MAXIMO 7 Training Guide

Purchasing & Receiving

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I CHAPTER 1 – THE PURCHASING MODULES

PROCUREMENT OF MATERIALS AND SERVICES IN MAXIMO 7

1.1 OBJECTIVES

Given the MAXIMO 7 platform, the user must demonstrate the ability and knowledge to identify the various applications within the Purchasing module and to recognize the different types of purchasing instruments. Users must also be able to determine the proper manner to account for receipts of goods and services according to approved business processes.

1.2 OUTLINE

1.2.1 INTRODUCTION TO THE PURCHASING MODULES

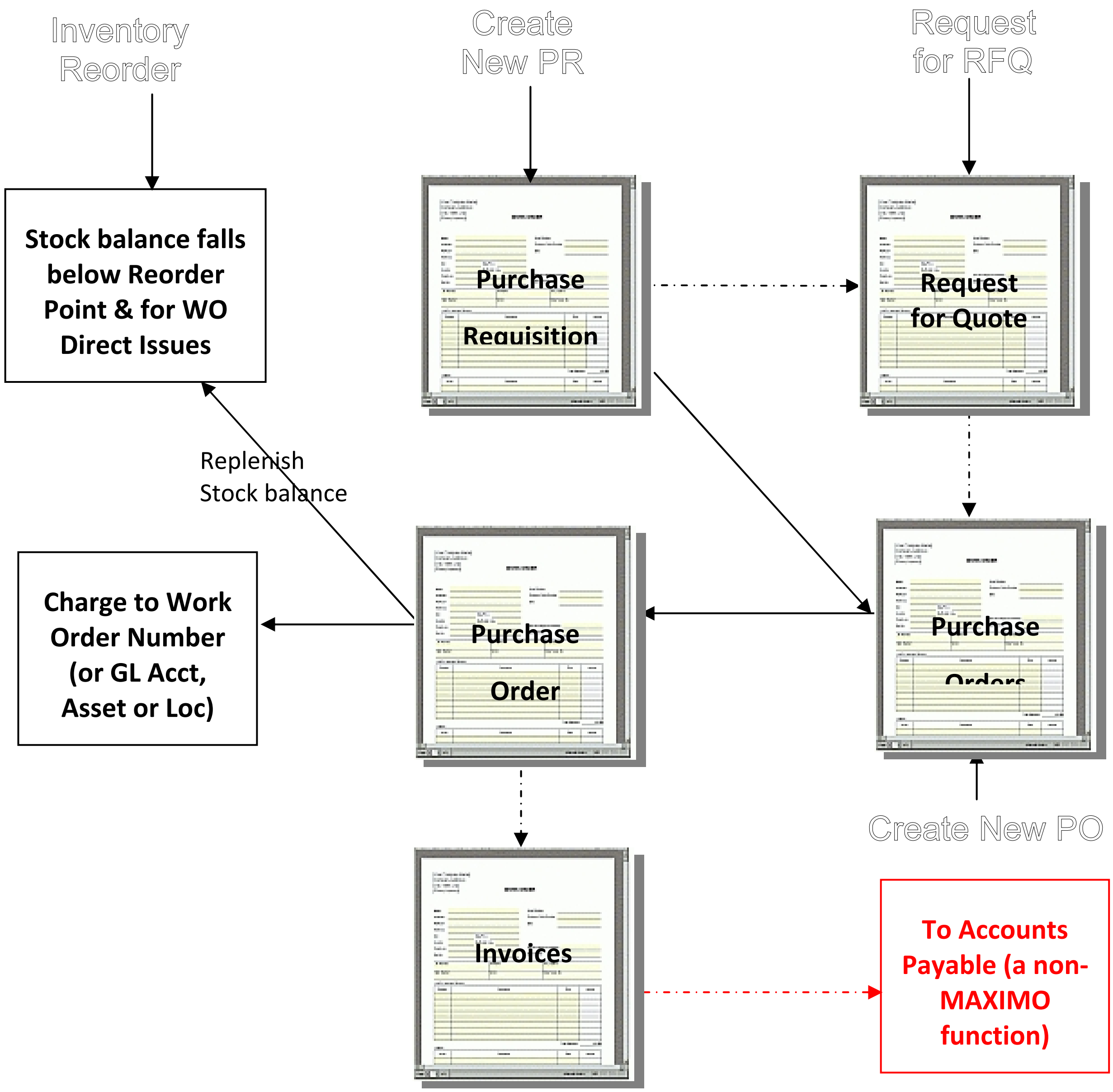
Obtaining the materials and services required to complete work is an important part of the maintenance and engineering processes. As inventory balances begin to decline in the storerooms, balances will need to be replenished. The Purchasing to Work Order process dictates that both existing database items (those that are already entered in MAXIMO) and those items and services that have not been previously registered will require procurement, and that those transactions must be properly recorded to account for such expenses. Upon receipt of the ordered items, MAXIMO will 1) expense the cost of the goods and services to the correct Work Order or other charge account, or 2) increase the dollar balance of the Inventory Storeroom into which it was received.

The MAXIMO 7 Purchasing Module consists of eight applications

- **Purchase Requisitions** — Used to request the order of materials or services to the Purchasing Department
- **Request for Quotation** — Used to request and manage vendor quotations
- **Purchase Orders** — Used to purchase materials or services from an external vendor or another internal Storeroom
- **Receiving** — Used to receive materials or the receipt of services into inventory or as direct charges
- **Invoices** — Used to record and approve invoices, and reconcile line items against the Purchase Orders and Purchasing receipts
- **Companies** – Used to create Site records for Vendors and Manufacturers
- **Company Master** – Used to create Vendor and Manufacturer records at the Set (multi-Org) level, and
- **Terms and Conditions** – Used to develop text segments which can be associated with Purchase Orders to serve as inclusive contractual language

The MAXIMO 7 applications track the natural progression of the Purchasing process following the flow of an order from its initial request point (the Purchase Requisition), submission for bid (the Request for Quotation), construction and submission of a formal purchase contract to the vendor (Purchase Order, Companies, Company Master and Terms and Conditions), receipt of Materials and Services from the Vendor (Receiving) and finally payment processing for receipts (Invoices).

Let's take a quick tour through the MAXIMO Purchasing applications. An illustration showing the relationship of the various applications is presented below to assist with the visualization of the process flow. The first step in the Purchasing cycle is to determine that there is a need for materials (or services). Users can manually create a record by entering their request for materials at different points within the purchasing process - through the creation of a Purchase Requisition (PR), a Request for Quotation (RFQ) or a Purchase Order (PO). According to the user's security privileges, they may have access to create records in only one, two or possibly all of these applications. For example, a mechanic might be limited to the creation of a PR which would be forwarded to the Purchasing department for the creation of a PO. If it is necessary to record competing bids, an RFQ would be created. Data entered into the MAXIMO PR application can be carried over (copied) to a superior Purchasing instrument (RFQ or PO), so that the data input (line item, quantity and pricing) does not have to be duplicated for the succeeding record.



Once the MAXIMO application structure is understood, an Organization can determine the process and approval flow for each User group. The Workflow application can also be implemented to enforce that each step of the approval process is correctly followed. In addition to manually created Purchasing records, records may be created automatically through the automated Inventory Reorder function. The system will then auto-generate new PR records in MAXIMO - grouping the line items into PR records by vendor, according to the primary vendor value identified on the Inventory record of those Items ordered. Thus, all line items to one vendor will be aggregated onto a single PR. (Note: There is a global system option to allow the Reorder process to alternatively create a PO rather than the default PR. This option is primarily used by Organizations that execute all purchasing functions within the Maintenance department, rather than transferring it to a Purchasing department where it encounters a second level of approval.)

