

Oracle® Inventory

Consigned Inventory from Supplier Process Guide

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Oracle Inventory Consigned Inventory from Supplier Process Guide, Release 12.2

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- Are the implementation steps correct and complete?
- Did you understand the context of the procedures?
- Did you find any errors in the information?
- Does the structure of the information help you with your tasks?
- Do you need different information or graphics? If so, where, and in what format?
- Are the examples correct? Do you need more examples?

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Preface

Intended Audience

Welcome to Release 12.2 of the *Oracle Inventory Consigned Inventory from Supplier Process Guide*.

Assumptions

This guide assumes that you have a working knowledge of the following:

- The principles and customary practices of your business area
- The Oracle Applications graphical user interface.

To learn more about the Oracle Applications graphical user interface, read the *Oracle Application's User's Guide*.

See Related Information Sources on page viii for more Oracle E-Business Suite product information.

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Structure

- 1 Overview**
- 2 Purchasing Material**
- 3 Consuming Material**
- 4 Costing and Accounting**
- 5 Setting Up**
- A Windows and Navigator Paths**

Related Information Sources

Integration Repository

The Oracle Integration Repository is a compilation of information about the service endpoints exposed by the Oracle E-Business Suite of applications. It provides a complete catalog of Oracle E-Business Suite's business service interfaces. The tool lets users easily discover and deploy the appropriate business service interface for integration with any system, application, or business partner.

The Oracle Integration Repository is shipped as part of the E-Business Suite. As your instance is patched, the repository is automatically updated with content appropriate for the precise revisions of interfaces in your environment.

You can navigate to the Oracle Integration Repository through Oracle E-Business Suite Integrated SOA Gateway.

Do Not Use Database Tools to Modify Oracle E-Business Suite Data

Oracle **STRONGLY RECOMMENDS** that you never use SQL*Plus, Oracle Data Browser, database triggers, or any other tool to modify Oracle E-Business Suite data unless otherwise instructed.

Oracle provides powerful tools you can use to create, store, change, retrieve, and maintain information in an Oracle database. But if you use Oracle tools such as SQL*Plus to modify Oracle E-Business Suite data, you risk destroying the integrity of your data and you lose the ability to audit changes to your data.

Because Oracle E-Business Suite tables are interrelated, any change you make using an Oracle E-Business Suite form can update many tables at once. But when you modify Oracle E-Business Suite data using anything other than Oracle E-Business Suite, you may change a row in one table without making corresponding changes in related tables. If your tables get out of synchronization with each other, you risk retrieving erroneous information and you risk unpredictable results throughout Oracle E-Business Suite.

When you use Oracle E-Business Suite to modify your data, Oracle E-Business Suite automatically checks that your changes are valid. Oracle E-Business Suite also keeps track of who changes information. If you enter information into database tables using

database tools, you may store invalid information. You also lose the ability to track who has changed your information because SQL*Plus and other database tools do not keep a record of changes.

Overview

This chapter covers the following topics:

- Overview of Consigned Inventory
- Using Vendor Managed Inventory with Consigned Inventory

Overview of Consigned Inventory

Consigned inventory from supplier exists when inventory is in the possession of one party (a dealer, agent, distributor, and so on), but remains the property of another party (such as the manufacturer or primary contractor) by mutual agreement. Consigned inventory from Supplier refers to one type of consigned inventory practice where you receive and maintain goods belonging to one or more of your suppliers. Both suppliers and customers benefit through a consigned inventory strategy:

- Suppliers can compete on the basis of availability and delivery when finished goods are at the customer site, particularly when lead times are lengthy.
- Holding material on consignment reduces the lead time for items that might be required to fill sales orders.
- Customers experience increased inventory turns—thus, reducing funds invested in inventory. Financial resources are free until customer commitments are ensured, or items are used in production.

Consigned From Supplier Process Overview

Buyers or plant managers define the items and suppliers for which they have a consignment relationship. Buyers then create purchase orders for consignments in response to requisition demand. Goods are received against the order and held in consignment stock until they are actually consumed for usage. Upon consumption, ownership of the material is transferred from the supplier to the owning organization. A consumption advice document informs the supplier that consigned stock has been

consumed by the buying organization. After consigned stock is consumed, suppliers can invoice the buying organization. Optionally, if pay on use is used, the buying organization can create invoices on behalf of the supplier, and fully automate the payment process.

Using Oracle iSupplier Portal, suppliers can view consigned stock balances and the transactions that affect it. They can also review automatically generated consumption advice transactions, and initiate the invoicing process. Warehouse personnel can transfer goods from consigned to regular stock using the Consigned Transactions window in Oracle Inventory, or through a mobile device that has been configured with Oracle Mobile Supply Chain Applications. Oracle Inventory also enables the automatic consumption of consigned materials, such as WIP issues, sales order issues, inter-organization transfers, and subinventory transfers. Using the Material Workbench window, you can query the status of consigned inventory at any time. You can also use the Material Workbench to view consigned on-hand quantities and inquire on consumed stock inventory.

Using Vendor Managed Inventory with Consigned Inventory

Vendor Managed Inventory (VMI) is a procurement and planning practice in which a company delegates key inventory management functions to its suppliers. Suppliers initiate a replenishment request based on current inventory levels and the customer forecasts. VMI benefits customers through greater service levels and reduced risk of stock-outs. A successful VMI program can provide trading partners with greater efficiency and lower cost, by eliminating the need for repetitive manual tasks involved in ordering commonly required items.

VMI Process Overview

The VMI supplier monitors the current level of inventory items through access into the customer system (such as Oracle iSupplier Portal or Oracle Collaborative Planning). The view of inventory is restricted to items for which the supplier has VMI planning responsibility. The supplier can see the balance of on hand stock, in-transit quantities, open requisitions and purchase orders, and other information, such as forecasts.

A request results in the creation of an approved purchase requisition. The buyer can manually assign these requisitions onto a blanket purchase order with the VMI supplier, or set up the system to have this process automated. The supplier ships upon approval of the blanket release. When the goods are delivered to your site, the receipts are recorded and the supplier tracks all stages through delivery into stock.

The customer inventory or plant employees use material at any time. When the goods are transferred or placed into production, the material becomes part of internally planned goods—and the supplier no longer has visibility to that portion of stock. If the new VMI on-hand quantity is below thresholds, the supplier manually or automatically requests new shipments on behalf of the customer.

Consigned and VMI Integration

The Consigned Inventory from Supplier process is often combined with VMI; the supplier continues to own goods stored at the customer facility, and also determines the quantities and timing of deliveries.

In this combined process, buyers or plant managers define the items and suppliers for which a VMI and consignment relationship exists, and establish minimum and maximum inventory levels for each item. Suppliers perform a material request manually or automatically through iSupplier Portal, according to agreed thresholds, forecasted demand, and other information. Purchase orders are created in response to supplier initiated requisition demand, and goods are received and stored in consigned stock.

Alternatively, you can transfer the planning responsibility of goods from the supplier to the customer without involving consumption. In this way, the customer takes responsibility for planning the item even though ownership resides with an outside party. When materials are consumed implicitly, such as a work in process issue or sales order issue, the system automatically consumes and transfers the planning responsibility to the consuming organization. When the goods are transferred to regular stock, the planning responsibility also changes from the external planning party to the buying organization.

For more information, see: Vendor Managed Inventory (VMI) in Oracle Applications, in the Inventory White Papers on My Oracle Support Forum.

Implementing Consigned Inventory from Supplier

Consider the following points when you implement consigned inventory from supplier:

- Encumbrance accounting cannot be enabled in the operating unit in which consigned inventory from supplier is used.
- At minimum, consigned inventory requires the following Oracle applications: Oracle Purchasing, Oracle Inventory, and Oracle Payables. Using Oracle iSupplier Portal enables your supplier to monitor the goods sent to your premises on a consigned basis.
- You cannot use the following items with consigned inventory from supplier:
 - Outside processing items
 - Expense items (Inventory Asset Value is No)
 - ATO and PTO models
 - EAM items
 - Non-transactable items

- Non-stockable items

Purchasing Material

This chapter covers the following topics:

- Overview of Purchasing Consigned Material
- Defining Approved Supplier Lists
- Requisitioning Consigned Materials
- Using AutoCreate
- Using Automatic Document Creation Workflow
- Entering Purchase Orders for Consigned Materials
- Receiving Consigned Inventory
- Returning Consigned Inventory to Vendors
- Querying Consigned On Hand Quantities
- Purchasing Intelligence and Consigned Inventory
- Using Retroactive Price Update

Overview of Purchasing Consigned Material

The consigned from supplier business practice can be used for purchasing some or all of the materials in a warehouse. Material purchased on consignment is defined in the Approved Supplier List (ASL).

After the decision to procure items on consignment has been made, and the consigned relationship has been defined, buyers use existing processes for requisitioning and purchasing consigned material. The requisitioning process is the same for both consigned inventory and regular procurement.

Whenever you purchase goods on consignment, the goods must be delivered into inventory where they can be tracked, reported to the supplier, and consumed.

Note: Expense destination material is not purchased using consigned inventory, because these goods are consumed immediately.

When a buyer determines that supply is required for items purchased on consignment, the relevant purchase order shipment lines are automatically flagged as consigned. Similarly, receipts are designated as consigned receipts, and therefore no accounting is performed. When consigned goods are delivered into inventory, they are stored as consignment material and the supplier and supplier site are listed as the owning party.

You can report to the supplier all of the on hand balances of material held on consignment, including real-time information about consigned stock, consumption transactions, and invoices. This function is performed either through the Oracle iSupplier Portal or Oracle Inventory inquiries.

If you and the supplier agree to change purchase prices after consumption transactions are executed, you can retroactively reflect these price changes on consumption advices

Defining Approved Supplier Lists

You can create consignment relationships with your supplier using the Approved Supplier List (ASL) window. Your purchasing suppliers are created in the Suppliers window, and they are associated with the items you buy using the Approved Supplier List window.

Approved Supplier List Window

Type	Commodity	Item	Description
Item		AS54888	Sentinel Standard Desktop TPD

Suppliers

Key Attributes | Record Details | Comments

Business	Supplier	Site	Operating Unit	Status	Disabled	Supplier Item	Manufacturer
Direct	Advanced Network	SANTA CLARA	Vision Communications	New	<input type="checkbox"/>		
					<input type="checkbox"/>		
					<input type="checkbox"/>		
					<input type="checkbox"/>		
					<input type="checkbox"/>		

Attributes

A consignment relationship can be established for a combination of Item, Supplier, and Supplier Site.

Local and Global Approved Supplier Lists

Your approved supplier can be either a local or global supplier. A local ASL is used only in the organization in which it was defined. A global ASL may be used in all organizations you specify.

Supplier – Item Attributes Window

You can enable the Consigned Inventory from Supplier feature on the Supplier–Item Attributes window.

