have only one balancing item per agreement.

Example: Defining Exchange Ratios

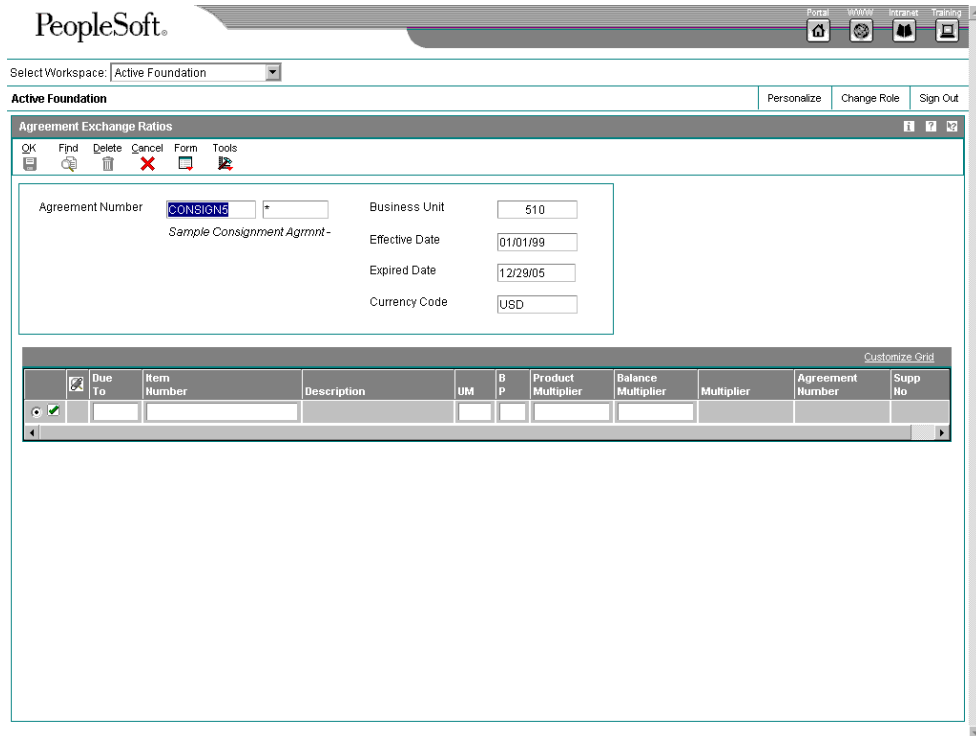
In this example, you have an exchange agreement with a partner to exchange unleaded gasoline for various additives or lubricants. Liter for liter, the items are not of equal value. According to the agreement, the exchange requires that you receive more liters of gasoline for every liter of additive and lubricant that you provide. The following information illustrates this example:

Unleaded gasoline	Balancing Product: X
	Product Multiplier: 1
	Balance Multiplier: 1
Additive	Balancing Product: blank
	Product Multiplier: 1
	Balance Multiplier: 1.5

► To define exchange ratios

From the Daily Processing menu (G381), choose Exchange Ratio.

1. On Work With Agreement Master, click Find, choose an agreement and choose Exchange Ratios from the Row menu.



2. On Agreement Exchange Ratios, complete the following fields for each balancing item starting on the first open line of the detail area:
 - Due To
 - Item Number
 - UM
 - B P
 - Product Multiplier
 - Balance Multiplier
3. Click OK.

Processing Options for Agreement Exchange Ratios (P38014)

Versions

Enter the version for each application. If left blank, ZJDE0001 will be used.

1. Agreement Master (P38010)
2. Agreement Quantities (P38011)
3. Online Statement (P38300)
4. Online Balance Inquiry (P38300)

Assigning Agreements

You enter transactions to move the inventory that fulfills an agreement. When you assign an agreement, you include the agreement number and supplement number, if necessary, on a transaction. The system uses these numbers to match the transaction to the correct agreement and monitor the activity.

You can perform the following functions:

- Manually assign the agreement numbers to transactions.
- Choose from a list of agreements that the system selects.
- Allow the system to make the assignment automatically.

Your company's operating procedures determine which method you should follow.

You can assign an agreement number as you enter transactions for most types of agreements. If the transaction is a sale to your customer and the source branch/plant in the transaction detail is your partner's depot, you must also assign borrow agreements during ship or load confirmation. When you borrow from your partner to ship directly to your customer, your partner's branch/plant is referred to as a foreign depot.

The processing option for agreement selection allows you to choose one of three methods for assigning the agreement number, as follows:

1. The system assigns an agreement if there is only one agreement in the system.
2. The system searches all available agreements, and displays a check mark in the row header column and in the Agreement Exists column. Use the row exit to review the list of agreements and select the agreement to assign.
3. The system searches on all available agreements and automatically assigns the agreement with the earliest expiration date.