The RFQ application was designed to accommodate those transactions where the process required a bidding process, rather than being sole sourced to a single supplier. The RFQ application assists with the collection of bid receipt information and includes the tracking mechanisms to record the prices and delivery dates submitted from the bid recipients. Once single line items (or all line items) are awarded to a vendor, all details from the RFQ data can be transferred into PO records.

The Purchase Order is the point which initiates the first true **contractual** transaction in the purchasing process. Associated with the Receiving application, Purchase Orders represent the point at which the MAXIMO transactions change from simple internal request notifications to real accounting transactions that impact the financial statements of the Organization. A Purchase Order is a contract issued to a vendor describing the quantity and pricing of the materials or services ordered, as well as an expected delivery time. If the vendor agrees to the terms of the PO, the vendor will deliver the goods or services expecting payment from the PO issuer. Upon receipt of the materials or services by your Organization, MAXIMO provides multiple alternatives on how to account for that receipt. If materials are received, the materials can be added to the Storeroom balance for that Part as long as a MAXIMO 7 Item/Inventory records are created. Materials that have Item/Inventory records can also be "issued on receipt" meaning they are expensed when received, and not placed into the Storeroom for future issue. Services (non-material purchases) and Materials that do not have pre-existing Item records cannot be received into the Storeroom, and thus must be issued on receipt –being charged against one of four different objects – a Work Order, a General Ledger account, an Asset or a Location.

Receiving is the application where incoming materials and services are posted. All receipts of materials and services are entered here, whether they are expensed upon receipt or received into Storerooms for later issue. The User enters the PO number into the receipt application and then selects and copies lines from the PO (that have been received) into the Received application table window.

The Invoices application provides a method of a) editing price information, b) adding additional line items not included in the PO, such as freight, and c) amending or splitting the balance received to multiple expense accounts. These functions are difficult to accomplish in the Receiving application, as the User would have to return to the PO application from Receiving and 1) un-approve the PO, 2) make the necessary adjustments 3) re-approve the PO and then 4) return to Receiving application to receive the line based upon the updated information.

Most Organizations that use the MAXIMO Invoices application do so to make price adjustments, or to add freight and discounts. A much smaller number actually use the Invoices application as a method for reconciling Purchasing receipts against the amounts paid to the vendor. Since there is no Accounts Payable application in MAXIMO 7, the reconciliation and payment of Invoices will have to be duplicated in another accounting system.

II CHAPTER 2 – PURCHASE REQUISITIONS

THE PROCUREMENT REQUEST PROCESS

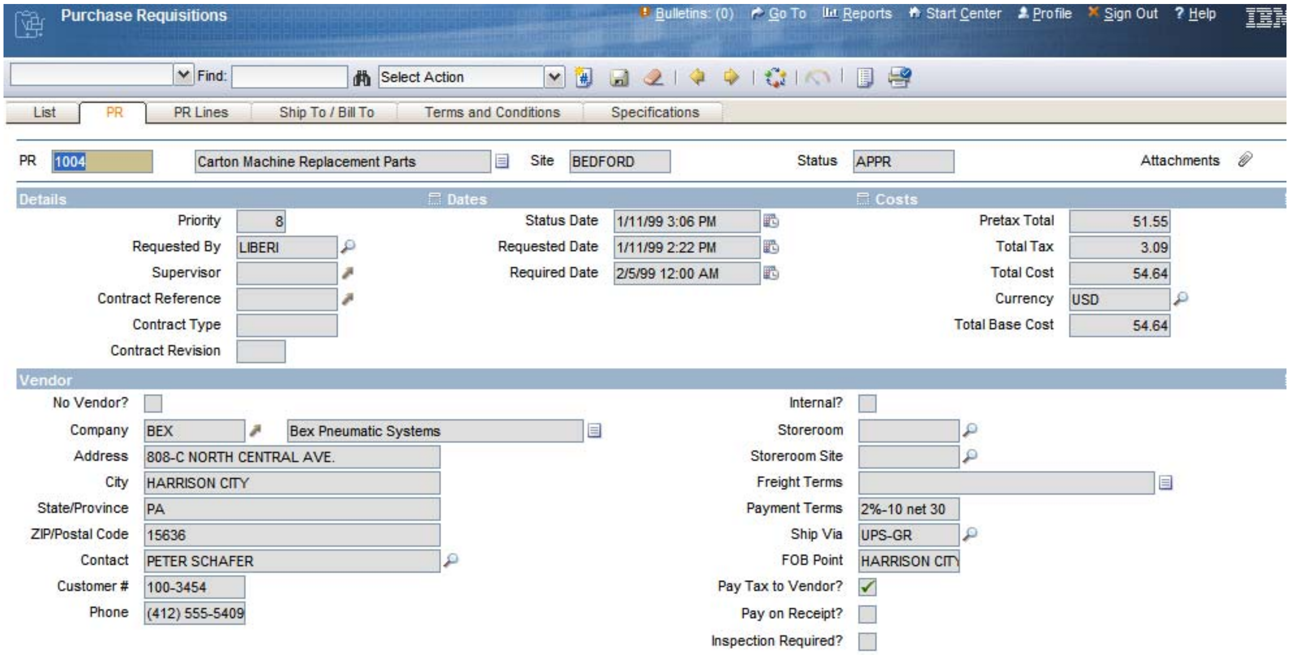
1.1 OBJECTIVES

Given the MAXIMO 7 platform, the User must demonstrate how to create a Purchase Requisition using Items, Materials and Services. Also, Users should be able to explain the role of various employees (maintenance techs, supervisors, and purchasing agents) that are involved in the use of this application.

1.2 INTRODUCTION TO PURCHASING REQUISITIONS

A Purchase Requisition (PR) is defined as a request issued internally to a purchasing agent or the purchasing department in order to obtain materials or services. The PR application can be used to create requisitions for items, supplies, and services, which will provide the input for a future Purchase Order. Users can access the PR application by selecting the Purchasing icon on the MAXIMO Start Center and then choosing Purchase Requisitions, or by using the **Go To** link.

The Purchase Requisition Main Screen



1.2.1 PRIMARY COMPONENT FIELDS

PR #: The unique number for each Purchase Requisition created in MAXIMO. An autonumber will populate the field, but can be overwritten by Users - prior to saving the record the first time.

Description: This field should contain pertinent and unique information to assist in the retrieval of this record through the query process. Remember, the description field is not only one of the two prime query fields for record searches within the PR application, but also for searches from within other applications. Some Organizations may include the Work Order number, Buyer and other pertinent data in this field to facilitate future search queries. If the description entry exceeds the field length provided, additional information can be populated into the long description field by clicking on the Page icon to the right of the description field. When this field is populated, the icon will change to an orange color.

1.2.2 STATUS: THE CURRENT STATUS OF THE PR WHICH CAN BE ONE OF THE FOLLOWING VALUES

- **WAPPR** — Waiting for Approval. New PR's are created with an initial status of *WAPPR*. Screen information is editable when the PR is in this status.
- **APPR** — Approved. After reaching a status of *APPR*, all fields are converted to a read only status. The status of the PR must be returned to a status of *WAPPR* to edit the

information. The MAXIMO configuration (global system setting) may require approvals for PR's and PR line items before they can be transferred to a PO record.