Inventory Tab

On the Inventory tab, you can enable consigned inventory, indicate Billing Cycle Days, and define the Aging parameters. The Consigned from Supplier feature can only be enabled under the following conditions:

- Encumbrance is not enabled in the operating unit.
- The ASL is being defined for a combination of Item, Supplier and Supplier Site.
- The Item for which the ASL is being defined is not:
 - Outside Processing Item
 - Expense Item (Inventory Asset Value set to *No*)
 - ATO or PTO Model
 - EAM Asset Item
 - Non-transactable or Non-stockable item

The validation for local ASL is done for the organization in which the ASL is being created. For Global ASL, this validation is done for all organizations under the same set

of books.

- **Billing Cycle (Days):** Indicates how frequently you would like to group the consumption transactions into a consumption advice. Consumption advice is the document against which supplier can raise an invoice and gets paid for. The default is null. If the value is null, a consumption advice is created every time the Create Consumption Advice concurrent program is run.
- **Last Billing Cycle Date:** This is set to the system date when you initially set up Consigned Inventory from Supplier. It is updated each time a new consumption advice is created as per the billing cycle for this ASL. Billing cycle and last billing date in conjunction control the frequency at which the consumption advice is created. A new consumption advice is created when the following occurs:
$$\text{System date} > \text{Last Billing Date} + \text{Billing Cycle Days}$$
- **Consume on Aging:** In some consigned relationships, the supplier stipulates the maximum period for which he can make the material available at your site on consignment basis and you are required take ownership of any balance material after this period. If you are required to consume consigned material within such a stipulated time period, enable the Consume on Aging check box. Consigned Inventory Aging queries would report your commitments from such agreements. Selecting this option does not automatically transfer the ownership of the overdue consigned stocks; however, it enables you to use the Consigned Inventory Aging inquiries to identify the consigned stocks that are overdue for consumption.
- **Aging Period (Days):** Indicates the maximum number of days the material may be kept in consigned status by your supplier.

Source Documents Tab

The screenshot shows the 'Source Documents Tab' in the 'Supplier-Item Attributes (M1)' window. The window has a title bar with a red icon and the text 'Supplier-Item Attributes (M1)'. Below the title bar, there are several input fields and buttons. On the left, there are radio buttons for 'Global' and 'Local', with 'Local' selected. A 'Create Local' button is next to them. Below these are input fields for 'Item' (AS54888), 'Commodity', 'Supplier' (Advanced Network), 'Site' (SANTA CLARA), and 'Operating Unit' (Vision Services). On the right, there are input fields for 'Purchasing UOM' (Each), 'Release Method' (Release Using AutoCrea), 'Price Update Tolerance' (a percentage field), and 'Country of Origin' (a dropdown menu). Below these fields are four tabs: 'Source Documents' (selected), 'Supplier Scheduling', 'Planning Constraints', and 'Inventory'. The 'Source Documents' tab contains a table with columns: 'Seq', 'Type', 'Number', 'Line', 'Global', 'Owning Org', 'Status', and 'Effective From'. The first row is highlighted in yellow and contains the values: '1', 'Blanket Purchase Ag', a blank 'Number' field, a blank 'Line' field, a checked 'Global' checkbox, a blank 'Owning Org' field, a blank 'Status' field, and a blank 'Effective From' field. There are four more rows below the first one, all with blank values. At the bottom of the window is a scrollbar.

Seq	Type	Number	Line	Global	Owning Org	Status	Effective From
1	Blanket Purchase Ag			<input checked="" type="checkbox"/>			
				<input type="checkbox"/>			
				<input type="checkbox"/>			
				<input type="checkbox"/>			
				<input type="checkbox"/>			

On the Source Documents tab, you can associate specific quotations and blanket purchase orders agreements with the supplier and item combinations. This enables Purchasing to default source documents automatically. All consigned enabled suppliers must have a referenced blanket purchase agreement. However, only blanket purchase agreements may be used as source documents for consigned inventory. The blanket purchase agreement may be either local or global.

When the consigned material is consumed, the system refers to the source document to retrieve the price applicable for the consumption. You can assign a specific blanket purchase agreement here, or set the profile option *PO: Automatic Document Sourcing* to Yes. Setting this profile option to Yes automatically makes the pricing information default from the most recently created blanket agreement. If the profile is set to No, the approved supplier list (ASL) is used to determine the blanket agreement.

Related Topics

Overview of Consuming Material, page 3-1

Requisitioning Consigned Materials

At the requisitioning level there is no difference between regular and consigned

material. You can create a purchase order from a requisition for consigned material, only if the corresponding requisition is a Purchase requisition and not an internal requisition. The requisition must have a destination type of Inventory. After the system generates your requisitions, you can use the AutoCreate or Workflow processes to create purchase orders.

You can use Vendor Managed Inventory (VMI) in conjunction with consigned inventory, requiring your supplier to replenish your warehouse with consigned goods up to agreed upon levels.

For VMI, the supplier creates the requisitions to ensure the replenishment of consigned goods according to agreed levels.

Related Topics

Assigning Sourcing Rules, *Oracle Purchasing User's Guide*

Assigning Sourcing Rules and Bills of Distribution, *Oracle Purchasing User's Guide*

Using AutoCreate

You can use AutoCreate to create standard purchase orders for consigned material from requisitions. With AutoCreate you can choose between manually or automatically creating a new purchase order, or adding to an existing purchase order. When creating purchase orders from requisitions for consigned material, AutoCreate performs the following actions:

- Determines whether a valid record exists on the Approved Supplier List.
- Removes document references on the requisition before creating the purchase order—including global agreements, and contracts.
- Reviews requisition line destination type—expense destination type is not used for consigned material procurement.
- If consigned relationship or VMI with consigned relationship is established on the ASL for the requisition line, then only standard purchase order is allowed as the document type. If the requisition line is for VMI-only material, then only blanket release is allowed as the document type.

Document References

When using either Manual Creation or Automatic Creation mode, you cannot use a document reference. Whether a document reference is associated with the requisition, or you attempt to add a document reference using the New Document window, the document reference is not copied on the purchase order.

All document references must be removed before creating the purchase order because

consigned shipments are not releases against global or contract agreements, and should not be calculated in the amount released against those agreements. These references are automatically removed by the system. If you attempt to create a purchase order using the manual autocreate process, the system generates the following message:

Note: The document reference is not valid for consigned shipments and will not be copied to the purchase order.

Using Automatic Document Creation Workflow

Oracle Purchasing is integrated with Oracle Workflow to create standard purchase orders automatically from approved requisition lines. This feature is also available for consigned purchase orders.

Document references (contracts, price lists, and so on) are not permitted on orders for consigned material. If you use the AutoCreate or the Automatic Document Creation Workflow processes, all document references are removed before the purchase order is created.

Note: Automatic creation of purchase orders for approved requisitions is enabled by setting the Release Method field on Item-Supplier attributes window of the approved supplier list to *Release Using Autocreate*. Also, ensure that the PO Create Documents workflow item attribute of *Is Automatic Creation Allowed?* is set to Yes.

Related Topics

Overview of Procurement Workflows, *Oracle Purchasing User's Guide*

Workflow for Creating Purchase Orders or Releases, *Oracle Purchasing User's Guide*

Choosing Workflow Options, *Oracle Purchasing User's Guide*

Setting Up Automatic Sourcing, *Oracle Purchasing User's Guide*

Entering Purchase Orders for Consigned Materials

Purchase orders for consigned material can be entered using the Purchase Orders window. The relevant purchase order shipment lines are automatically marked as consigned. When entering purchase orders for consigned goods, consider the following information:

- Purchase Order Type

Orders for consigned material are created as standard purchase orders.

- Organization

Consigned materials are purchased in the context of a given warehouse or across warehouses. You enable consigned material for a warehouse or warehouses by establishing a local or global ASL entry.

- Supplier

This supplier and supplier site for the item purchased on consignment must be defined on the Approved Supplier List.

- Item

The consigned relationship should be established for the item, supplier, and supplier site on the Approved Supplier List for the receiving Inventory Organization.

- Document Reference

Document references (such as contracts and price lists) are not permitted on orders for consigned material.

Note: Oracle recommends that you do not use the header level amount agreed for your blanket purchase agreement. Using this option limits your ability to consume material above agreed levels.

Shipments Window

Num	Receipt Close Tolerance (%)	Invoice Close Tolerance (%)	Match Approval Level	Invoice Match Option	Accrue at Receipt
1	10	0	2-Way	PO	<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>

Line Num 1 Item z7240 IT Outsourcing

Receiving Controls Distributions

You can view the shipment line details in the Shipments window. Shipment lines for consigned material have the following attributes:

- Invoice Close Tolerance value is 100 percent because the consigned shipment is not invoiced.
- Match Approval Level value is 2 Way Matching, regardless of value entered on the Supplier window, because the consigned shipment is not invoiced.
- Invoice Match Option value is PO Based Matching, regardless of value entered on the Supplier window, because the shipment is not matched against an accounts payable invoice.
- Accrue on Receipt is disabled because financial liability is deferred until ownership is transferred to your organization.
- Consigned check box is enabled.
- Status values is Close for Invoicing.

Distributions Window

The Destination Type for all consigned shipment distributions is always set to Inventory.

Related Topics

Entering Purchase Order Shipments, *Oracle Purchasing User's Guide*

Entering Purchase Order Headers, *Oracle Purchasing User's Guide*

Creating Approved Suppliers, page 5-7

Entering Purchase Order Distributions, *Oracle Purchasing User's Guide*

Receiving Consigned Inventory

You receive consigned material in same way in which you receive regular material, except that there is no accounting event that might increase financial liability. When receiving consigned material, you never match a payables invoice to a consigned receipt. When receiving consigned inventory the following access information applies:

- Advance Shipment Notices (ASN)
Your supplier can view open shipments and select the shipments for placement on the ASN. However, your supplier cannot generate ASN's for consumption advice. A consumption advice is a billing-only document.
- Advanced Shipment and Billing Notice (ASBN)
Your supplier cannot create ASBN's for consigned material because consigned material does not contain billing information.

Returning Consigned Inventory to Vendors

You can return consigned materials to the supplier at any time. The return to vendor (RTV) process is same as that for regular material. No accounting entries are generated for consigned RTV transactions. However, if it is to be returned to the supplier, then any consumed material must be transferred back to consigned stock.

Note: For serial controlled items that are already transferred to regular stock, ensure that they are first returned to consigned status before making a return to vendor transaction.

Related Topics

Accounting and Costing Transactions for Consigned Inventory, page 4-2

Querying Consigned On Hand Quantities

You can query and review Consigned and VMI on hand quantities using the Material

Workbench. Consigned and VMI stocks are identified by the owning party and planning party attributes on the on hand quantities. Select the Consigned/VMI Tab on the Material Workbench to search for inventory that is designated for Consigned or VMI. The Owning Party region is used to enter the search criteria, and can be limited to All Owning Parties, All Consigned Stock, or you can Select Owning Party. Use the Planning Party region to enter the search criteria and select either All Planning Parties, All VMI Stock, or Select Planning Party.