Note

Setting this processing option to specify one of the choices activates Agreement Management processing in the order entry programs. If you leave this processing option blank in the order entry programs, you cannot assign agreements to transactions during order entry. When you leave the processing option blank in the shipment and load confirmation programs and the branch/plant is a foreign depot, the system assigns the agreement with the earliest expiration date.

Types of Transactions

You use different types of transactions depending on the terms of the agreement. For example:

- When you have a borrow agreement with a partner, the partner ships you product based on a purchase order with the agreement number assigned to it.
- When you have a loan agreement with a partner, you enter a sales order, assign the agreement number to it, and ship the product to your partner.

Agreement Number Assignment

You can assign an agreement number to any of the following:

- Purchase orders** To borrow from a partner, use the Purchase Orders program (P4310).
- Sales orders** Use the Sales Order Entry program (P4210) to:
- Loan product and ship it to your partner
 - Loan product and ship it to your partner's customer
 - Borrow product and ship it from your partner's foreign depot to your customer
- The system can also assign agreements for Electronic Data Interchange (EDI) and batch orders.
- Transfer orders** To move products between branch/plants, use the Transfer Order Processing program (P4242).
- Direct ship orders** To create both a purchase order and a sales order to move product from a supplier directly to another partner or customer, use the Sales Order Entry program (P4210).
- Bulk or general stock movements** To record non-sale packaged or bulk movements, use the appropriate form in the General Stock Movement program (P415101).

When you choose an agreement from a list or have the system automatically assign an agreement to a transaction, the system uses search criteria to identify the agreements.

Agreement Selection in Sales Order Entry

When you enter a sales order, the system selects agreements that meet the following criteria:

- The item on the sales order and the item on the agreement must be the same.
- The Due To on the agreement must be P (partner), which indicates that product is due to the partner for this product and agreement.
- The Sold To or Ship To on the sales order must be the same as the Destination on the agreement.
- The detail branch/plant or its owner on the sales order must be the source on the agreement.
- The date on the sales order must be within the active date range for the agreement.
- For agreements that have quantity control activated, the quantity on the sales order must not exceed the quantity remaining to be fulfilled before the system selects the agreement.

The system uses the same criteria for transfer, direct ship, EDI, and batch orders.

Agreement Selection in Purchase Order Entry

When you enter a purchase order, the system selects agreements that meet the following criteria:

- The item on the purchase order and item on the agreement must be the same.
- The Due To on the agreement must be C (company), which indicates that product is due to your company for this product and agreement.

- The supplier on the purchase order must be the same as the partner number on the agreement.
- The date on the purchase order must be within the active date range for the agreement.
- For agreements that have quantity control activated, the quantity on the purchase order must not exceed the quantity remaining to be fulfilled before the system selects the agreement.

Agreement Selection in Stock Movement Transactions

When you enter a stock movement transaction, the system selects agreements as follows:

- The item on the stock movement and the item on the agreement must be the same.
- If the From/To field is To, the system locates agreements with Due To equal to C (company) and with a destination that is the same as your branch/plant.
- If the From/To field is From, the system locates agreements with Due To equal to P (partner) and with a source that is the same as your branch/plant.
- For agreements that have quantity control activated, the quantity on the stock movement must not exceed the quantity remaining to be fulfilled before the system selects the agreement.

Before You Begin

- ❑ Set the agreement processing options in transaction programs. See *Setting Up Agreement Selection or Assignment* in the *Agreement Management Guide*.

See Also

See the following topics in the *Procurement Guide* for information about entering receipts and purchase orders:

- ❑ *Entering Order Header Information*
- ❑ *Entering Order Detail Information*
- ❑ *Entering Receipts*

See the following topics in the *Sales Order Management Guide* for information about entering sales orders:

- ❑ *Entering Direct Ship Orders*
- ❑ *Entering Transfer Orders*

Choosing an Agreement to Assign

You can set the Agreement Processing processing option, on the Process tab, so that you can select an agreement to assign whenever you enter one of the transactions that could fulfill the agreement. Alternatively, if you know the agreement number, you can enter the agreement number and, if necessary, the supplement number manually. The following transactions could fulfill an agreement:

- Sales orders
- Purchase orders
- Transfer orders

- Direct ship orders
- Bulk stock movements

For example, if you are entering a sales order that includes the partner number and item defined in a loan and borrow agreement, the system searches for an agreement that matches the information. If the system locates one or more agreements, you can choose the list from the Row menu. You can select the agreement to assign and return to the transaction. The system records the agreement and supplement numbers in the appropriate fields.

This feature is not available during purchase order receipts. On the purchase order receipt, you can change an agreement number that you assigned during purchase order entry.