- **CLOSE** — Closed. Closing a PR automatically occurs when all of the PR line items have been assigned to one or more Purchase Orders. All fields are read only, and records can no longer be modified. If you try to manually close a PR and a line item has not yet been assigned, the system displays a warning message. The *CLOSE* status is considered a history status (which hides the record from normal record queries).

- **CAN** — Canceled. An approved PR can only be canceled if none of its line items have been assigned to a Purchase Order. All fields are read only, and the record can no longer be modified. The *CAN* status is also considered a history status.

Requested By : This field should include the name of the person who is requesting the Parts or Services. It can also serve as a notification field for Receiving.

Requested Date : Maximo enters the current date when the record is created.

Required Date : The date by which the goods and services must be received.

Vendor Company: The value entered here must match an already created record from the Companies application. When the Company name is entered, the remaining information about the company, such as address, contact information and shipping information is displayed in the associated fields of the Vendor screen block. If the company has not been previously created in Maximo, a new vendor record must be created and then routed for approval as a new SP supplier.

1.3 TABS

There are five tabs on the Purchase Requisitions application screen:

- **List** — used to search the database for PR records using any combination of available fields. Not only can users query against fields on the main screen of the PR application, users can also construct queries using Item numbers, material and service descriptions and other detail from the PR Lines screen.

- **PR** — used to enter, view, or modify summary PR record data.

- **PR Lines** — used to enter, view, or modify line items for a Purchase Requisition. A line can contain an item from the database of Inventory records, a material not found in the inventory database, or a service

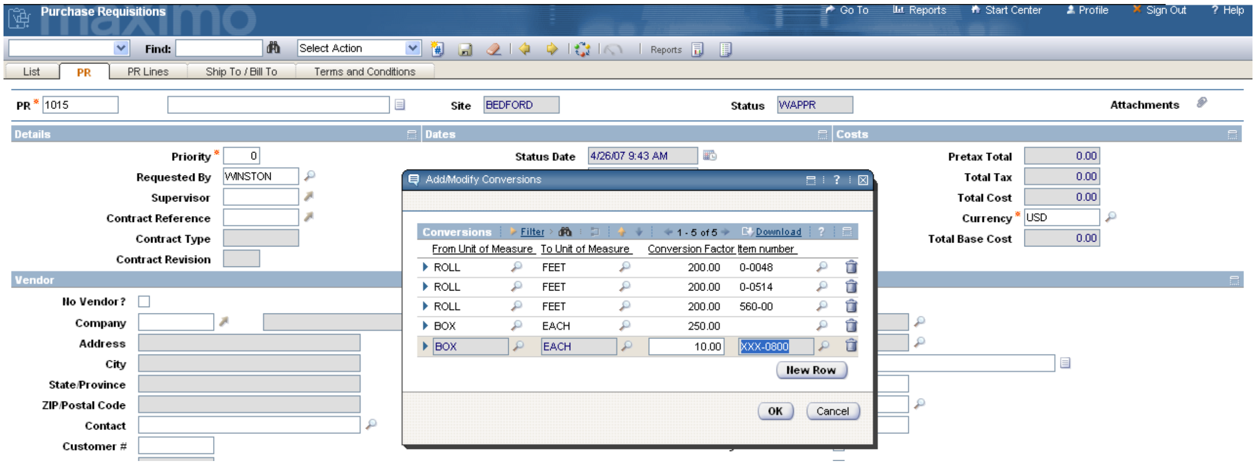
- **Ship To/Bill To** — a tab which includes the default data for your Organization. Upon creation of a new PR, the Ship To and Bill To fields (with your Company ID) can be edited along with the contact person values

- **Terms and Conditions** - use this tab to associate an existing Terms and Conditions record from the library (Terms and Conditions application) or to add new data into the Terms and Conditions tab for this record only

1.4 PURCHASE REQUISITION ACTIONS

The following actions are available from the Purchase Requisitions Action Menu.

- **Change Status** – used to manually change the status of the PR record.
- **View History** — used to view the status change history and workflow history of the PR record.
- **Create PO** — used to fully copy the detail from an existing PR and include it into a newly generated PO. With all line items transferred, the PR will then automatically be changed to a status of *CLOSE*.
- **Create Contract** – used to create a Purchase, Pricing or Blanket Contract.
- **Units of Measure and Conversions** — used to add or modify the measurement metric (feet, degrees, gallons, etc.) and conversion ratios that are used when ordering an item, for example 50 each per box. Conversion units are determined by the measure units for the individual Item level (see illustration below).
- **Attachment Libraries/Folders** – used to attach a document to the record. Additionally, the User can manage libraries and folders from this option.
- **Duplicate Purchase Requisition** — used to create a copy of the current record with many of the same settings and values, which can then be modified and saved as a new record.
- **Add to Bookmarks** — used to add the current record to a personal bookmark list.
- **Run Reports** — used to access the Reports available for the current application. The Actuate report tool will open this list in a new Internet Explorer window.



1.5 USING THE PURCHASE REQUISITIONS APPLICATION

Sometimes maintenance work requires parts, materials, or services that cannot be supplied in total, or in part, from the company Storerooms. In this case, Users might need to create a PR. The data entered in the PR can be used to stage a Purchase Order, or optionally, to create either a Request for Quotation (RFQ) for materials or services. Standard MAXIMO functionality allows Users to create two types of requisitions:

- **Internal PR** — requesting the transfer of materials from another company storeroom.
- **External PR** — requesting the purchase of the necessary materials or services from an outside vendor.

1.6 CREATING PURCHASE REQUISITIONS

Creating a Purchase Requisition is a two part process:

- **Creating the PR Record** — records the details of the PR: who requested the purchase, what vendor will be used, when it is needed, the address it should be shipped to, etc.
- **Adding Line Items** — lists the quantity of the materials or services requested for purchase and where they will be expensed or stored upon receipt.