Query Material Window

The screenshot shows a window titled "Query Material" with a standard Windows-style title bar. The window is divided into several sections for data entry and filtering.

Top Section: Contains two text input fields labeled "Query" and "Description". To the right of the "Query" field is a checkbox labeled "Public Query".

Material Section: A group box containing several controls:

- "Organization": A text field with "M1" and a button labeled "Seattle Manufacturing".
- "Subinventory": A text input field.
- A checkbox labeled "Show Disabled Subinventory/Locator in LOV".
- "Locator": A text input field.
- "Quantities": Two text input fields separated by a hyphen.
- "View By": A dropdown menu currently showing "Location", and a checkbox labeled "Detailed".

Material Locations Section: A group box on the right containing three checkboxes:

- ☒ On-hand
- ☐ Receiving
- ☐ Inbound

Item Selection Section: A horizontal row of tabs: "Item", "Lot", "Serial", "LPN", "Project", "Consigned/VMI", "Interorg", and "Supplier". The "Item" tab is selected.

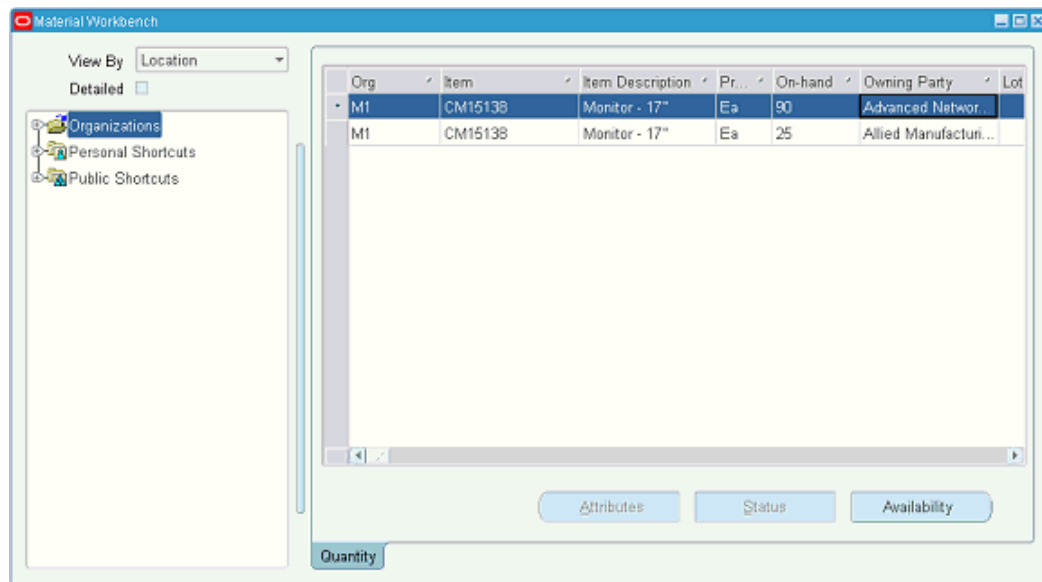
Item Details Section: A group box under the "Item" tab containing five text input fields:

- "Item / Revision": A text field followed by a small empty box.
- "Description": A text input field.
- "Item Cross References": A text input field.
- "Cost Group": A text input field.
- "Status": A text input field.

Bottom Section: A row of four buttons: "Save", "Delete (A)", "Clear", and "Find".

The search results display in the Material Workbench window.

Material Workbench Window



The screenshot shows the 'Material Workbench' window. On the left is a navigation pane with 'Organizations', 'Personal Shortcuts', and 'Public Shortcuts'. The main area displays a table with columns: Org, Item, Item Description, Pr., On-hand, Owning Party, and Lot. Two rows are visible, both for item CM15138 (Monitor - 17"). The first row has Org M1, On-hand 90, and Owning Party Advanced Networ. The second row has Org M1, On-hand 25, and Owning Party Allied Manufactu... Below the table are buttons for 'Attributes', 'Status', and 'Availability', and a 'Quantity' label at the bottom left.

Org	Item	Item Description	Pr.	On-hand	Owning Party	Lot
M1	CM15138	Monitor - 17"	Ea	90	Advanced Networ	
M1	CM15138	Monitor - 17"	Ea	25	Allied Manufactu...	

Note: Note that the concatenation of Supplier and Supplier site is shown as the owning party for the consigned on hand quantities.

Purchasing Intelligence and Consigned Inventory

Purchasing Intelligence supports consigned inventory. As previously mentioned, consigned purchase orders cannot be invoiced or paid. The goods ordered are received into consigned inventory at the receiving organization, and then transferred to regular inventory when they are ready to be consumed. When the Consumption Advice is generated against a blanket agreement, the release can be invoiced and paid.

Purchasing Intelligence addresses both standard and consigned purchase orders; it reflects these purchase order amounts in the appropriate reports and in the Key Performance Indicators (KPIs).

Purchasing Intelligence support for consigned inventory includes price based measurements. All price based measurements such as PO Purchases, Contract Leakage, and Non-Contract Purchases will only reflect the purchase order amounts for the consumption advice purchase orders (bill-only purchase orders). Consigned purchase orders (receive-only purchase orders), will be ignored, because they do not represent a purchasing commitment to the supplier.

Using Retroactive Price Update

The process of applying retroactive price updates to purchasing documents for

consigned material is same as that for regular material. Consumption advices are retroactively update only when the profile PO: Allow Retroactive Pricing of Pos is set to ALL RELEASES.

You can execute retroactive price updates either from the PO Approval screen or by submitting the Retroactive Price Update concurrent program. When using the PO Approval screen to make retroactive price updates, enable the Apply Retroactive Price Update to Existing PO/Releases check box.

Note: Retroactive price update only applies to the consumption advice. Consumption transactions, for which consumption advices have not been created, will not be affected by retroactive price updates. Also note that Agreed Amount limit defined in the blanket purchase agreement (BPA) is not imposed when the price of the consumption advice is updated retroactively. The retroactive priced releases for consigned item are approved automatically, and are not submitted for approval checks even if it exceeds the agreed amount in the BPA.

Consuming Material

This chapter covers the following topics:

- Overview of Consuming Material
- Transferring Ownership of Consigned Inventory
- Aging Based Ownership Transfer
- Consumption Transactions
- Generating Consumption Advice
- Querying the Consumption Advice
- Overview of Billing
- Miscellaneous Transactions for Consigned Transactions
- Consigned Inventory Diagnostics
- Querying Inventory Aging Details
- Oracle iSupplier Portal

Overview of Consuming Material

Unlike regular inventory, consigned inventory items remain the property of the consignor—even though the goods are at your site. Ownership changes from the supplier (consignor) to the customer (consignee), when the consigned stock is used by the production organization. This process is called consumption. Consumption involves the change of ownership from supplier owned stock to internally owned stock.

The system automatically generates a *transfer to regular* transaction whenever consumption takes place. Consumption transactions are performed either explicitly or implicitly. Explicit consumption is performed whenever the user specifies the external owning party (the consignor) whose goods will be transferred to the internal organization. Explicit consumption is performed by using the consigned transactions window and performing a transfer to regular transaction. Implicit consumption refers to any type of consumption in which the system automatically determines that

consumption is necessary, and selects the owning parties whose stock will be used up to complete the required transaction. So, for example, when you issue material from consigned stock to a discrete job, an implicit consumption is triggered automatically to transfer the stock from consigned to regular before it is issued to the job.

Some transactions always consume consigned materials. These transactions include the following:

- Sales Order issues
- WIP issues
- Inter-organization transfers
- Miscellaneous issues

Other transactions can be set up to consume according to rules in the Consumption Transaction Setup window (located in Oracle Inventory). These transactions include Subinventory Transfers, Move Orders, Backflush Transfers, and others.

In Oracle Inventory, you can use both consigned and regular stocks in the same subinventory or locator. When both the stocks are used, at the time of issue no preferential treatment is given to either stock - material quantities are selected on a first in, first out (FIFO) basis.

When consigned inventory is consumed, explicitly or implicitly, the system accesses the relevant blanket purchase agreement to determine the price that is in effect at the time of consumption.

Consumption transactions are grouped into consumption advice based on the billing cycle defined in the approved supplier list. The consumption advice is a purchasing document that provides evidence of consumption to the supplier, and can be used to match invoices. Creating and matching invoices against the consumption advice generates the corresponding inventory accounts payable accrual reversal. This matching process performs in the same way as standard functionality.

After consumption occurs, it cannot be reversed automatically. For example, if you perform a work in process component issue and later reverse the operation through a component return transaction, the consigned attribute is not restored to the material.

After materials are consumed and the consumption advice is generated, you can use any supported method for paying your supplier.

Related Topics

Defining Consumption Transaction Rules, page 4-2

Transferring Ownership of Consigned Inventory, page 3-3

Transferring Ownership of Consigned Inventory

The Consigned Transactions window in Oracle Inventory can be used to transfer ownership from your supplier to your internal organization. You enter the transaction type, transaction source, item, subinventory, owning party, and quantity information.

Transfer to Regular Window (Consigned Transactions)

The consumption of Lot/Serial controlled items can be completed with some restrictions. The Lot/Serial button is unavailable when you enter consigned transactions. To consume serial controlled items, you can perform the consigned transaction in a serial triggered mode. Similarly, you can enter consigned transaction for each lot number separately. You cannot enter the transfer to regular transaction for a range of lots/serial in a single transaction. When you complete a transfer to a regular transaction, the ownership of the material changes from supplier to your internal organization. Two *Transfer to Regular* transactions are created for each ownership transfer: the first transaction represents the issue of stock from supplier ownership (owning party is supplier) and the next transaction represents the receipt of stock into your internal organization (owning party is the inventory organization).

Note: Whenever both the VMI and the consigned relationship are applicable and a transfer of ownership occurs, then planning transfer also takes place simultaneously, and the planning organization is

changed to your internal organization.

Related Topics

Transferring Consigned and VMI Material, *Oracle Inventory User's Guide*

Aging Based Ownership Transfer

In some consigned relationships, contractual agreements require that you purchase consigned stocks that have not been consumed within a stipulated time period. Use the Consigned Inventory Aging query to display consigned stock that is due for consumption based on aging requirements. Transfer ownership of consigned stock due for consumption with the Consigned Transactions window. Aging parameters for consigned material is defined on the Approved Supplier List.

Consumption Transactions

You can use document sourcing to source the blanket agreement to determine the relevant prices of goods during consumption. If you set the PO: Automatic Document Sourcing profile option to No, then you must indicate the Blanket Purchase Agreement on the Approved Supplier List Source Documents tab. If you set the Automatic Document Sourcing option to Yes, the system uses the most current valid Blanket Agreement as the basis for pricing goods consumed.