To change a sales or loan agreement after order entry, return to the order entry program. The agreement number that you can assign during ship or load confirmation is used only for borrow agreements involving a foreign depot.

► **To choose an agreement to assign**

From the Sales Order Processing menu (G4211), choose Sales Order Detail.

Complete this task if the Agreements processing option requires that you must assign the agreement to the transaction.

Note

You can set the processing option to allow the system to assign the agreement number if the system locates only one matching agreement or to assign the agreement with the earliest expiration date.

1. On any of the transaction forms that you use to fulfill an agreement, such as the Sales Order Detail Revisions form, complete the steps for entering the transaction that is appropriate to the form.
2. To manually assign the agreement, complete the following fields:
 - Agreement Number
 - Agreement Supplement
3. To select the agreement that you want to assign to the highlighted row, choose Select Agreement from the Row menu.

Note

The name of the selection on the Row menu varies slightly for different transactions. For example, the name of the selection for purchase orders is Agreements.

4. On Agreement Selection Window, review the item number and the quantity remaining to fulfill the agreement in the detail area.
5. Choose the agreement to which the transaction applies and click Select.
The system inserts the agreement number and supplement number, if any, on the transaction form, and checks the Agreement Exists field.
6. Complete the transaction following the standard procedures.

Assigning Agreements during Ship or Load Confirmation

You can borrow product from your partner without actually receiving the product into your inventory. Your partner can ship the product directly to your customer. In these situations, you identify your partner's depot as the detail branch/plant on your customer's sales order.

You can assign agreements for borrow agreements involving foreign depots during ship or load confirmation.

Note

The system uses the Agreement Number field in these programs only for borrow agreements involving a foreign depot. In these programs, the system does not display the agreement number assigned during order entry.

To assign agreements during load confirmation, you must use the Transportation Management system and the vehicle for the order must be compartmentalized. If the vehicle is not compartmentalized, the Transportation Management system calls the Shipment Confirmation program in the Sales Order Management system to assign agreements.

The Agreement Processing tab's processing options for the ship and load confirmation programs determine whether the system assigns the agreement or you need to select it from the Agreement Selection Window.

► To assign borrow agreements during ship confirmation

To assign a borrow agreement during ship confirmation, you can use either the Sales Order Management system or the Transportation Management system.

From the Sales Order Processing menu (G4211), choose Confirm Shipments.

1. On Work with Shipment Confirmation, click Find.
2. Choose the row for agreement assignment and click Select.
3. On Shipment Confirmation, choose the row and choose Agreements from the Row menu.
4. On Agreement Selection Window, choose the row for the agreement to assign, and click Select.

The system displays the selected agreement number in the detail area on Shipment Confirmation.

5. Complete the steps for confirming the shipment.

When you click OK, the system assigns the agreement number to the order.

Before You Begin

- Verify that your partner has been identified as a foreign depot in the Branch/Plant Constants for Inventory Management.
- Set the Agreement processing options on the Agreements tab for the Confirm Shipments program (P4205) in the Sales Order Management system.

► To assign borrow agreements during load confirmation

To assign a borrow agreement during load confirmation, you must use the Transportation Management system.

From the Shipments and Loads menu (G4911), choose Load Building.

1. On Work with Loads, complete the steps to build a load that requires an agreement.
-

Note

If the load uses a vehicle that is compartmentalized, assign the appropriate load type.

2. Select a row and choose Confirm Load from the Row menu.
3. On Confirm Load, complete the steps for confirming the load and click OK.

If the vehicle is not compartmentalized, the system calls the Shipment Confirmation program to assign the agreement. Refer to the steps for assigning agreements during ship confirmation.

If the vehicle is compartmentalized, the system displays the Confirm Load – Compartments form. The following step applies to compartmentalized vehicles only.
4. On Confirm Load – Compartments, select the agreement.

The system searches for the applicable agreement number and commits or adjusts the borrow agreement.

Before You Begin

- ❑ Verify that your partner has been identified as a foreign depot in the Branch/Plant Constants for Inventory Management.
- ❑ Set the Agreement processing options for the Transportation Load Confirmation program (P49640) and the Shipment Confirmation program (P4205) in the Sales Order Management system.

Managing Agreements

After you have created an agreement, you need to manage it. For example, you can monitor the transactions that fulfill the terms and stipulations of the agreement. You can also make adjustments, if necessary, to correct agreements that are not in balance.

Reviewing Agreement Status

You can use the Agreement Management system to monitor the progress made towards fulfilling the terms of an agreement.

► To search for agreements

From the Daily Processing menu (G381), choose Agreement Search.

Frequently, you want to review the status of several agreements that meet one or more conditions. Use the Agreement Search program to display all the agreements that meet the search criteria that you enter.