1.7 COMPLETING THE PR SCREEN

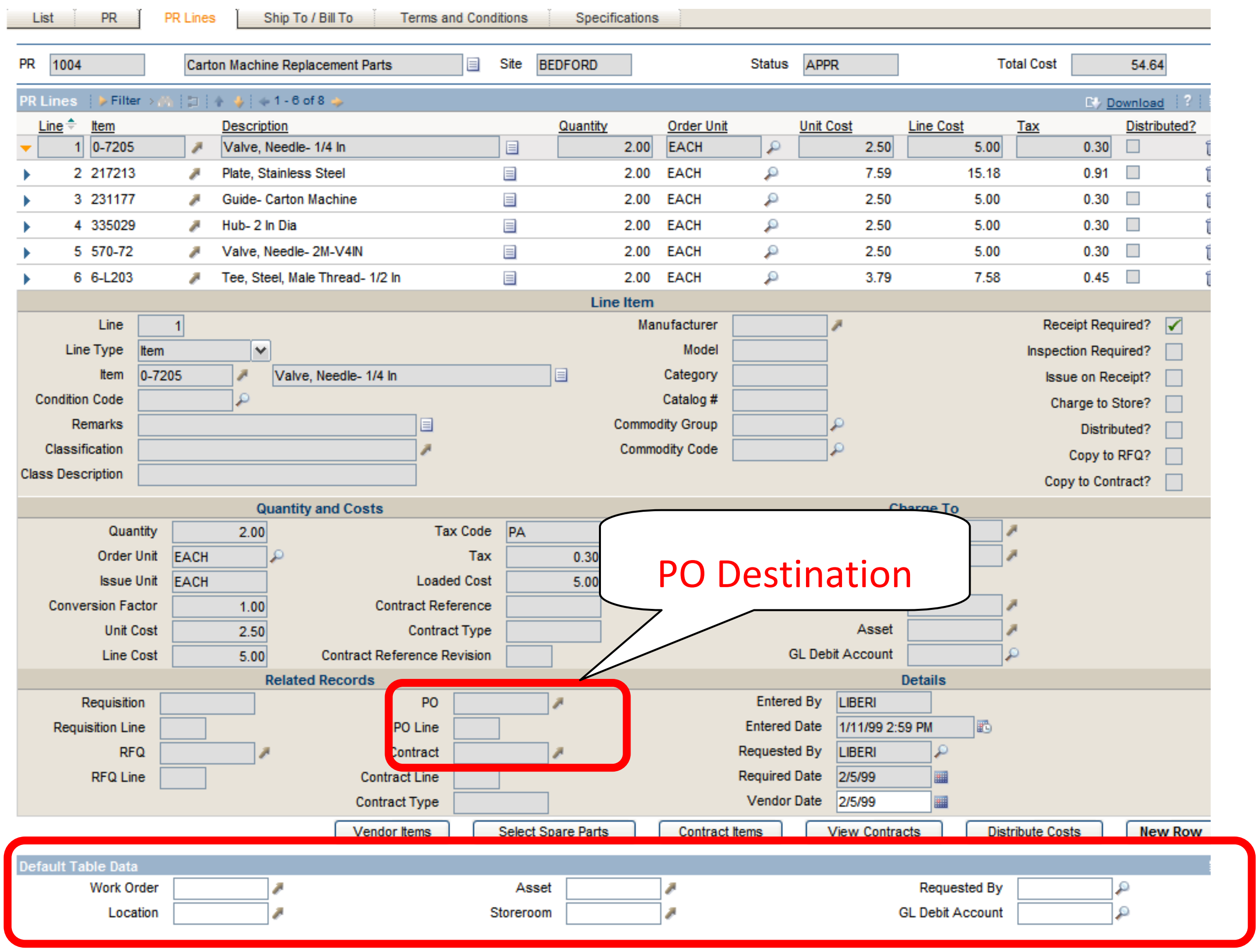
1. After entering the PR application on the Search/Find tab, click the **Insert** (New Purchase Requisition) button on the Toolbar. The system switches to the PR tab, displaying an empty Purchase Requisition.

2. Enter a description for the Purchase Requisition. Be sure to include sufficient data to identify the PR thus assisting the location of this record through future queries on this field.

3. Fill in the other informational fields as necessary, including all required fields, and click the **Save** button icon.

(NOTE: Required fields are indicated by an asterisk (*). Refer to the Field Help (Alt-F1) for more information about any of the fields. A Vendor value is not required to complete a PR record. Vendor values can be identified later within the Purchase Order application.)

The Purchase Requisition Line Screen



1.8 ENTERING PR LINE ITEMS

1. Open or create a Purchase Requisition.
2. Click the PR Lines tab.
3. Click New Row. The Row Details form opens.
4. Do one of the following:
   - Fill in the Item and Description fields if the line item is an existing Item in the database.
   - Change the value in the Line Type field to Material, Service or Standard Service. Skip the Item field and enter text into the Description field. This informs the system that the material or service being purchased is not already part of the MAXIMO database.

5. Enter a charge value. The charge value can be a Storeroom, Work Order, Location, Asset, or GL Account code. If a Storeroom is not employed, the Issue on Receipt checkbox will be activated. (Note: Services and materials that are not entered in the database as an Item/Inventory record cannot be charged to Storerooms.)
6. Fill in the other required fields. Users will need to ensure that both the Quantity and Unit Cost fields are correctly populated.
7. If the entry value for a field will remain the same for multiple lines, the default table data section can be utilized at the bottom of the screen. Any fields populated in this section will be copied into their designated fields for each subsequent row added.
8. To assist in the location of Items to be ordered, choose any of the following options:
    - Vendor Items to view a list of all items previously supplied by this vendor.
    - Select Spare Parts to view a list of the spare parts associated with an Asset record.
    - Contract Items to choose from a list of Items under contract from this Vendor.
    - View Contracts to view contract details for the Item, Materials or Services listed.
    - Distribute Costs to distribute the cost of the line item to multiple charge accounts.
    - New Row to add another row.
9. Click Save.

1.9 CREATING A PURCHASE ORDER FROM A PURCHASE REQUISITION

MAXIMO enables Users to create a Purchase Order directly from a single Purchase Requisition. When creating a PO from a PR, the system copies all of the line items and other relevant information from the PR to the PO**.** According to the administrative settings, the PR may (or may not) need to be approval before any of the lines can be converted into a PO. After a line has been moved into a PO record, the PR line will display the PO number and PO line number to which it became associated. This assists in tracking the PO destination of a line item from within the original PR record.

- Open or create a PR in Purchase Requisitions.
- From the **Select Action** menu choose **Create PO**. The system will prompt the User for a PO number, or the User can choose to accept the system assigned autonumber. (If using the system defaults) after all of its line items have been converted to the PO, the PR status will change to *CLOSE*.

1.10 REVIEW QUESTIONS

(Note: If your Organization primarily charges purchased materials to Work Orders, follow the instructions starting with this step. If purchases are usually charged to non-Work Order accounts, skip this step and proceed to step 2.)

1. From the Work Order Tracking application, create a Work Order to redo the electrical lighting and to construct shelving and cabinets in a supply closet for a location of your choice. Populate all of the required fields, save the record and write down the Work Order number for future reference.

2. Next go to the Purchase Requisition application and create a new PR to refinish the cabinets and upgrade the lighting. Fill out the fields in the PR tab and then click the Save button on the toolbar. Write down the number of the PR you created for future reference.

3. Choose at least one item from the Inventory database (Don't worry if an appropriate item is not available). Add other non-database materials and/or a service, as needed, by skipping the Item field and typing directly into the Description field the objects to be purchased (Paint, Lumber, Shelving Brackets, Painting Contractors, etc.). Charge these items and services to the Work Order that you created in the first step of this exercise.