The currency and unit of measure values of the blanket agreement may differ from the functional currency and the primary unit of measure values in the consuming organizations. In these cases, conversions are done at the time of consumption. For blanket agreements, the exchange rate type, exchange rate date, and exchange rate, default from the blanket agreement header regardless of the date of consumption. For global agreements, the exchange rate type defaults from the Purchasing Options of the owning organization's operating unit. Exchange rate date is the date of consumption. Exchange rate information is obtained by accessing exchange rate information in the Oracle Financials application.

Note: Oracle recommends that you do not select the header level amount agreed for your blanket purchase agreement. Selecting this option limits your ability to consume material above agreed levels.

Generating Consumption Advice

Consumption Advice is the document used for billing consigned material. It is a formal document used to communicate to the supplier, the quantity and value of the consigned material consumed in a warehouse—based on the supplier who produces the invoice.

The Create Consumption Advice program is used to generate consumption advices which can be submitted from the Transaction Reports window in Oracle Inventory. The consumption transactions, over a period of time, are grouped together for the creation of consumption advice.

Create Consumption Advice Program

The screenshot shows the 'Create Consumption Advice Program' dialog box. The main window is titled 'Transaction Reports (M1)'. It has a 'Run this Request...' section with a 'Copy...' button. Below this is a 'Name' field containing 'Create Consumption Advice'. A 'Parameters' sub-dialog is open, showing fields for 'Batch Size', 'Max Workers', 'Supplier', 'Supplier Site', and 'Item'. The 'Batch Size' and 'Max Workers' fields are empty. The 'Supplier' and 'Supplier Site' fields are empty. The 'Item' field is empty. The 'Parameters' dialog has 'OK', 'Cancel', 'Clear', and 'Help' buttons. The main dialog has 'Layout', 'Notify', and 'Print to' (set to 'noprint') fields, an 'Options...' button, and 'Help (C)', 'Submit', and 'Cancel' buttons at the bottom.

You can run the program for a particular supplier, site, item or inventory organization. You can indicate the Batch size and Max. workers or leave them blank, the default values are 1000 and 1 respectively.

The specific duration in days, over which the consumption transactions are combined for billing by the Create Consumption Advice program, is called the billing cycle. Using the billing cycle, you can choose between the option of combining a number of consumption transactions into a single consumption advice, or having a separate consumption advice for each transaction. For example, if the billing cycle is zero days the consumption advice will group the consumption transactions based on the Create Consumption Advice concurrent program schedule.

You can set up the billing cycle value and the other consigned attributes in the ASL. The value in the Last Billing Date field specifies the date on which the last consumption advice was created against this ASL. Billing cycle and last billing date in conjunction control the frequency at which the consumption advice is created. A new consumption advice is created when $\text{System date} > \text{Last Billing Date} + \text{Billing Cycle Days}$.

Price information is based on the source document. The system retrieves this information from either the Blanket PO referred to in the ASL, or automatically from the most current Blanket Purchase Agreement (the profile option PO: Automatic Document Sourcing must be set to Yes).

If the source document is a blanket agreement, the consumption advice is a blanket release. If the source document is a global agreement, the consumption advice is a standard purchase order. Consumption transactions are grouped into separate consumption advice documents based on the following grouping criteria.

If the source document is a normal blanket agreement, then a separate release is created for the unique combination of the following:

- Blanket Purchase Agreement
- Operating Unit
- Accrual Account
- Charge Account
- Variance Account
- Rate Type
- Rate
- Owning Organization (Supplier, Supplier Site)
- Need by Date: The Need by Date is used as the grouping criteria only if the profile *INV: Summarize consumption releases by Need By Date* is set to YES, otherwise the Need By Date is not used for grouping.
- Currency Code

If the source document is global blanket agreement, then a separate standard purchase order is created for the unique combination of the following:

- Blanket Purchase Agreement
- Operating Unit
- Accrual Account
- Charge Account
- Variance Account
- Rate Type

- Rate
- Owning Organization (Supplier, Supplier Site)
- Need by Date
- Currency Code

A separate shipment is created for the unique combination of the following:

- Inventory Item
- Organization
- Price
- Tax Code
- Recoverable Tax
- Non-recoverable Tax
- Tax Recovery rate
- ASL

The consumption advice has three control options:

- Close
- Finally Close
- Open for Invoicing

If the purchasing source documents are not available, for example, the agreement is no longer valid, closed or cancelled, the transactions are not processed by the program. When the source document is a global agreement the consumption advice is created in the primary unit of measure of the consuming organization.

Related Topics

Defining Consumption Transaction Rules, *Oracle Inventory User's Guide*

Querying the Consumption Advice

You can query the consumption advices using the purchase order summary. To query consumption advices that are bill-only blanket releases, run the query by selecting the View Releases and Consumption Advice check boxes. For global agreements, the

consumption advices that created are standard purchase orders.

Find Purchase Orders Window

The screenshot shows the 'Find Purchase Orders' window. The title bar reads 'Find Purchase Orders'. The window is divided into several sections. On the left, there are input fields for 'Operating Unit' (set to 'Vision Services'), 'Number', 'Release', 'Supplier', 'Ship-To Org', 'Bill-To', 'Ship-To', 'Line', and 'Shipment'. On the right, there are input fields for 'Type', 'Currency', 'Site', 'Line Type', and 'Buyer'. Below these are several checkboxes: 'Shgw External Locations', 'View Releases', 'Consumption Advice', 'Global Agreement', and 'With Contract Terms'. In the center, there is a section with tabs: 'Line', 'Date Ranges', 'Status', 'Related Documents', 'Deliver To', 'Accounting', and 'Projects'. The 'Line' tab is selected, showing input fields for 'Item, Rev', 'Job', 'Category', 'Description', 'Supplier Item', 'VMI' (a dropdown menu), and 'Consigned' (a dropdown menu). On the far right, there is a 'Results' section with radio buttons for 'Headers', 'Lines', 'Shipments', and 'Distributions'. At the bottom, there are four buttons: 'Clear', 'New Release (B)', 'New PO', and 'Find (J)'.

To query the consumption advices that are bill-only standard purchase orders, run the query by selecting the Consumption Advice check box. Use the VMI and Consigned drop down boxes in the line regions to query shipments that are Consigned, VMI, or both. These attributes are not applicable for querying consumption advices.

Overview of Billing

You communicate consumption transactions to your suppliers on a periodic basis, by producing consumption advice documents. These purchasing documents can be sent to your supplier manually—or your supplier can view them online using Oracle iSupplier Portal. The consumption advice signals that consigned materials are ready for invoicing.

You can choose either manual billing or Pay On Use, when procuring and using consigned material. Manual billing provides you with an invoice—electronic or paper—or you can enter data in Oracle iSupplier Portal. Pay On Use is a self billing technique that automates accounts payable invoice creation. Pay On Use enables you to automatically register invoices on behalf of your supplier. This decreases the cycle time between material consumption and payment to your supplier. Suppliers accept payment for goods after consumption, and then monitor the consignment status of

material in your warehouse.

Miscellaneous Transactions for Consigned Transactions

Miscellaneous receipts and issues can be entered for consigned stocks by specifying the owning party while entering the transaction. The owning party value is not available by default, so you should add it from the folder.

Miscellaneous Receipt Window

Item	Rev	Subinventory	Quantity	UOM	Reason	Reference
CM15138		Stores	100	Ea		

Description: Monitor - 17"

Available	0	Ea	Secondary Available		
On-hand	0	Ea	Secondary On-hand		

Lot / Serial

Related Topics

Setting up Self Billing, page 5-10

Consigned Inventory Diagnostics

When you receive consigned material from your supplier, you should ensure that the source document and all the other setups are defined before you can consume the consigned stock and generate consumption advice successfully. For example, you cannot consume the consigned stock if no valid blanket agreement is available or, for global agreements, no currency conversion rate type is defined on the financial options.

Use the Consigned Inventory Diagnostics concurrent program to identify errors that prevent the consumption of consigned material or billing of consumption. This

concurrent program identifies errors and provides you with information to resolve the problem:

- The Consumption Diagnostics program reports the errors related to the consumption of consigned material.
- The Consumption Advice Diagnostics reports the errors related to the billing of consumption.

Optionally, you can send a notification to the buyer when exceptions are encountered.

Consigned Inventory Diagnostics Window

ORACLE Consigned Inventory

Close Window Preferences Help Personalize Page Diagnostics

Consigned Inventory Consigned Inventory Diagnostics

Consumption Diagnostics Consumption Advice Diagnostics

Consumption Diagnostics

This page shows consigned inventory diagnostic results for the creation of consumption transactions.
[Personalize Query: \(ConsmErrorsQuery\)](#)

Simple Search

[Personalize "Simple Search"](#)

Note that the search is case insensitive

Item

Supplier

Organization

Go Clear

[Advanced Search](#)

[Personalize Stack Layout: \(ResultsLayoutComp\)](#)

[Personalize "This table displays the result of ..."](#)

Select Object: [Revalidate](#)

Select Item	Supplier	Supplier Site	Organization	PO Number	Buyer	Error	Action
CM15138 Advanced Network Devices	SANTA CLARA-ERS	Seattle Manufacturing			Smith, Mr. Jonathan	No valid blanket purchase agreement exists.	Ensure that the item exists on an approved blanket purchase agreement with the designated supplier and supplier site.

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Modified Material Transactions Window

The Find Material Transactions window includes additional search criteria:

- Consumption Advice Status (Pending, Error, Created)
- Supplier

The Results window displays the Consumption Advice Status and Consumption Advice Error Explanation fields.

Note: The Consumption Advice field is enabled only when the Transaction Type is Transfer to Regular or the Transaction Action is Ownership Transfer.

Find Material Transactions Window

Find Material Transactions (M1)

Transaction Dates: 03-SEP-2006 00:00:00 - 08-DEC-2006 23:59:59

Item: AS54888 Revision:

Description: Sentinel Standard Desktop TPD

Category Set: Category:

Subinventory: Locator:

Lot: Serial:

Supplier Lot:

Source Type:

Source: ☐ Include Logical Transactions

Action: ☐ Subinventory Transfer

Transaction Type: ☐ Cost Group Transfer

Transaction Quantities: -

Supplier:

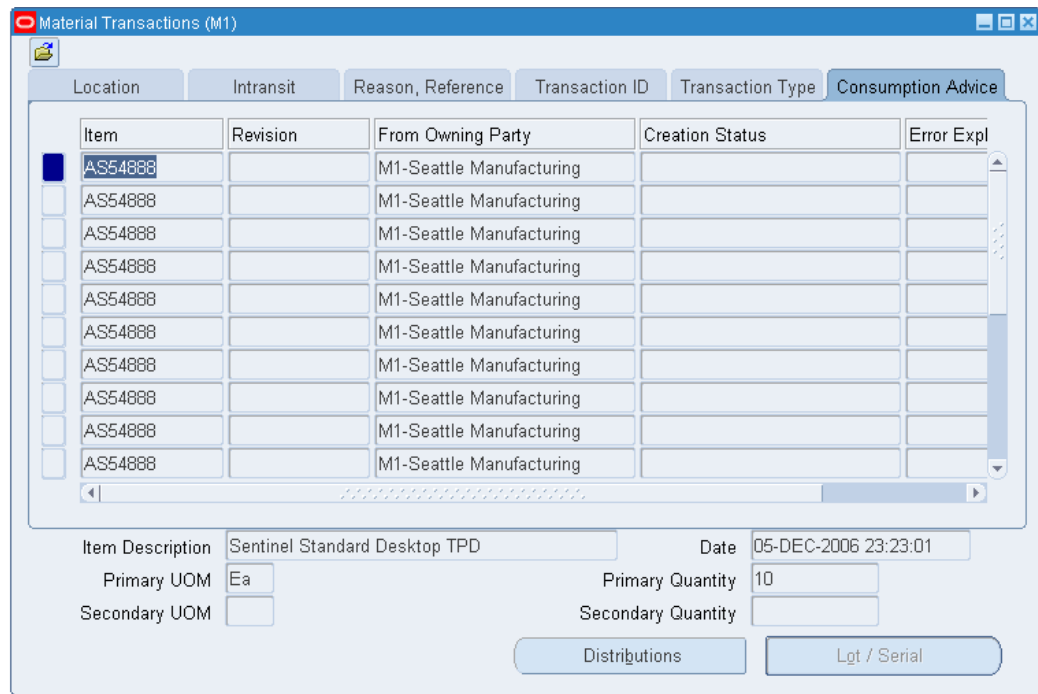
Consumption Advice:

Transferred to Projects: Costed:

Clear Find

The results that display on the Consumption Advice tab provide information about consumption advice for each line.