1. On Work With Agreement Master, complete one or more of the search fields and click Find.
For any fields containing *, the system displays all the agreements for that specific search criterion.
2. Choose the agreement that you want to review and click Select.

Processing Options for Agreement Master (P38010)

Defaults

1. Depot
2. Quantity or Amount Flag for agreement balance updates
3. Agreement Type that identifies a reporting agreement
Display

Enter a '1' to protect the price override and price schedule fields
Versions

Enter the version for each application. If left blank, ZJDE0001 will be use.

1. Agreement Exchange Ratio (P38014)
 2. Online Statement (P38300)
 3. Online Balance Inquiry (P38375)
-

► **To review the online statement**

From the Daily Processing menu (G381), choose Online Statement.

After you have located the agreements, you can compare the forecasted time frame that you entered on the Agreement Quantities form with the actual quantities that are included on transactions that the system has assigned to the agreement. This allows you to compare the forecasted schedule to the actual compliance.

The system subtracts the actual quantity and committed quantity from the agreement quantity to calculate the remaining quantity to fulfill the agreement. The system displays and calculates the quantities as follows:

- The agreement quantity is the total for this item when the agreement was initiated.
- The actual quantity is the amount delivered to the destination. The actual quantity appears after delivery confirmation or sales update. Stock movement transactions appear immediately. The system updates this quantity as ambient, standard, or weight, depending on the value that you defined on the Agreement Master Revisions form.
- The committed quantity is the amount entered on a transaction. The committed quantity displays immediately after you enter the transaction.

1. On Work With Online Statement, complete one or more of the search fields and click Find.
2. To review amount information, review the amount fields in the detail area.
3. To review quantity information, review the quantity fields in the detail area.
4. To view the transaction detail lines for a specific committed quantity, choose Committed Quantity from the Row menu.
5. To view the agreement and transaction information for the actual quantity on a specific line on Work With Online Statement, choose Agreement Trans (Transactions) from the Row menu.
6. On Agreement Transaction, choose a row and then choose Transaction Notes from the Row menu to work with notes for individual transactions.
7. To access the Adjustments form, return to Work With Online Statement and choose Adjustment from the Row menu.
8. To view Work With Online Statement in summary mode, turn on the following option and click Find:
 - Summary

The system subtotals the information by agreement, item number, and due to. You cannot access Committed Quantities, Agreement Transactions, or Agreement Adjustments in summary mode.

9. To view Work With Online Statement in detail mode, turn off the Summary option and click Find.

You can access the Agreement Adjustment program (P38020) in detail mode. When you do this, the system copies the agreement information to the adjustment fields.

Processing Options for Online Statement (P38300)

Defaults

1. Enter the default Unit of Measure.
2. Enter the default Currency Code.
3. Enter the default Due To for the selection criteria.

Versions

5. Agreement Master (P38010)
6. Agreement Quantities (P38011)
7. Agreement Source/Destination (P38012)
8. Agreement Quantities Schedule
9. Agreement Adjustments

Processing

10. Enter a '1' to display Due To partner transactions as positive. Any other value will display Due To partner transactions as negative.
-

► To review transaction information

From the Daily Processing menu (G381), choose Transaction Ledger.

You can review all the transactions that have been assigned to an agreement as of the current date. The Transaction Ledger program provides a running balance of the transactions that affect a specific agreement with a partner.

1. On Work With Transaction Ledger, complete one or more of the search fields and click Find.
2. Review transactions in the detail area of the form.

Processing Options for Transaction Ledger (P38350)

Defaults

1. Enter the default Unit of Measure
2. Enter the default Currency Code
3. Enter the default Agreement Type

Display

1. Display Thru Level (if left blank, the default is 9)

Versions

Enter the version of each program. If left blank, ZJDE0001 will be used

4. Agreement Master (P38010)
 5. Agreement Quantities (P38011)
 6. Agreement Source/Destination (P38012)
-

7. Agreement Quantities Sched. (P38012) (FUTURE)

8. Online Statement (P38300)

Reviewing Balance Information

You can view the item balances for one or more contracts. Use the Online Balance Inquiry program (P38300) to identify the quantity of product that you have shipped, the quantity that you have received, and the quantity that is outstanding on the agreement.

The system subtracts the quantity delivered and quantity received from the quantity identified in the agreement to calculate the outstanding balance.

► To review balance information

From the Daily Processing menu (G381), choose Online Balance Inquiry.

1. On Work With Online Statement, complete one or more of the search fields and click Find.
2. To review balance information, review the balance fields in the detail area.
3. To review quantity information, review the quantity fields in the detail area.
4. To view the Work With Online Statement form in summary mode, turn on the following option and click Find:
 - SummaryThe system subtotals the information by agreement, item number, and due to. You cannot access Committed Quantities, Agreement Transactions, or Agreement Adjustments in summary mode.
5. To view the Work With Online Statement form in detail mode, turn off the Summary option and click Find.