4. Save the PR record and change the status of the Purchase Requisition to *APPR*.

III CHAPTER 3 – PURCHASE ORDERS

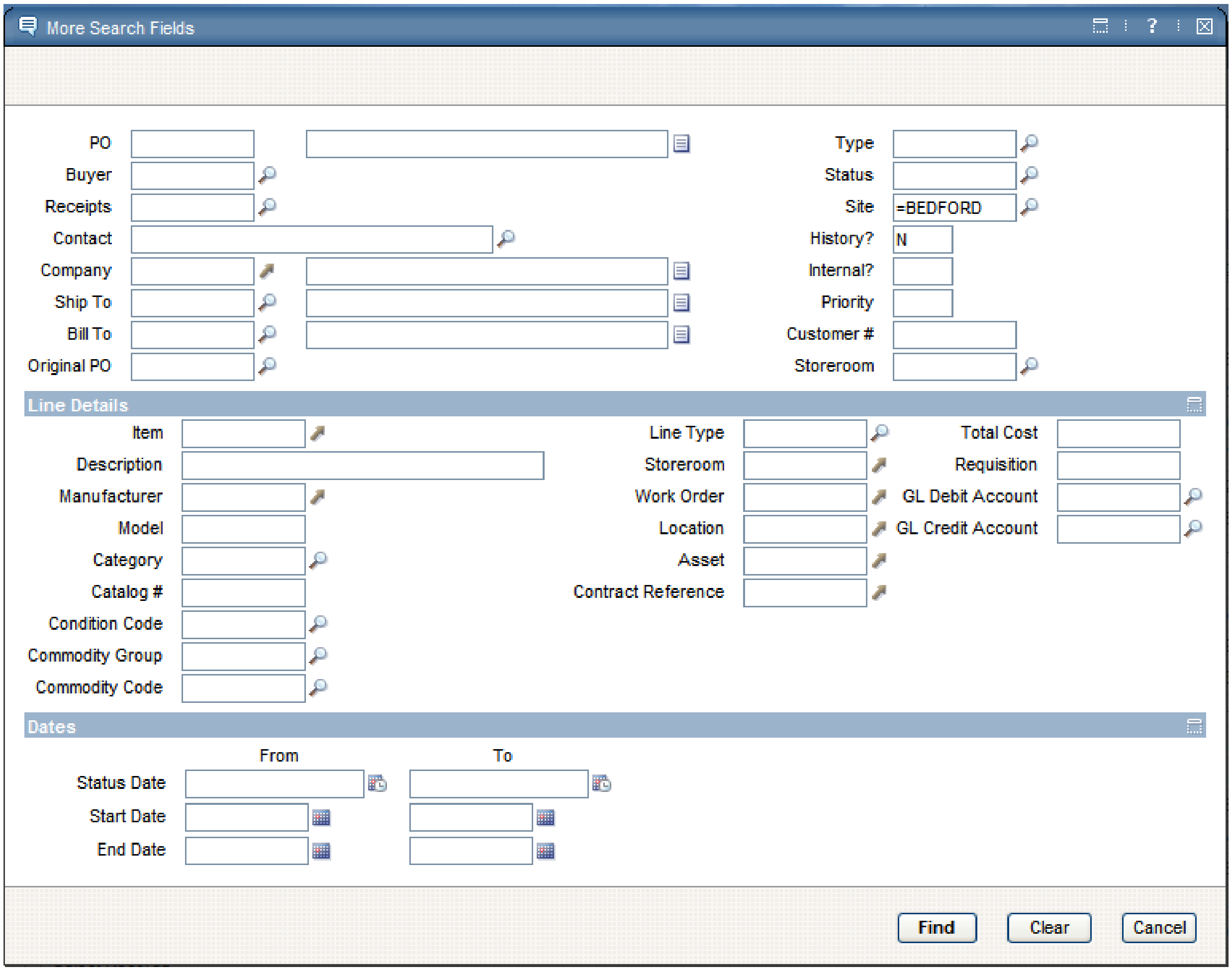
COMPILING AND SUBMITTING THE PURCHASE ORDER DOCUMENT

1.1 OBJECTIVES

Given a MAXIMO 7 platform, the user must demonstrate the ability and knowledge to identify the construction of a Purchase Order document and its contractual components. Users must also demonstrate how to create and utilize Blanket Purchase Orders, Price Agreements and Purchase Agreements

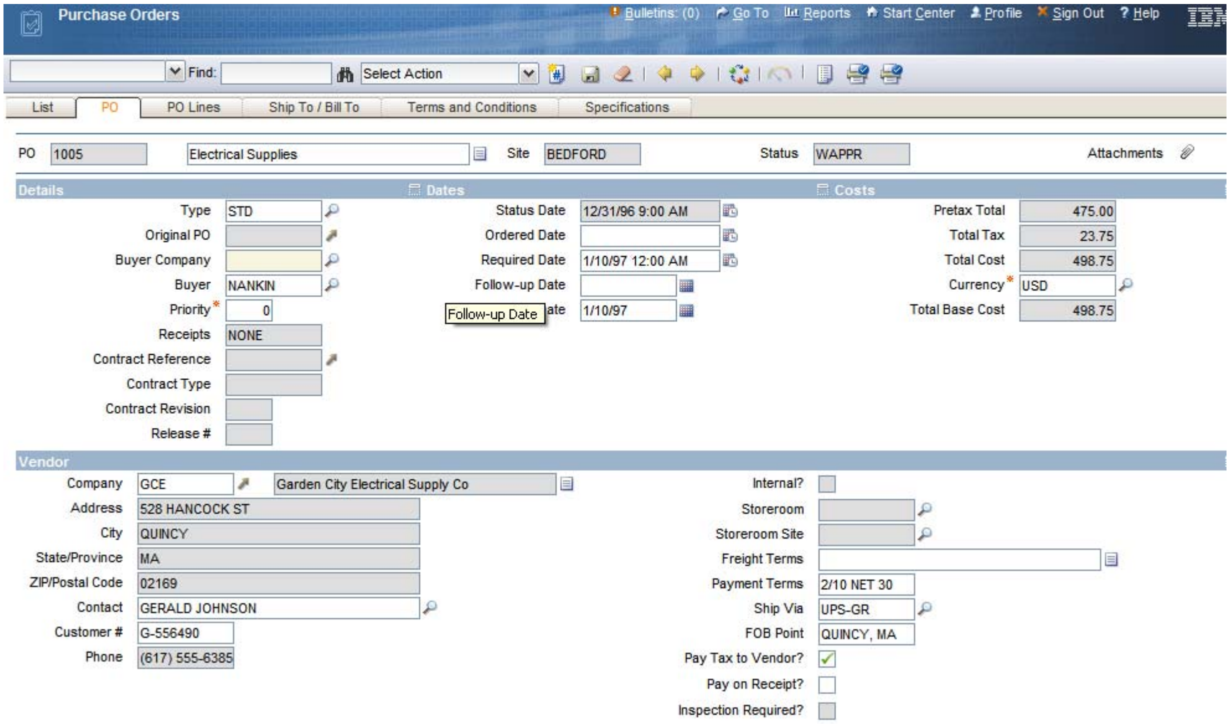
1.2 INTRODUCTION TO THE PURCHASE ORDERS

With MAXIMO 7, Users can query to find Purchase Order records based upon the PO number or Vendor, but they can also query against fields on the PO Lines tab - including Item numbers, Item description and Work Order or GL Account charged.



A Purchase Order (PO) is an authorized contractual order for goods or services from your purchasing department to an external vendor or internal supplier. Users can access the PO application to create a PO, either starting from a blank PO or by copying lines from Purchase Requisitions or Requests for Quotation. Users can also create a blanket PO, blanket releases, pricing agreements, and change orders. The PO application can be accessed by selecting the Purchasing icon on the Start Center Page or the **Go To** link.

The Purchase Order Main Screen



PO #: The unique number for each Purchase Order created in MAXIMO. The field will auto-populate with a number, but can be overwritten prior to saving the record for the first time.

Description: This field should contain pertinent and unique information to assist in the retrieval of this record for future reference through the query process. Remember, the description field is not only one of the two prime query fields for record searches within the PO application, but also for searches on parts within other applications. Some Organizations may include the Work Order number, Buyer and other pertinent data here to support future search queries. If the description entry exceeds the field length provided, additional information can be populated into the long description field by clicking on the Page icon to the right of the description field. When this field is populated, the icon will change to an orange color.