Material Transactions Window



The screenshot shows the 'Material Transactions (M1)' window. It features a tabbed interface with 'Consumption Advice' selected. The main area contains a table with columns: Item, Revision, From Owning Party, Creation Status, and Error Expl. The table lists ten transactions for item AS54888, all from 'M1-Seattle Manufacturing'. Below the table, there are input fields for Item Description (Sentinel Standard Desktop TPD), Date (05-DEC-2006 23:23:01), Primary UOM (Ea), Primary Quantity (10), and Secondary UOM. At the bottom right, there are buttons for 'Distributions' and 'Lgt / Serial'.

Item	Revision	From Owning Party	Creation Status	Error Expl
AS54888		M1-Seattle Manufacturing		
AS54888		M1-Seattle Manufacturing		
AS54888		M1-Seattle Manufacturing		
AS54888		M1-Seattle Manufacturing		
AS54888		M1-Seattle Manufacturing		
AS54888		M1-Seattle Manufacturing		
AS54888		M1-Seattle Manufacturing		
AS54888		M1-Seattle Manufacturing		
AS54888		M1-Seattle Manufacturing		
AS54888		M1-Seattle Manufacturing		

Item Description: Sentinel Standard Desktop TPD Date: 05-DEC-2006 23:23:01
Primary UOM: Ea Primary Quantity: 10
Secondary UOM: Secondary Quantity:

Distributions Lgt / Serial

Modified Pending Transactions Window

The Find Pending Transactions window includes additional search criteria such as the Error Code field (Ownership Transfer Error). This code limits the search to transactions in Pending status due to a failure during consumption of consigned material.

Find Pending Transactions Window

Find Pending Transactions

Organization M1 Seattle Manufacturing

Header ID 1

Process Flag Yes

Transaction Status Pending

Error Code

Error

Transaction Type

Source Type

Source

Dates -

☐ Subinventory Transfer ☐ Cost Group Transfer

Item

Description

Subinventory Locator

Clear Find

Querying Inventory Aging Details

Use the Consigned Inventory Aging Inquiry to identify the consigned stocks that are due for consumption (the consigned stocks are defined by the aging periods set up on the ASL for the combination of Item, Supplier, and Supplier site). Using the simple search, you can view consigned stocks that are already due for consumption or will be due for consumption in the next week, 15 days, or in a month.

Using the advanced search, you have the following additional options:

- If the Examine option is selected as *Material Subject to Aging Only* then only those consigned stocks for which the Aging Period is indicated on the ASL are evaluated.
- If the Examine option is selected as *All Consigned Material* then all the consigned stocks are evaluated. For those consigned stocks for which the Aging period is not indicated on the ASL, the *Consume Before* and *Days Before Consumption is Due* columns appear blank.
- The *Consume Before* search parameter enables you to search for consigned stocks that would be due for consumption on a particular date.

Consigned Inventory Aging Query

ORACLE Consigned Inventory

Close Window Preferences Help Personalize Page Diagnostics

Consigned Inventory Consigned Inventory Diagnostics

Consigned Inventory Items Consigned Inventory Aging

Consigned Inventory Aging

Personalize Query: (SearchQuery#N)

Views

View: Past Due Go Clear

Advanced Search

Personalize Stack Layout: (ResultStackLayout#N)

Personalize This table displays Consigned Inve...

Export

Supplier	Supplier Site	Organization	Item	Item Revision	Item Description	Subinventory	UOM	Quantity	Receipt Date	Consume Before	Days Before Consumption is Due
Advanced Network Devices	FRESNO	SA1 - WMS Average Costing Org CSTQA	proto-com1		comp1	Stores	Ea	20	02-03-2006 02:52:32	12-03-2006 02:52:32	-234
Advanced Network Devices	FRESNO	SA1 - WMS Average Costing Org CSTQA	proto-com1		comp1	Stores	Ea	10	02-03-2006 02:57:39	12-03-2006 02:57:39	-234

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Consigned stocks that are past the consumed before date should be transferred to regular stock. Use the Advance Search option for additional search criteria.

Note: Please note that this inquiry reports lot and serial controlled items.

Suppliers can monitor their consigned shipments using the iSupplier Portal.

Oracle iSupplier Portal

Your suppliers can use Oracle iSupplier Portal to access and review information about consigned stock and consumption advice data. The procurement process using iSupplier Portal is handled the same way for consigned material as regular inventory. Oracle iSupplier Portal provides the ability to initiate the invoicing process and to create Advanced Shipment Notices (ASN). Your suppliers can also review on-hand quantities, returns, receipts, overdue receipts, shipment schedules, and consumption advice information. When using iSupplier Portal to access consigned inventory data, the following access information applies:

- Oracle Inventory
 - All information available to your supplier on iSupplier Portal is linked to Oracle Inventory windows and inquiries.

Inquiries

Oracle iSupplier Portal provides the following inquiry windows for consigned inventory:

- Search - Consigned Items
- Consigned On-Hand
- Consigned Shipments
- Consumption Advice
- Consigned Receipts
- Consigned Returns
- Material Transactions

Search - Consigned Items Windows

You use the Search - Consigned Items window to find a specific consigned item. You can search by Item, the item's description, the supplier item, the supplier, or the supplier's site.

Search - Consigned Items Window

ORACLE iSupplier Portal

Home Logout Preferences Help Personalize Page Diagnostics

Supplier Items Order Modifiers Maintain Capacity Quality Consigned Inventory

Consigned Items

Simple Search

Personalize "Search"

Personalize Query: (ConsignItemQuery)

Personalize Default Single Column: (ConsignItemSearch)

Note that the search is case insensitive

Supplier Item

Item

Item Description

Go Clear

Advanced Search

Personalize "Consigned Items"

Organization	Supplier Item	Item	Item Description	Consigned On-Hand	Consigned Shipments	Consumption Advices	Consigned Receipts	Consigned Returns	Material Transactions	VMI
Seattle Manufacturing		CM15136	Monitor - 17"							

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Consigned On-Hand Quantity Inquiry Window

The On-Hand Items window provides a description of the consigned item, and its related quantity. You can also use this window to view the subinventory in which the consigned item is stored and also the aging details of the consigned on hand stock.

On-Hand Items Window

The screenshot shows the Oracle iSupplier Portal interface. The top navigation bar includes links for Home, Logout, Preferences, Personalize Page, and Diagnostics. Below this is a secondary navigation bar with tabs for Home, Orders, Shipments, Planning, Finance, Product (selected), Intelligence, and Admin. A third navigation bar contains links for Supplier Items, Order Modifiers, Maintain Capacity, Quality, and Consigned Inventory. The main content area is titled 'On-Hand Items' and includes a 'Personalize "On-Hand Items"' link. Below this is a table with columns: Organization, Item, Item Description, UOM, Quantity, Revision, Subinventory, and Inventory Aging. The table contains one row for 'Seattle Manufacturing' with item 'CM15138' and description 'Monitor - 17"'. At the bottom, there is a 'Return to Product: Consigned Inventory: Consigned Inventory' link and a footer with 'About this Page', 'Privacy Statement', and 'Copyright (c) 2009, Oracle. All rights reserved.'

Organization	Item	Item Description	UOM	Quantity	Revision	Subinventory	Inventory Aging
Seattle Manufacturing	CM15138	Monitor - 17"	Ea	25			

Consigned Shipments Inquiry Window

Using the Consigned Shipments window, you can view information about the shipment status of consigned purchase orders. In this window, you can view the purchase order number, the quantity ordered versus the quantity received, and the ship-to location. You can also verify the status of a particular shipment.

Consigned Shipments Inquiry Window

The screenshot shows the Oracle iSupplier Portal interface for the Consigned Shipments Inquiry window. The top navigation bar is the same as the previous window. The secondary navigation bar is identical. The third navigation bar is identical. The main content area is titled 'Consigned Shipments' and includes a 'Personalize "Consigned Shipments"' link. Below this is a table with columns: PO Number, Line, Shipment, Supplier, Item, Quantity UOM Ordered, Quantity Received, Ship-To Location, Status, and VMI Attachment. The table contains one row for PO Number 6156, Line 1, Shipment 1, with a quantity ordered of 100 and received of 40. The ship-to location is 'M1- Seattle' and the status is 'Closed For Invoice'. At the bottom, there is a 'Return to Product: Consigned Inventory: Consigned Inventory' link and a footer with 'About this Page', 'Privacy Statement', and 'Copyright (c) 2009, Oracle. All rights reserved.'

PO Number	Line	Shipment	Supplier	Item	Quantity UOM Ordered	Quantity Received	Ship-To Location	Status	VMI Attachment
6156	1	1			Each 100	40	M1- Seattle	Closed For Invoice	<input type="checkbox"/>

Consumption Advice Inquiry Window

In the Consumption Advices window, you can review the consumption advices for a particular consigned purchase order. In this window, you can view the purchase order number, the order date, the buyer, and the amount of the order. You can also verify the status of a given purchase order.

Consumption Advice Inquiry Window

PO Number	Rev	Type	Description	Order Date	Buyer	Currency	Amount	Status	Attachment	Consumption
6155-1	0	Blanket Release		01-11-2006 05:02:39	Smith, Mr. Jonathan	USD	3,225.00	Open		

Material Transactions Inquiry Window

In the Material Transactions inquiry window, you can view detailed information about the transaction status of any consigned item. This window includes the organization and location name for the consigned item. You can also view various information about the consigned transaction, such as the inbound and outbound quantities, the documentation type, and the document source.