You can access the Agreement Adjustment program (P38020) in detail mode.
6. To view the agreement and transaction information for the shipped or received quantities on a specific line, on Work With Online Statement choose Agreement Trans (Transactions) from the Row menu.
7. To access the Adjustments form, return to Work With Online Statement and choose Adjustment from the Row menu.

See Also

- *Reviewing Agreement Status* in the *Agreement Management Guide* for the processing options for this program, which are the same as those for Online Statement

Printing Balance Statements

From the Agreement Reports menu (G382), choose Balance Statement.

You might want to print statements that show the current status of one or more agreements that you have with your business partners. You can set the data selection values before running the program. You can also use any of the fields in the Agreement Master table (F38010) to select agreements for printing statements. For example, you can create a statement for a single partner or for an agreement number. You can also produce statements for any of the agreements that match one or more of the reporting codes.

Processing Options for Balance Statement (R38400)

Report Dates Tab

1. 'As of' Date for Beginning Balances

Enter the date that the system uses for the "as of" date for beginning balances. Do not leave this processing option blank.

2. 'As of' Date for Ending Balances

Enter the date that the system uses for the "as of" date for ending balances.

Do not leave this processing option blank.

3. 'Prepared' Date

In the Prepared Date field, enter the date to be printed at the top of the statement. If you leave this processing option blank, the system uses today's date.

1. Return Address

Enter the address book number that the system uses to locate the return address in the address book. If you leave this processing option blank, the system uses zero.

1. Unit of Measure for Statement Balances

Enter the user defined code for the unit of measure that the system uses for statement balances on quantity type agreements. If you leave this processing option blank, the system uses the agreement information.

1. Currency Code for Statement Balances

If you are using multi-currency, enter the currency code for statement balances on amount-type agreements. If you leave this processing option blank, the system uses the agreement information.

Return Address Tab

Unit of Measure Tab

Currency Tab

Reviewing Penalties

From the Agreement Reports menu (G382), choose Agreement Penalties Report.

You can print a report that includes one, several, or all customers whose agreements have incurred a penalty status. This report identifies any of your business partners who have not met the terms of the agreement or have exceeded them. In addition, the report specifies the penalty schedule that applies to each agreement or transaction with a penalty status.

See Also

- *Setting Up Other Systems for Agreement Management* in the *Agreement Management Guide* for information about penalties that can be associated with agreements

Processing Options for Agreement Penalties Report (R38450)

Report Dates

1. Enter the date which will be the 'From' Date for Calculated Penalties. (THIS DATE IS REQUIRED)
2. Enter the date which will be the 'Thru' Date for Calculated Penalties. (THIS DATE IS REQUIRED)
3. Enter the date which will be used to calculate penalties when not at the transaction level. If left blank, the 'Thru' Date will be used.
Penalty Calcs

-
1. To calculate 'Trans Qty < Minimum' Penalties, enter the Adjustment Schedule Name here:
 2. To calculate 'Trans Qty > Maximum' Penalties, enter Adjustment Schedule Name here:
 3. To calculate 'Agreement Over Committed' Penalties, enter the Adjustment Schedule Name here:
 4. To calculate 'Agreement Under Committed' Penalties, enter Adjustment Schedule Name here:
Currency
1. If you are using Multi-Currency, enter the Currency Code for calculated penalties. If left blank, the company Currency Code will be used.
-

What You Should Know About Processing Options

- Report Dates** The first two dates are required. These options identify which transactions to select.
- The third date is the penalty calculation date. This date establishes the cutoff for the over-commitment or under-commitment penalties. The system compares this date to the dates in the Agreement Quantities program (P38011) and the date you included in the penalty schedule.
- Penalty Calculations** The schedule names you enter in these options must be the same user defined codes you set up in the Price Adjustment Schedule program (P4070).

Creating Adjustments

If an imbalance on an agreement exists, you can create an adjustment to bring the agreement to a status that is agreed upon by your company and your partner. For example, an imbalance might exist if a transaction was not correctly assigned.

You must assign a document number and type for all adjustments so that the system can track the adjustment.

Depending on the terms that your company and your partner agree upon, you can create adjustments with different types of information. For example, you can:

- Make a manual adjustment and enter a specific quantity of a product
- Have the system reduce the product quantity to zero
- Create a sales order from the adjustment information
- Close the agreement

You cannot change or delete an existing adjustment. If you enter an incorrect adjustment, you must create a new adjustment to correct the error.

When you access the Agreement Adjustment program (P38020) from either the Online Statement or the Online Balance Inquiry menu options, the system uses the agreement information as default entries for certain fields. You cannot change these fields on the Agreement Adjustment form.