Status: The current status of the PR which can be one of the following five values:

- **WAPPR** — Waiting for Approval. New POs are created with an initial status of WAPPR. Screen information is editable when the PR is in this status.
- **APPR** — Approved. After reaching a status of *APPR*, all fields are converted to a read only status. The status of the PO must be returned to a status of *WAPPR* in order to edit the information.
- **INPRG** — In Progress. All fields are read-only.

- **CLOSE** — Closed. All fields are read only, and record can no longer be modified. POs can only be closed if all lines have been received, and if lines that require inspection have been approved. The *CLOSE* status is considered a history status (which hides the record from normal record queries).

- **CAN** — Canceled. An approved PO can only be canceled if none of its line items have been received. All fields are read only, and the record can no longer be modified. The *CAN* status is considered a history status.

Vendor Company: The value entered here must match an already created record from the Companies application. When the Company name is entered, the remaining information about the company, such as address, contact information and shipping information is displayed in the associated fields of the Vendor screen block. Vendor becomes a required field at the time of PO approval.

Requested By : This field should include the name of the person who is requesting the Parts or Services. It can also serve as a notification field for Receiving department personnel.

Requested Date: The current date is entered in this field at the time the record is created.

Required Date : The date by which the goods and services must be received.

1.3 PURCHASE ORDERS TABS

There are five tabs on the Purchase Orders application screen:

- **List -** used to search the database using any combination of available fields.

- **PO** - used to enter, view, or modify POs, either copied from PRs or RFQs, or created new in the PO application.

- **PO Lines -** used to enter, view, or modify line items on the PO. This tab is also used to view summary information from the Material Receipts and Service Receipts tabs in the Receiving application. A line can contain an Item from the database of Inventory records, a material not found in the inventory database, or a service.

- **Ship To/Bill To -** A tab which includes the default data for your Organization. Upon creation of a new PR, the Ship To and Bill To fields (with your Company ID) can be edited along with the contact person values.

- **Terms and Conditions** - .Use this tab to associate an existing Terms and Conditions record from the library or to add new data into the Terms and Conditions tab for this record only. Within the Terms and Conditions application (Contracts module), the library records can be set to default on a newly created PO. Also in this application, the library records can be set to read-only after application or to allow modification by the user after the Term record is copied into the PO.

1.4 PURCHASE ORDERS ACTIONS

The following actions are available from the Purchase Orders Action Menu.

- **Change Status** - used to change the status of a PO record.
- **View History** - used to view the status change history of a PO.
- **Copy PR Line Items to PO -** used to copy Purchase Requisition lines to a PO.
- **Create Change Order** - used to create a duplicate PO from an approved *APPR* or in progress *INPRG* status PO. Typically, you would do this to change values, such as quantity, price or vendor, after a PO has been approved. The old PO is given a status of *CAN*, but can be retrieved from the database for later reference.
- **Create Contract** - used to create a Purchase, Pricing or Blanket Contract.
- **Complete Receipts** - used to complete receipts for a PO when there are still items outstanding that are not expected to be received. This function cancels the PO lines selected so that the PO can be closed. Do **not** use this function when posting actual receipts of all materials or services.
- **View Invoice Lines** - used to view lines in this PO already invoiced.
- **View PR Line Items** - used to view all open PR Lines. The lines can be selected in batch and copied to the current or a new PO.
- **Units of Measure and Conversion -** use to add or modify the measurement metric (feet, degrees, gallons, etc.) and conversion ratios that are used when ordering an item, for example 50 each per box. Conversion units are determined by the measure units for the individual Item level.
- **Attachment Libraries/Folders** - used to attach a document to the record. Additionally, the user can manage libraries and folders from this option.
- **Move/Modify Assets** - used to make changes to an Asset's location, parent/child relationship, users and custodians, and attributes, select the appropriate tab below.
- **Add/Modify Commodity Codes** - used to add or modify the Commodity Groups in MAXIMO or their child Commodity Codes.
- **Duplicate Purchase Order -** used to create a copy of the current record with the same field values and line entries, but reset dates and status which can then be modified and saved as a new record.
- **Add to Bookmarks** - used to add the current record to a personal bookmark list.
- **Run Reports** - used to access the Reports available for the current application.

1.5 USING THE PURCHASE ORDERS APPLICATION

You can use a number of different methods to create a new Purchase Order.:

- from a Purchase Requisition (PR) in the Purchase Requisitions application
- from a Request for Quotation (RFQ) in the Request for Quotation application
- by creating a new Purchase Order record in the Purchase Orders application
- The Purchase Orders application also allows you to generate an internal PO against another storeroom. You can create a storeroom-to-storeroom purchase as a "transfer" or an "internal PO" since the system uses the Purchase Orders and Issues and Transfers applications to track these types of item movements.

1.6 CREATING A PURCHASE ORDER

A Purchase Order can list items or services for a *single* vendor only. If you have multiple Purchase Requisitions for the same vendor, you can combine them in a single PO.

1. Open the Purchase Order application.

2. Click the **New Purchase Order** button in the Toolbar. The system switches to the PO tab, displaying an empty Purchase Order. Some fields will show default values.

3. Enter a description for the PO which will serve as a reference value for future queries.

4. Fill in the other fields as appropriate and all required fields. You can edit default values that are not read-only.

(NOTE: Required fields are indicated by an asterisk (*). Refer to the Field Help for more information about any of the fields.)

5. Click **Save**.

1.7 ENTERING PO LINE ITEMS

Once you have created the Purchase Order, you will need to list what materials and services you are buying. To specify individual items or services for the Purchase Order, you use the PO Lines tab. A line can be an Item from the Item/Inventory database, material not included in the inventory database or a service. The procedure for adding PO Lines is similar for items, materials, and services with the following exceptions:

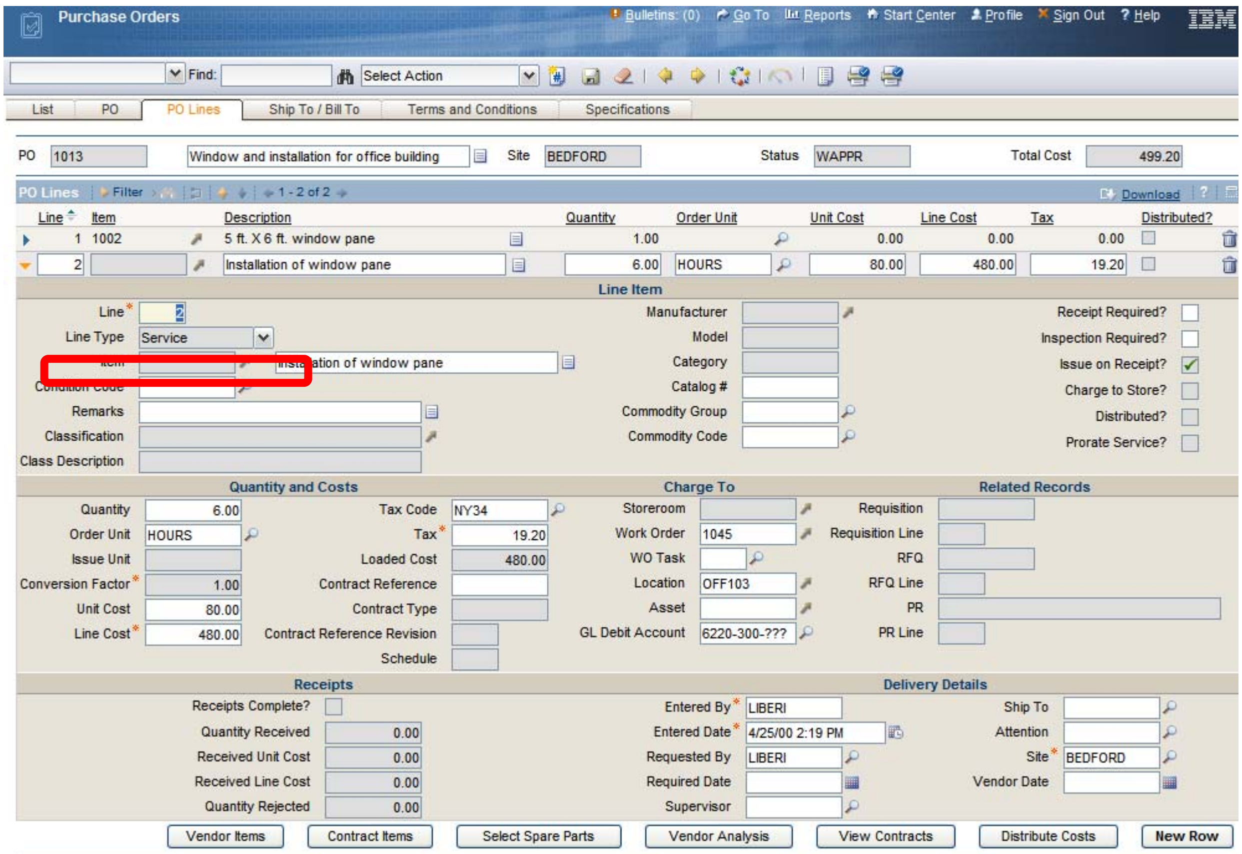
- **Inventory Items** can be selected using the Detail button on the **Item** field and going to the Inventory application or by using the Asset Catalog search.

- **Services** are indicated by selecting the **Service** value in the Line Type field. Services require a description, line cost, and charge value. The charge value can be a Work Order, Location, Asset, or GL Account code.

- **Materials** not in Inventory can be defined in the Line Type field. You are required to enter a Description, Quantity, Cost, and charge value. The charge value can be a Storeroom, Work Order, Location, Asset, or GL Account.

- **Special Order Items** are not shown in the default setting. They must be enabled through the Administrative Inventory options. Special Order Items are created by the system on-the-fly without requiring an exit from the PO application to create a new Item record. They are designed to create Item/Inventory records on a temporary basis, which are generally deleted in a batch process at a later date.

The Purchase Order Line Screen

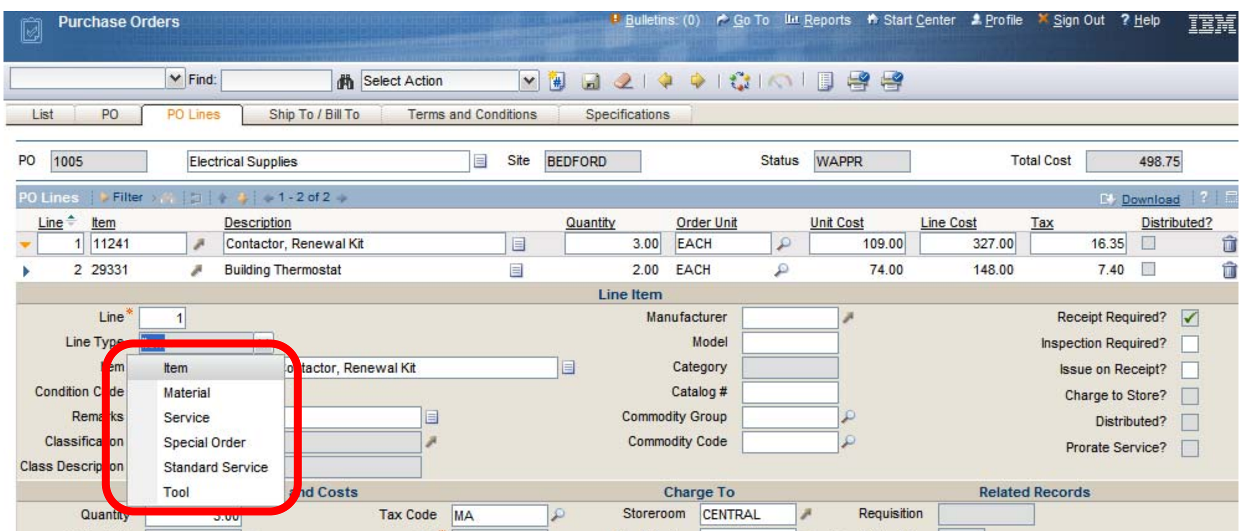


You can enter line items manually, copy them from a PR, or create them from a RFQ.

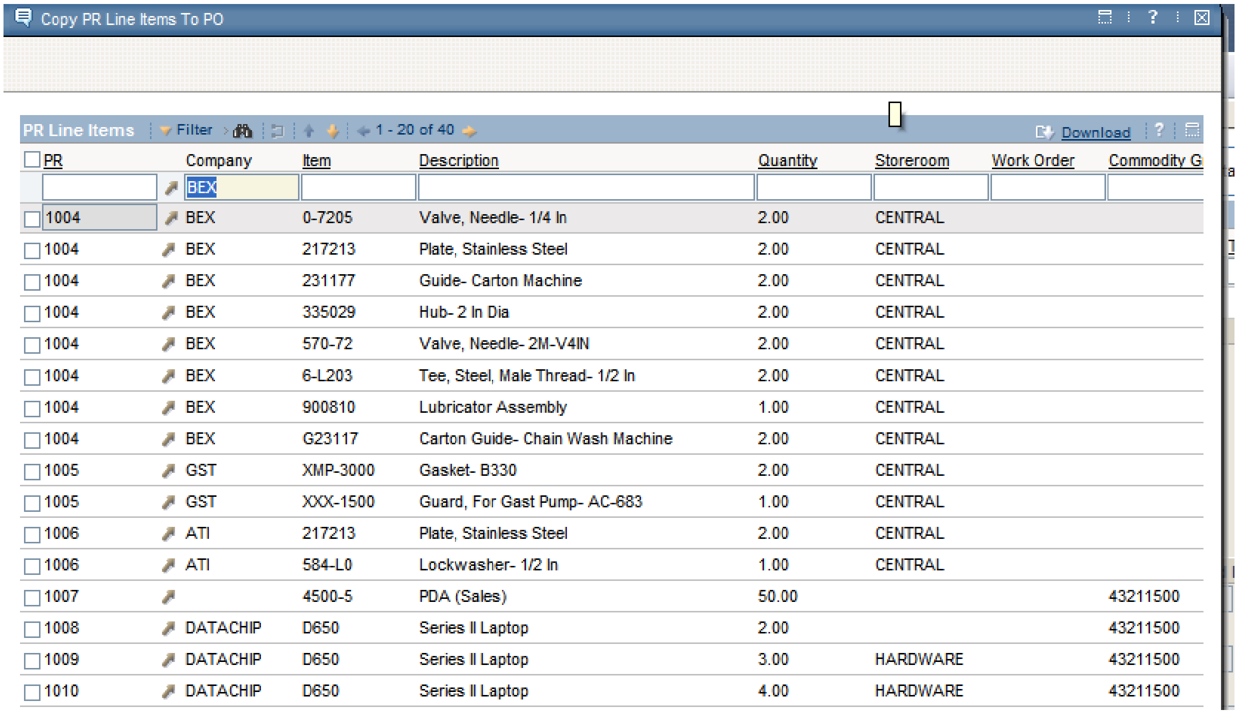
1. From the PO application, click the PO Lines tab.
2. Click **New Row**. The Row Details form opens.
3. Do one of the following:

- Fill in the Item and Description fields if the line item is an Inventory Item.
- Skip the Item field and enter text into the Description field. This informs the system that the material or service being purchased is not already part of the MAXIMO database.
- Select the **Service, Standard Service or Material** value in the Line Type field if the line item is a material or service.