Material Transactions Inquiry Window

Organization	Location	Transaction Date	Transaction Type	Supplier Item	Item Description	UOM	Inbound Quantity	Outbound Quantity	Document Type	Document Source
Seattle	ML- Manufacturing Seattle	01-11-2006 05:00:25	Transfer to Regular		CM15138 Monitor - 17"	Ea	15		Purchase Order	6155
Seattle	ML- Manufacturing Seattle	01-11-2006 04:54:08	Return to Vendor		CM15138 Monitor - 17"	Ea	10			
Seattle	ML- Manufacturing Seattle	15-10-2006 04:51:24	PO Receipt		CM15138 Monitor - 17"	Ea	50			

Note: All supply intelligence reports exclude consigned inventory.

Consigned Inventory Aging Inquiry

This inquiry enables your supplier to monitor consigned shipments that the buying organization is required to consume within a stipulated time period. Using this inquiry, your supplier can find the shipments that are due for consumption and can subsequently follow up with the buyer to take ownership of the due quantities and make payments. Your supplier can also view the number of days left before consumption is due. You can also export this data.

Consigned Inventory Aging Inquiry Window

Note: This inquiry cannot be used for Serial Controlled items.

Costing and Accounting

This chapter covers the following topics:

- Overview of Costing and Accounting in Consigned Inventory
- Accounting and Costing Transactions for Consigned Inventory
- Return to Vendor Transactions (RTV)
- Retroactive Price Update

Overview of Costing and Accounting in Consigned Inventory

Consigned Inventory from Supplier is fully integrated with Oracle Cost Management. Oracle Cost Management is a full absorption, perpetual and periodic cost system that automatically costs and values all inventory, work in process, and purchasing transactions. It supports all perpetual costing methods including standard costing, average costing, fifo costing, and lifo costing. Accounting and costing occurs at the time of consumption.

At receipt:

- Consigned goods are not accrued with financial implications. The owning organization is the supplier site.
- The cost manager identifies material transactions for consigned stock, but does not cost these transactions.

At consumption:

- Material is transferred from consigned stock to regular stock by transferring the ownership from supplier to the inventory organization.
- When the goods are consumed, they are valued and accounted at the price that is in effect at consumption time. Sourcing rules determine the appropriate purchasing agreement.

Consumption transactions are grouped at the end of the billing cycle by running the concurrent process.

Related Topics

Overview of Standard Costing, *Oracle Cost Management User's Guide*

Overview of Average Costing, *Oracle Cost Management User's Guide*

Overview of FIFO/LIFO Costing, *Oracle Cost Management User's Guide*

Accounting and Costing Transactions for Consigned Inventory

Although, consigned inventory accounting prevents the use of expense items—the Inventory Asset Value is disabled—you can expense a consigned item into an expense inventory account.

Standard Cost Accounting Entries for Consigned Inventory

The following table provides a summary of the accounting transactions for consigned inventory in a standard cost organization.

Transaction	Regular Stock Accounts	Consigned Stock Accounts
PO Receipt	Debit: Receiving Inspection at PO price Credit: AP Accrual at PO price	None
Delivery to Asset Subinventory	Debit: Inventory at standard cost Credit: Receiving Inspection at PO price Credit: PPV at variance	None
Delivery to Expense Subinventory	Debit: Expense at PO Price Credit: Receiving Inspections at PO price	None

Transaction	Regular Stock Accounts	Consigned Stock Accounts
Consumption in Asset Subinventory (Transfer to regular stock)	None	Debit: Inventory at standard cost Credit: AP Accrual at PO price Credit: PPV at variance
Consumption in Expense Subinventory	None	Debit: Expense at PO price Credit: AP Accrual at PO price
Generation of Consumption Advice	Not applicable	None
Generate invoice and match against consumption advice	Not applicable	Debit: AP Accrual at PO price Credit: Liability at invoice price Debit: Invoice Price Variance
Return to Vendor (RTV)	Debit: AP Accrual at PO price Credit: Inventory at standard cost Debit/Credit:PPV at variance	None
Transfer to consigned in Asset Subinventory	--	Debit: AP Accrual at PO price Credit: Inventory at standard cost Debit/Credit: PPV at cost variance
Transfer to consigned in Expense Subinventory	--	Debit: AP Accrual at PO price Credit: Expense at PO Price
Miscellaneous receipt into regular stock	Debit: Inventory at standard cost Credit: Miscellaneous account at Standard cost	Not applicable

Transaction	Regular Stock Accounts	Consigned Stock Accounts
Miscellaneous receipt into consigned stock	Not applicable	None
Miscellaneous issue from regular stock	Debit: Miscellaneous account at Standard cost Credit: Inventory at standard cost	Not applicable
Miscellaneous issue from consigned stock (this triggers transfer to regular transaction and then miscellaneous issue from regular transaction).	Not applicable	Debit: Inventory at standard cost Credit: AP Accrual at PO price Debit/Credit: PPV at variance Credit: Inventory at standard cost Debit: Miscellaneous account at standard cost
Retroactive Price Update	Dr./Cr. Price Adjustment Cr./Dr. AP Accrual	Dr./Cr. Price Adjustment Cr./Dr. AP Accrual

Note: With Delivery into Expense subinventories, the expense account is debited at the PO Cost and no PO Variance is recorded.

Average Cost Accounting Entries for Consigned Inventory

The following table provides a summary of the accounting transactions for consigned inventory in an average cost organization.

Transaction	Regular Stock Accounts	Consigned Stock Accounts
PO Receipt	Debit: Receiving Inspection at PO Cost Credit: Inv. A/P Accrual at PO Cost	None

Transaction	Regular Stock Accounts	Consigned Stock Accounts
Delivery to Asset Subinventory	Debit: Inventory at PO cost Credit: Receiving Inspection at PO cost	None
Delivery to Expense Subinventory	Debit: Expense at PO cost Credit: Receiving Inspections at PO cost	None
Consumption in Asset Subinventory (Transfer to regular stock)	None	Debit: Inventory at PO cost Credit: AP Accrual at PO cost
Consumption in Expense Subinventory	None	Debit: Expense at PO cost Credit: Inventory AP Accrual at PO cost
Generation of Consumption Advice	Not applicable	None
Generate invoice and match against consumption advice	None	Debit: AP Accrual at PO cost Credit: Liability at invoice price Debit: Invoice Price at Variance
Return to Vendor (RTV)	Debit: AP Accrual at PO cost Credit: Inventory at PO cost	None
Transfer to consigned in Asset Subinventory	--	Debit: AP Accrual at PO cost Credit: Inventory at PO cost
Transfer to consigned in Expense Subinventory	--	Debit: AP Accrual at PO cost Credit: Expense at PO cost

Transaction	Regular Stock Accounts	Consigned Stock Accounts
Miscellaneous receipt into regular stock	Debit: Inventory at miscellaneous cost Credit: Miscellaneous Receipt Account at miscellaneous cost	Not applicable
Miscellaneous receipt into consigned stock	Not applicable	None
Miscellaneous issue from regular stock	Debit: Miscellaneous issue account at Miscellaneous cost Credit: Inventory at Miscellaneous cost	Not applicable
Miscellaneous issue from consigned stock (Transfer from consigned to regular stock, the issue from regular stock)	Not applicable	Debit: Inventory at PO cost Credit: AP Accrual at PO cost Debit: Miscellaneous issue account at miscellaneous cost Credit: Inventory at miscellaneous cost
Retroactive Price Update	Dr./Cr. Price Adjustment Cr./Dr. AP Accrual	Dr./Cr. Price Adjustment Cr./Dr. AP Accrual

Return to Vendor Transactions (RTV)

Accounting and invoicing transactions for RTVs differ depending on which material transactions have occurred. They can fall into one of several scenarios:

- An RTV or adjustment prior to the consumption of material is performed in Oracle Purchasing. You first find the specific consigned shipment, and perform the adjustment. You must perform an adjustment because if the original receipt was flagged as *consigned*, then accounting or costing transactions were not created. Debit memos are not generated because invoicing transactions have not been performed.
- If the material has been consumed using the transfer to regular transaction in the Consigned Transactions window, and the consumption advice has not been created, the return requires an additional step—transferring the material back to consigned status prior to running the RTV transaction.

You can perform a *transfer to consigned* transaction to restore the material to consigned status. The reversal accounting entries are generated for the corrected quantity; consequently, no credit memos are needed because the consumption advice will reflect the net quantity.

Note: You can perform a transfer to consigned transaction if the consumption transaction has been generated implicitly or explicitly.

If the consumption advice has not been generated, and you cannot locate the original consumption transaction, first perform a Miscellaneous issue from regular stock. Next, create a Miscellaneous receipt into consigned stock. To perform an RTV transaction:

- Create a miscellaneous issue out of the regular stock area, and a miscellaneous receipt into the consigned stock area.
- Create a manual credit memo and match it to the appropriate consumption advice.

Note: Miscellaneous issue transactions are based on standard or current average cost information. A manual credit memo must be created, and manual adjustments to the Purchase Price Variance (PPV) account must be made.

There is a current limitation in consigned inventory that prevents the use of expense items (Inventory Asset Value turned off). Nevertheless, a consigned item can be delivered into an expense Inventory. If you receive into an expense Inventory, the expense account assigned to the Inventory is used instead of the material valuation account.

Subinventories containing consigned material must have the Quantity Tracked parameter enabled. This option allows the maintenance of on-hand quantities and is required in order to record consumptions properly.

Retroactive Price Update

Retroactive price changes updates AP Accrual, therefore there are substantial differences between regular materials and consigned materials.

For regular materials there are two steps, PO Receipt and Delivery to an Asset Subinventory. Retroactive price update adjusts PO receipts only. Therefore Retroactive Price Adjustment journals are created in the operating unit where PO receipt has occurred. Retroactive price adjustment journals are imported from PO to the GL.

Consumption of consigned material (a transfer to regular transaction) in an Asset

Subinventory occurs in an inventory organization. When Retroactive price update is executed, a price update material transaction is created in an inventory organization and the distribution is created when the cost manager runs. Price adjustments journals for consigned materials need to be transferred from inventory to the GL.

Period End Case Study

If your accounting period is the same as Consignment Billing Cycle, you will need to bill against all consignment consumptions in the given period. The process is as follows:

1. Verify that all WIP material/resource transactions or INV material transactions have stopped for the period
2. Execute the WIP/Lot Move Transaction Manager, verify that it completes successfully.
3. Optionally run the Material Transaction Manager (depending on TP mode), verify that it completes successfully.
4. Run the Cost Manager, verify that it completes successfully.
5. Optionally run the INV Physical or INV Cycle Count, approve and post adjustments.
6. Run the Create Consumption Advice, verify that it completes successfully.
7. Run Retroactive Price Update.
8. Restart creating WIP material/resource transactions, and INV material transactions.