► **To create adjustments**

From the Daily Processing menu (G381), choose Agreement Adjustments.

Alternatively, you also access Agreement Adjustments from the Online Statement and Online Balance Inquiry menu options.

1. On Work With Agreement Adjustments, click Add.

PeopleSoft. Portal WWW Intranet Training

Select Workspace: Active Foundation

Active Foundation Personalize Change Role Sign Out

Agreement Adjustment

OK Cancel Form Tools

Document Number 03 Depot

Doc Line Number G/L Date Base Currency

Adjustment Type M Adj Date Adj Reason

Explanation

Agreement Information Bulk Information

Agreement Nbr

Product Source

Destination

Product

Due To Cancel Date Cancel Reason

Close Agreement Amount Currency Code

2. On Agreement Adjustment, complete the following fields:

- Adjustment Type
- Adj Reason

3. Accept the defaults, or complete the following fields:

- Document Number
- G/L Date
- Adj Date
- Explanation

4. Click the Agreement Information tab and complete the following fields:
 - Agreement Nbr
 - Product Source
 - Destination
 - Product
 - Due To
5. Click the Bulk Information tab and complete the following field:
 - Transaction Qty
6. To close the agreement, click the Agreement Information tab and choose the following option:
 - Close Agreement
7. Complete the following fields and click OK:
 - Cancel Date
 - Cancel Reason

Processing Options for Agreement Adjustments (P38020)

Defaults

1. Enter the default Document Type. (Required)

2. Enter the default Adjustment Type.
Process

1. Enter the Agreement Status to use when cancelling a contract.

Versions

Enter the version for each application. If left blank, ZJDE0001 will be used.

1. Agreement Master (P38010)

2. Agreement Quantities (P38011)

3. Product/Source Destination (P38012)

4. Online Statement (P38300)

5. Online Balance (P38300), defaults ZJDE0002

6. Sales Order Entry (P4210)
FUTURE

Agreement Management Setup

Before you can use the Agreement Management system, you must complete certain tasks to define information that the system uses during processing. You can customize much of this information to meet your company's business needs.

User defined codes

Define customized codes, such as documents types and item pools, that are appropriate for your business needs.

Automatic accounting instructions

Define the rules for the chart of accounts and establish how the system creates automatic entries.

Setting Up Other Systems for Agreement Management

In addition, to use Agreement Management with other J.D. Edwards systems, complete the following setup tasks:

- ❑ Define each of the four penalty schedules that you use for your distribution agreements, using the same forms that you use to define price adjustment definitions.
- ❑ Optionally, define the order detail group to create adjustments that the system uses to determine the price of order lines including penalties.
- ❑ Set up the preference for agreement penalties using the penalty (PN) user defined code.
- ❑ Define the schedule for each of the four penalty schedules using the Price Adjustment Schedule program (P4070).
- ❑ Assign the penalty schedules to any combination of partner and item number using the Price Adjustment Schedule preference.

If you do not install Advanced Pricing and Sales Order Management, you can use Agreement Management as a repository to create agreements and adjustments.

See Also

- ❑ *Setting Up Preferences* in the *Sales Order Management Guide* for more information about assigning penalty schedules to combinations of partners and item numbers

See the following topics in the *Advanced Pricing Guide*:

- ❑ *Setting Up Adjustment Definitions* for more information about defining each of the four penalty schedules that you use for your distribution agreements
- ❑ *Defining Order Detail Groups* for more information about creating adjustments that the system uses to determine the price of order lines including penalties
- ❑ *Setting Up Advanced Pricing Hierarchies* for more information about using the penalty (PN) user defined code to set up the preference for agreement penalties
- ❑ *Building Adjustment Schedules* for more information about penalty schedules
- ❑ *Setting Up Adjustment Details* for more information about penalty schedules

Setting Up Agreement Selection or Assignment

You must assign agreements to transactions in order for the system to match the transaction to the correct agreement and to monitor the activity. Companies that use the Agreement Management system have different requirements and operating procedures. Therefore, you can select the method that you want the system to use to assign agreement numbers. You can assign agreement and supplement numbers to transactions in one of the following ways:

- Manually assign the agreement and supplement numbers during order entry
- Have the system automatically assign agreement and supplement numbers during order entry, including batch and EDI processing
- Choose an agreement during order entry

You must set the associated processing options for each of the programs that integrate with the Agreement Management system to process agreement transactions during order entry.

Note

If you leave the processing option blank in the order entry programs, you cannot assign agreements in that program. Agreement Management processing is not activated.

You can set processing options for Agreement Management in the following order entry programs:

- Sales Order Entry (P4210) and related order entry programs
- Batch Edit and Creation (R4210Z)
- EDI Order Edit/Create
- Purchase Orders (P4310)

You can set up the Shipment Confirmation program (P4205) in the Sales Order Management system and the Transportation Load Confirmation program (P49640) in the Transportation Management system to process borrow agreements that involve foreign depots. At those points in the process, the system requires an agreement. You can choose the method of assignment.

Setting Up Confirm Shipments and Confirm Loads for Agreements

The Agreement Management system allows you to make agreements to borrow product from your partner and not take possession of it at your depot. In these situations, your partner's branch/plant is referred to as a foreign depot.

To use a foreign depot, you must turn on the Foreign Depot constant for your partner's branch/plant in the Branch/Plant Constants program (P41001) in the Inventory Management system.

The system uses the branch/plant that you identify when you set up the agreement to search for contracts that include the foreign depot as the source.

To assign borrow agreements during ship confirmation, set the processing options on the Agreements tab in the Shipment Confirmation program (P4205) in the Sales Order Management system. You can use this program or the Work With Shipments program (P4915) in the Transportation Management system to confirm the shipment. The Work With Shipments program calls the Transportation Shipment Confirmation program (P49645), which in turn calls the Shipment Confirmation program.

To assign borrow agreements during load confirmation in the Transportation Management system, you must:

- Set the processing options on the Agreements tab for the Transportation Load Confirmation program (P49640) or for the Shipment Confirmation program.
- If the transaction refers to a vehicle that is compartmentalized, as indicated by the load type, the system calls the Transportation Load Confirmation program. If the vehicle is not compartmentalized, the system calls the Shipment Confirmation program.

In the processing options on the Agreements tab for the ship and load confirmation programs, you identify the following information:

- The branch/plant or branch/plants for the agreement search program to use as the destination
- The type of assignment (selection type) that you want to occur

Note

If you leave the selection processing option blank, the system assigns the agreement with the earliest expiration date. Unlike the order entry programs, you do not need to set the selection type for assignment to occur. The system requires an agreement number for borrow assignments that involve foreign depots.

Setting Up User Defined Codes

You can define most standard information in user defined code (UDC) lists. Many of these codes are set up by J.D. Edwards and are included when you install your system. When a UDC is referred to as hard coded, the programming has been defined to work with hard-coded UDCs. If you change a hard-coded UDC, the programming will not work correctly.

Each system has its own system number and UDC types. Agreement Management is system 38. UDCs are referenced by the system number and type. Therefore, System 38/Type CA indicates that CA (Agreement Adjustments) is a UDC type for the Agreement Management system.

User Defined Codes for Agreement Management

Agreement Management also integrates with other systems, such as the Procurement system. Therefore, in addition to System 38 UDCs, you will need to set up UDCs for other systems. The following table lists the UDC types associated with agreements and the information you should include in each.

38/CA (Agreement Adjustments)	Include the types of adjustments that you want to use.
38/CC (Agreement Cancellations)	Include the different reasons for canceling an agreement.
38/CP (Agreement Purpose)	Include the different reasons or purpose for making agreements.
38/CV (Agreement Types)	Include the different types of agreements that your company uses for different partners.
38/R1 through R4 (Agreement Reporting Codes)	Include UDCs for four different groups. Within each group, you can assign different UDCs for reporting and other business purposes to organize and associate your agreements and business partners.
40/AS (Schedule Name)	Include the four penalty adjustments that you want to use for the penalty schedules. J.D. Edwards recommends that you use the following as the UDCs for the penalty schedules: <ul style="list-style-type: none">• TRANSMIN (transaction minimum)• TRANSMAX (transaction maximum)• UNDCOMIT (under commitment)• OVRCOMIT (over commitment)
40/PR (Preference Profiles)	Include PN as the agreement penalties preference that you use to set up the penalty schedules.
40/SD (Sales Detail Groups)	Include a UDC called Penalty to define the price group for the penalty schedules.

See Also

See the following topics in the *Foundation Guide* for information about adding, revising, and deleting user defined codes:

- *User Defined Codes*
- *Customizing UDCs and UDC Types*

Setting Up Automatic Accounting Instructions

Automatic accounting instructions (AAIs) tell the system how to create general ledger entries for programs that generate automatic journal entries. AAIs are the user defined bridge between program functions, your chart of accounts, and financial reporting. AAIs direct transactions to the appropriate general ledger accounts.

The system already contains predefined AAIs. You need to ensure that these AAIs are appropriate for your business needs. You can revise existing AAIs and set up additional AAIs to accommodate growth and change in your business functions and financial reporting. Follow the same setup steps to create a new AAI or to revise an existing AAI.

For distribution systems, you must create AAIs for each unique combination of company, transaction, document type, and general ledger class that you will use. Each AAI identifies a specific general ledger account consisting of a business unit, an object, and a subsidiary (optional). When the system processes a transaction, it creates accounting entries.