Standard Cost Adjustment Case Study

If you run Standard Cost Adjustment including consigned items:

1. Verify that all WIP material/resource transactions or INV material transactions have stopped for the period.
2. Run the WIP/Lot Move Transaction Manager, verify that it completes successfully.
3. Optionally run the Material Transaction Manager (depending on TP mode), verify that it completes successfully.
4. Run the Cost Manager, verify that it completes successfully.
5. Run Create Consumption Advice, verify that it completes successfully.
6. Run Retroactive Price Update.

7. Run Standard Cost Adjustment.

8. Restart creating WIP material/resource transactions, and INV material transactions.

In this case, consider a consignment consumption of item X, where purchase price = 10 USD, and unit cost = 10 USD

Dr. INV Material 1,000 USD (100EA @ 10 USD)

Cr. AP Accrual 1,000USD (100EA @ 10 USD)

If the price is retroactively changed from 10 USD to 15 USD; Adjusted amount = New Line Amount (100EA x 15USD) – Old Line Amount (100EA x 10USD)

Dr. Price Adjustment 500 USD

Cr. AP Accrual 500 USD

Unit cost is adjusted from 10 USD to 15 USD

Dr. INV Material 500 USD (100EA @ 5 USD)

Cr. Standard Cost Adjustment 500 USD (100EA @ 5 USD)

Price Adjustment account and Standard Cost Adjustment can be netted if an item's

- Purchase price and unit cost are the same
- Price change and cost change are the same

Setting Up

Overview of Setting Up

This section contains an overview of the steps to complete to set up Consigned Inventory from Supplier. Setup involves several phases, including setting up other applications including Oracle Costing, Oracle Inventory, Oracle iSupplier, Oracle Payables, and Oracle Purchasing. You may not need to perform some of the steps below if you've already performed a common-application setup.

Related Product Setup Steps

Oracle Cost Management

Set up Oracle Cost Management and ensure that all the following steps have been completed

- Define cost types and cost elements
- Define resources, material sub-elements, overheads, and overhead defaults
- Define costs for your item numbers

Oracle Inventory

Set up Oracle Inventory and ensure that all the following steps have been completed:

- Create your organizations
- Define your organization parameters
- Define items and item costs
- Define your units of measure

- Define your subinventories
- Define your stock locators

Oracle Internet Supplier Portal

Set up Oracle iSupplier Portal and ensure that all the following steps have been completed:

- Set Up Profile Options
- Enable Function Security
- Security

Oracle Payables

Set up Oracle Payables and ensure that all the following steps have been completed:

- Define payment terms
- Define suppliers

Oracle Purchasing

Set up Oracle Purchasing and ensure that all the following steps have been completed:

- Define purchasing options
- Define buyers
- Define approved suppliers
- Define receiving options

Oracle Workflow

Oracle Purchasing uses Oracle Workflow technology to perform document to handle requisition and purchase order approvals, automatic creation of purchase orders and releases, order changes, and account generation. Consigned Inventory from Supplier uses specific settings in these workflow automated processes.

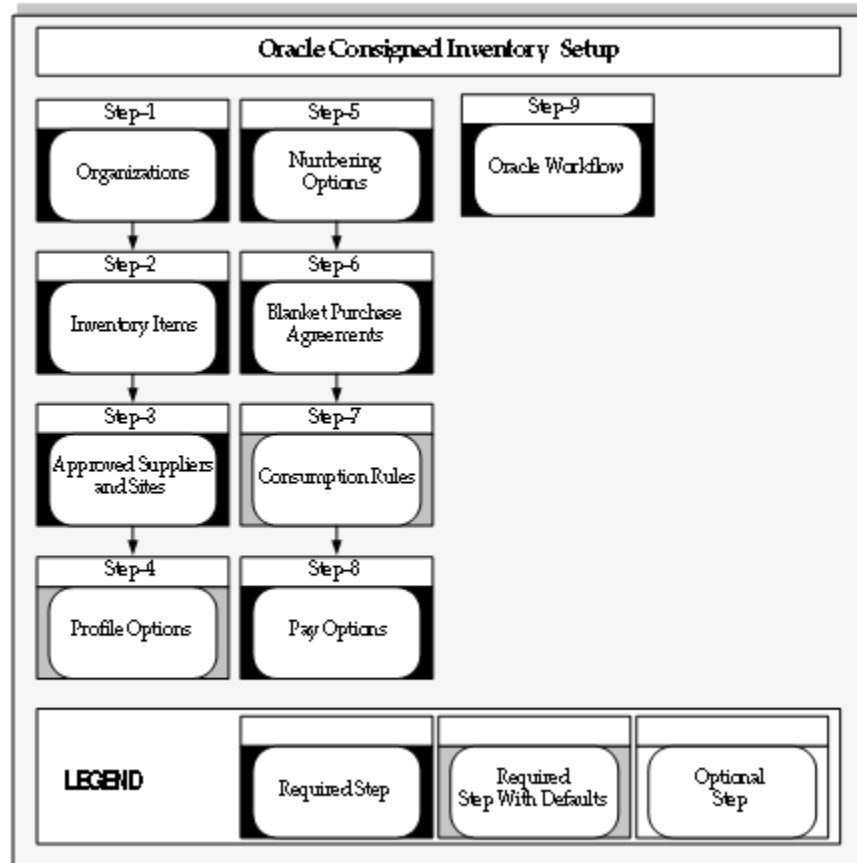
See: Setting Up Oracle Workflow, *Oracle Workflow Guide*, and Choosing Workflow Options, *Oracle Purchasing User's Guide*.

Setup Flowchart and Checklist

Some of the steps outlined in this flowchart and setup checklist are:

- Required
- Required Step With Defaults
- Optional

Required Step With Defaults refers to setup functionality that comes with pre-seeded, default values in the database. You need to perform optional steps only if you plan to use the related feature or complete certain business functions.



Setup Checklist

The following table lists setup steps. After you log on to Oracle Applications, complete these required steps to implement Oracle Consigned Inventory from Supplier.

Step No.	Step
Step 1	Set Up Organizations

Step No.	Step
Step 2	Set Up Oracle Inventory Items
Step 3	Set Up Oracle Approved Supplier List and Supplier Sites
Step 4	Set Up Profile Options
Step 5	Numbering Options
Step 6	Set Up Oracle Purchasing Blanket Purchase Agreement
Step 7	Define Consumption Rules (optional)
Step 8	Set Up Pay Options in Oracle Payables
Step 9	Set Up Oracle Workflows

Setup Steps

Step 1: Set Up Organizations (Required)

You may not need to complete this step if you have already set up or performed a common-applications set up, or installed Oracle Inventory. You first must complete the following tasks:

- Define legal entities organizations.
- Assign business groups and operating units to responsibilities.
- Define organizations.
- Define organization lookups.
- Define business groups.

See: Creating an Organization, *Using Oracle HRMS - The Fundamentals*.

Next, define one or more inventory organizations before using Oracle Inventory. Organizations describe distinct entities in your company and may include separate manufacturing facilities, warehouses, distribution centers, and branch offices. Because Oracle Inventory enables you to implement multiple sets of books with multiple

organizations, specify the set of books for each organization. Complete the following tasks:

- Classify the organizations as inventory organizations.
- Define accounting information for inventory organizations.
- Define inventory organization parameters.
- Define receiving options for the inventory organizations.

See: Defining Default Inventory Parameters, *Oracle Inventory User's Guide*.

Note: The consigned inventory feature is also supported in inventory organizations with Oracle Process Manufacturing enabled.

Step 2: Set Up Inventory Items

You might not need to perform this step if you have already installed and set up Oracle Inventory or performed a common-applications set up. This step involves the following tasks:

- Define organizations.
- Define items.
- Define units of measure.
- Define subinventories.
- Define WIP supply types.

Consigned inventory items are defined in the Master Items window with attributes Transactable, Stockable, and Inventory Asset Value set to Yes. For more information, see: Defining Items, *Oracle Inventory User's Guide*.

Note: Consigned Inventory from Supplier does not use Outside Processing, EAM items, Configure to Order, and Assemble to Order items.

Step 3: Set Up Approved Suppliers and Supplier Sites (Required)

Set up Approved Supplier Lists specifying the supplier site and item combinations for the Consigned goods. See: Creating Approved Suppliers, page 5-7

Step 4: Set Up Profile Options (Required)

You need to define values for the profile options used in Oracle Consigned Inventory from Supplier to specify how the application controls access and processes data.

Step 5: Set Up Numbering Options in Oracle Purchasing (Optional)

Numbering options for requisitions, purchase orders, quotations, and RFQs are set in the Purchasing Options window.

See: Defining Numbering Options, *Oracle Purchasing User's Guide*

Step 6: Set Up Blanket Purchase Agreements (Required)

Blanket purchase agreements provide the details of the goods or services you plan to buy from a specific supplier in a period, but you do not yet know the detail of your delivery schedules. Blanket purchase agreements specify negotiated prices for your items before actually purchasing them. A blanket release is used against a blanket purchase agreement to place the actual order.

Payment option defaults are defined on fields in Oracle Payables, on the Suppliers window. You can change these options on your purchase order.

See: Creating Approved Suppliers, page 5-7

Step 7: Define Consumption Rules (Optional)

The consumption setup window is used to specify additional Transaction Types for implicit consumption of the consigned stock. The consumption record is based on the transaction type used.

Step 8: Define Pay Options (Required)

Your pay options are defined on the Suppliers window in Oracle Payables. You can choose self-billing or automatic.

Step 9: Set Up Workflow Options (Required)

Consigned Inventory from Supplier uses the following settings for Oracle Purchasing workflows:

- Workflow: PO Create Documents Workflow.
- Attribute, Is Automatic Creation Allowed, is set to Yes. This enables automatic document creation for approved requisition lines.
- Profile option, PO: Allow Auto-generate Sourcing Rules—set to Create and Update.
- Profile option, PO: Automatic Document Sourcing—set to Yes.

- Supplier-Item Attributes window:
 - Release Method: Release Using AutoCreate.
 - Source Documents: Blanket purchase agreement required.
 - Inventory tab: Enable box—Consigned Inventory from Supplier (for consigned items).

Creating Approved Suppliers

Your purchasing suppliers are created in the Suppliers window, and they are associated to the items you buy using the Approved Supplier List and Supplier–Item Attributes windows. The fields defined in the following way for consigned inventory from supplier.

Supplier-Item Attributes Window

Supplier-Item Attributes (M1)

☐ Global
☒ Local

Purchasing UOM: Each
 Release Method: Release Using AutoCreate
 Price Update Tolerance: %
 Country of Origin: []

Item: AS54888
 Commodity:
 Supplier: Vision Operations
 Site: SUPPLIER SITE
 Operating Unit: Vision Operations

Seq	Type	Number	Line	Global	Owning Org	Status	From
1	Blanket Purchase Ag	5413	8	<input type="checkbox"/>		Approved	
				<input type="checkbox"/>			
				<input type="checkbox"/>			
				<input type="checkbox"/>			
				<input type="checkbox"/>			
				<input type="checkbox"/>			

- Local and Global supplier lists

Your approved supplier can be either local or global supplier. A local ASL is used only in the organization in which it was defined. A global ASL may be used in all organizations you specify.