When setting up each AAI, verify that a default for company 00000 exists. For each company that requires specific instructions, verify that a business unit or object account exists. In many companies, the accounting department is responsible for AAI setup and maintenance.

Alternate AAIs for Loan or Borrow Agreements

The system uses alternate AAIs to write accommodations for loan or borrow agreements. If you turn on the Write Accommodations option on the Agreement Master Revisions form, the system uses alternate AAIs during sales order, purchase order, and general stock movement processing.

Sales order processing

Depending on the processing performed when the system processes a sales order, the system typically uses the following AAIs:

- Cost of Goods Sold (AAI 4220)
- Deferred Cost of Goods Sold (AAI 4221)
- Inventory (AAI 4240)
- Inventory in Transit (AAI 4241)

If the specified agreement has the Write Accommodations option turned on, the system uses the following AAIs instead of 4220 and 4221:

- Cost of Goods Sold - Accommodations (AAI 4222)
- Deferred Cost of Goods Sold - Accommodations (AAI 4223)

If the specified borrow agreement at load confirmation has the Write Accommodations option turned on, the system uses the following AAIs instead of 4240 and 4241:

- Accommodations (AAI 4242)
- Accommodations in Transit (AAI 4244)

Purchase order processing

Typically, when you receive a purchase order, the system writes the following G/L entries:

- DR - Inventory (AAI 4310)
- CR - Received Not Vouchered (AAI 4320)

If the specified agreement has the Write Accommodations option turned on, the system writes the following G/L entries:

- DR - Accommodations (AAI 4311)
- CR - Received Not Vouchered (AAI 4321)

General stock movements

Typically, when you enter a stock movement, the system uses the following AAI:

- Inventory (AAI 4122)

When you enter a stock movement and specify an agreement with the Write Accommodations option turned on, the system uses the following AAI instead of 4122:

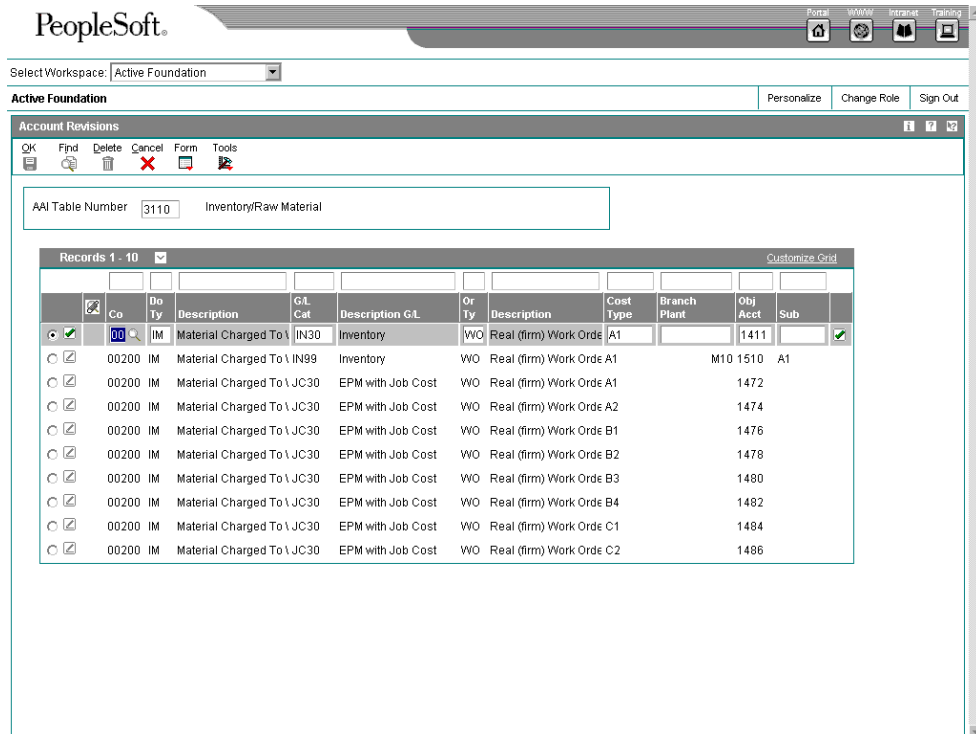
- Accommodations (AAI 4123)

► To set up automatic accounting instructions

Access Automatic Accounting Instructions from the setup menu for the appropriate system, such as Sales Order Management, Procurement, or Bulk Stock Management.

You can use the Notes function to attach explanatory messages to any AAI.

1. On Work With AAIs, choose an AAI and click Select.



2. On Account Revisions, complete one or more of the following fields and click OK:

- Co
- Do Ty
- G/L Cat
- Branch Plant
- Obj Acct
- Sub