- Source Documents tab

On the Source Documents tab, you can associate specific quotations or blanket purchase orders agreements with the supplier and item combinations. This enables Purchasing to default source documents automatically. All consigned enabled suppliers must have a referenced blanket purchase agreement.

Only blanket purchase agreements may be used as source documents for consigned inventory. The blanket purchase agreement may be either local or global.

You can assign a specific blanket purchase agreement here, or set the profile option PO: Automatic Document Sourcing to Yes. Setting this profile option to Yes, automatically defaults pricing information from the most recently created blanket agreement. If it is set to No, Approved Supplier List (ASL) is used to determine the blanket agreement.

- Inventory tab

On this tab, you can enable consigned inventory, indicate Billing Cycle Days and define the Aging parameters. The Billing Cycle (Days) value is used by the concurrent batch program, Create Consumption Advice, to generate consumption advice documents for billing records. The Last Billing Cycle Date field is set to the system date when you initially set up Consigned Inventory from Supplier. It is updated each time the program runs.

The default is null. If the value is null, a consumption advice is created every time consigned material is consumed. The current system date is the default Billing Date, and this date is subsequently updated every time the Create Consumption Advice concurrent program is run.

If you are required to consume consigned material within a stipulated time period, select the Consume on Aging check box. Indicate the maximum number of days material may be kept in consigned status using the Aging Period Days.

Supplier-Item Attributes Window

Related Topics

Overview of Consuming Material, page 3-1

Defining Approved Supplier Statuses, *Oracle Purchasing User's Guide*

Defining the Supplier and Item/Commodity Combination, *Oracle Purchasing User's Guide*

Defining the Supplier/Item Attributes, *Oracle Purchasing User's Guide*

Defining Consumption Transaction Rules

The Consumption Setup window is used to enlist additional transaction types for consigned inventory consumption. Implicit consumption occurs when these transactions—in combination with the specified organization, subinventory, location, and item—are processed.

To define consumption rules:

1. Navigate to the Consumption Set Up window.

2. Select a value in the Transaction Type field, such as issue or transfer type.
3. Optionally, select values in the Organization, Planning Party, and Owning Party fields.
4. To restrict the consumption to specific items, subinventories, or locators, then select values in the applicable field. Optionally, you can enter a value in the Item field.

Consumption Set Up Window

VMI	Consigned	Transaction Type	Weight	Organization	Planning Party	Owning Party	From S
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Subinventory Transfer	1	M1	-	Pittsburgh Electroni	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Subinventory Transfer	1	M1	-	Pittsburgh Electroni	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Subinventory Transfer	1	M1	-	Pittsburgh Electroni	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Subinventory Transfer	1	M1	-	Pittsburgh Electroni	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Subinventory Transfer	1	M1	-	Pittsburgh Electroni	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Subinventory Transfer	1	M1	-	Pittsburgh Electroni	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Subinventory Transfer	1	M1	-	Pittsburgh Electroni	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Subinventory Transfer	1	M1	-	Pittsburgh Electroni	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Backflush Transfer	1	M1	-	Pittsburgh Electroni	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Backflush Transfer	1	M1	-	Pittsburgh Electroni	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Backflush Transfer	1	M1	-	Pittsburgh Electroni	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Backflush Transfer	1	M1	-	Banner Products-HZ	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Backflush Transfer	1	M1	-	Banner Products-HZ	

5. Select the Consume Consigned check box to generate a consumption record.
6. Save your work.

Setting Up Self Billings

The process for enabling self-billing for material procured under consignment includes the following prerequisites and requirements:

Supplier Site Options

You enable paying your supplier by selecting a method on the Purchasing tab of the Supplier Sites window in Oracle Payables. When self-billing for the supplier site is enabled, you will create invoices automatically rather than wait for the supplier to bill you. All invoices for material purchased from this supplier and supplier site combination are automatically billed.

Setting Up Self Billings

ORACLE Suppliers

Close Window Preferences Personalize Page Diagnostics

Suppliers

- Quick Update
- Company Profile
 - Organization
 - Tax Details
 - Address Book
 - Contact Directory
 - Business Classification
 - Products & Services
 - Banking Details
 - Surveys
- Terms and Control
 - Accounting
 - Tax and Reporting
 - Purchasing**
 - Receiving
 - Payment Details
 - Invoice Management

Purchasing

☐ All New Orders
☐ Create Debit Memo from RTS Transaction

Supplier Sites

Personalize "Supplier Sites"
 Personalize Default Single Column

Site Status: Site Name: Operating Unit:

Purchasing Self Billing Freight

Site Name	Operating Unit	Pay On	Alternate Pay Site	Invoice Summary Level	Create Debit Memo from RTS Transaction	Gapless Invoice Numbering	*Selling Company Identifier
SANTA CLARA ERS	Vision Operations	<input type="text" value="Receipt and Use"/>	<input type="text" value=""/>	<input type="text" value="Pay Site"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

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In the Self Billing region, select the following values:

- Pay On

Select a payment method. The supplier site must be a purchasing site. Receipt is used for material that is not consigned. Use is employed for consigned material, and Receipt and Use is for material that can be either consigned or non-consigned material.

- Alternate Pay Site

Optionally, you can select a different pay site than the supplier site. The supplier site is the default pay site.

- Invoice Summary Level

Enter the level you want to use for consolidating invoices for this supplier site when submitting the Pay on Receipt AutoInvoice Program. The invoice summary levels are dependent on the Pay On method selected:

If Receipt and Use has been selected, the invoice summary level available is Pay Site.

If Use has been selected, the invoice summary level options are Consumption Advice, and Pay Site.

Pay Site summary level groups invoices together based on the following grouping criteria:

- Currency

- Payment terms

Consumption Advice summary level creates a separate invoice for every eligible consumption advice processed.

Pay On Use

Select Use in the Transaction source parameter when running the Pay on Receipt Autoinvoice concurrent program.

An accounts payable invoice is created after consumption advice records are generated. When the concurrent program is submitted, it first identifies all eligible change of ownership transactions. Invoice records are created in accounts payable for the line matched with the corresponding purchase order or blanket release.

Pay On Receipt and Use

Select ERS and Use in the Transaction source parameter when running the Pay on Receipt Autoinvoice concurrent program.

An accounts payable invoice is created after consumption advice records are generated. When the concurrent program is submitted, it first identifies all eligible change of ownership transactions. Invoice records are created in accounts payable for the line matched with the corresponding purchase order or blanket release.

Invoices are created for receipt and consumption advice combinations.

Note: For additional information about pre-requisites, see: Purchasing Region of the Suppliers and Supplier Sites Windows, *Oracle Payables User's Guide*.

Pay on Receipt Autoinvoice Concurrent Program

The Pay on Receipt Autoinvoice concurrent program automatically creates invoices from eligible consumption advice. The following rules govern this program:

- In order to create invoices from consumption advice—self-billing must be enabled and the receipt type must be either Pay on Use, or Pay on Use and Receipt.
- Invoices are created for consumption advice in the same operating unit selected for the concurrent program.
- If the consumption advice is partially billed, an invoice is created only for the amount not billed.
- If an alternate pay site is specified in the Supplier Site, the invoice is created for the alternate pay site.

- Invoices are not created if the concurrent program fails. This is dependent on the Commit Interval parameter that is being used.
- For a consumption advice to be invoiced, the status must not be Finally Closed.

Payment Currency

If the purchase order currency and the supplier site currency are not fixed rate currencies, the purchase order currency is used. Otherwise, if the purchase currency and the supplier site are fixed rate currencies, the supplier site payment currency is used.

If a supplier site payment currency is not specified, the supplier site invoice currency is used if it is fixed rate compared to the purchase order currency. If the supplier site invoice currency is not fixed rate, use the purchase order currency as the payment currency.

Payment Terms

Payment terms are derived from the following purchase order data:

- The payment terms specified on the order line are used first.
- If payments terms are not specified on the order line, the payments terms on the purchase order header are used.
- If payments terms are not specified on the purchase order header, the payment terms at the pay site are used.

Invoice Date

The invoice date defaults from the consumption advice if the invoice summary level is Consumption Advice. If the summary level is Supplier Site, the date of the invoice is the date of the latest consumption advice grouped onto the invoice.

Exchange Rate

The exchange rate defaults from the consumption advice if the invoice summary level is Consumption Advice. If the summary level is Supplier Site, the rate is derived from the latest consumption advice grouped onto the invoice. If the exchange rate is user specified, the exchange rate date and rate information are based on values specified on the blanket purchase agreement used to source the consumption advice.

Pay On Receipt Autoinvoice Parameters

The following parameters are used with consigned material:

- Transaction Source: Select either ERS and USE, or USE when running the

concurrent program for the consumption advice.

- **Commit Interval:** Required. The default is 1. The commit interval is a numeric representation of the number of invoices evaluated before they are committed. For example, if you have a commit interval of 10, after 10 consumption advice documents have been processed and invoices created, they are saved. If you then process another 5 and the concurrent program fails, only 5 will not be committed. The previous 10 will not be affected.
- **Receipt Number:** Optional. Enter a receipt number if you only want that receipt processed. If the value in this parameter is null, all receipts that have not been invoiced are processed.
- **Aging Period:** Optional. You may want to allow time for corrections or returns against the receipts before converting the receipts into invoices. The profile option PO: ERS Aging Period enables you to specify this delay period between the receipt date and the invoice creation date. See: Profile Options, *Oracle Purchasing User's Guide*.

Windows and Navigator Paths

This appendix covers the following topics:

- Windows and Navigator Paths

Windows and Navigator Paths

This appendix shows the default navigator paths for windows used in Oracle Consigned Inventory and Vendor Managed Inventory.

For windows described in other manuals:

Application	Description
INV	<i>Oracle Inventory</i>
iSP	<i>Oracle iSupplier Portal</i>
PO	<i>Oracle Purchasing</i>

Although your system administrator may have customized your navigator, typical navigational paths include the following:

Window Name	Navigation Path
Approved Supplier List	PO > Supply Base> Planning Approved Supplier List
Consigned Inventory	iSP > Home page > Consigned Items or INV > Reports > Consigned Inventory

Window Name	Navigation Path
Consigned Inventory Aging	INV>Reports>Consigned Inventory iSP> Home > Product > Consigned Inventory
Consigned Diagnostics	INV>Reports>Consigned Inventory
Consigned Transactions	INV > Transactions > Consigned Transactions
Consumption Setup	INV > Setup > Transactions > Consigned/VMI Consumption
Material Workbench	INV > On-hand Availability > Material Workbench > Query Material > Consigned/VMI tab > Find
Create Consumption Advice	INV > Reports > Transactions > Create Consumption Advice (Name)
Purchase Orders	PO > Purchase Orders > Purchase Orders
Shipments	PO > Purchase Orders > Shipments button
Supplier-Item Attributes	PO > Supply Base > Approved Supplier List > Attributes button

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