4. Enter a charge value. The charge value can be an Inventory Storeroom, Work Order, Location, Asset, or GL Account code. (Note: Services and non-Item materials cannot be charged to Storerooms.)
5. Fill in the other required fields. If the item does not have a unit price recorded in the database, you are required to enter both **Quantity**, and **Unit Cost**. The screen below shows the supporting detail fields for one row of the PO Lines table. To view the expanded data, click on the arrow to the left of the Line#.
6. Choose one of the following options:
   - **Vendor Analysis** to view a list of all items previously supplied by a vendor.
   - **View Agreements** to view contract details for the Item, Materials or Services listed.
   - **Distribute Costs** to distribute the cost of the line item to multiple charge accounts.
   - **New Row** to add another row.
   - **Delete** to eliminate the entry row.
7. Click **Save**.



POs may also be constructed from the lines of approved PRs. By selecting the option **Convert PR Line Items to PO** under the **Select Action** drop down, a list of line items from Approved Purchase Requisitions will appear.



PR	Company	Item	Description	Quantity	Storeroom	Work Order	Commodity G
	BEX						
1004	BEX	0-7205	Valve, Needle- 1/4 In	2.00	CENTRAL		
1004	BEX	217213	Plate, Stainless Steel	2.00	CENTRAL		
1004	BEX	231177	Guide- Carton Machine	2.00	CENTRAL		
1004	BEX	335029	Hub- 2 In Dia	2.00	CENTRAL		
1004	BEX	570-72	Valve, Needle- 2M-V4IN	2.00	CENTRAL		
1004	BEX	6-L203	Tee, Steel, Male Thread- 1/2 In	2.00	CENTRAL		
1004	BEX	900810	Lubricator Assembly	1.00	CENTRAL		
1004	BEX	G23117	Carton Guide- Chain Wash Machine	2.00	CENTRAL		
1005	GST	XMP-3000	Gasket- B330	2.00	CENTRAL		
1005	GST	XXX-1500	Guard, For Gast Pump- AC-683	1.00	CENTRAL		
1006	ATI	217213	Plate, Stainless Steel	2.00	CENTRAL		
1006	ATI	584-L0	Lockwasher- 1/2 In	1.00	CENTRAL		
1007		4500-5	PDA (Sales)	50.00			43211500
1008	DATACHIP	D650	Series II Laptop	2.00			43211500
1009	DATACHIP	D650	Series II Laptop	3.00	HARDWARE		43211500
1010	DATACHIP	D650	Series II Laptop	4.00	HARDWARE		43211500

One or more items may be selected from the list to copy into the new (or current) Purchase Order. According to your administrative settings, PR's with a status of *WAPPR* may not be able to transfer to the PO. The filter fields at the top are very helpful in reducing the number of PR Line Items, as the list could be extremely lengthy.

1.7.1 UNDERSTANDING STANDARD SERVICES

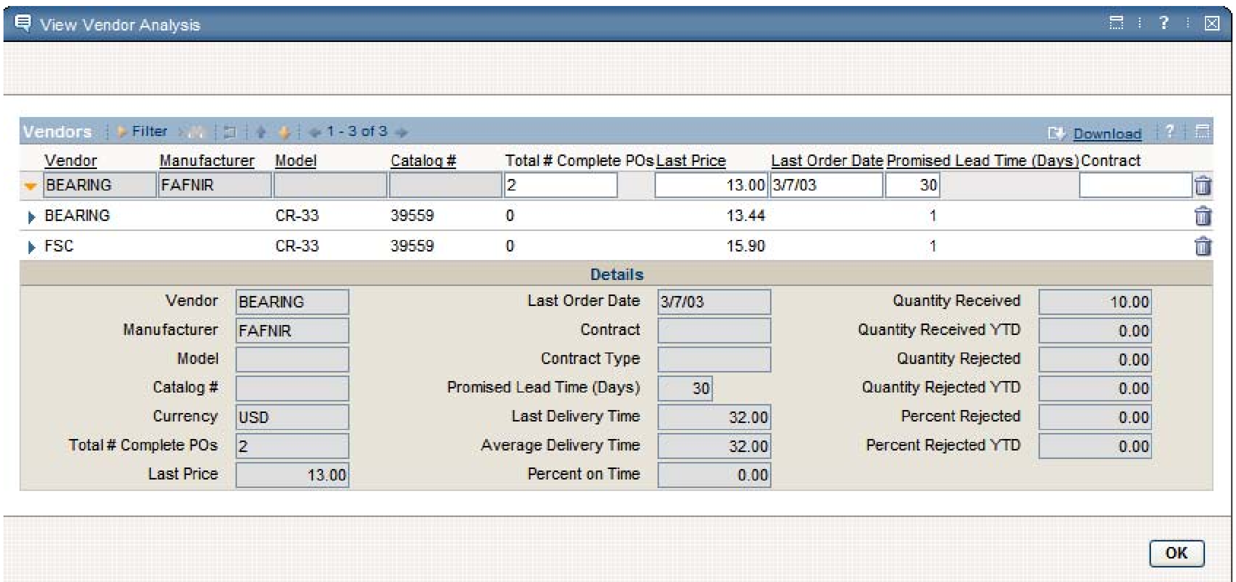
Standard services are costs that are regularly incurred on the Purchase Order as a whole, for example taxes and shipping. While standard services can be recorded on the PO Lines tab prior to receipt, it is not required, as the costs might not be known at the time the PO is created. Standard costs can be entered on a Purchase Order or on an Invoice. They generally are associated with a pre-defined GL account value.

1.7.2 VENDOR ANALYSIS

The Vendor Analysis assists users in making the best vendor selection for a given Item. This option is available throughout the purchasing and inventory applications under the Select Actions menu item. Performance is rated on a series of metrics, automatically captured through the Purchasing application history data. Information viewable in the Vendor Analysis includes:

- Promised Lead Time
- Last Delivery Time
- Average Delivery Time

- Percentage on Time
- Total Number of Complete PO's
- Quantity Received (Total and YTD)
- Quantity Rejected (Total and YTD)
- Percent Rejected (Total and YTD)



1.8 CREATING A CHANGE ORDER

A **change order** is a duplicate Purchase Order generated from an existing approved Purchase Order. The audit trail is preserved by keeping the original PO (which receives a status of cancelled - *CAN*), while making the necessary changes to the duplicate Purchase Order. A change order can only be created if:

- the status of the PO is *APPR* or *INPRG*
- the PO type is not *REL* (a blanket release)
- if none of the line items on the original PO have been received

You create a **Change Order by** Opening a PO record and selecting **Create Change Order** from the **Select Action** menu. The change order record is displayed and the previous PO record status changes to *CLOSE*. Edit fields and PO Lines as needed and click the **Save** icon.

IV CHAPTER 4 - RECEIVING

RECEIVING MATERIALS AND SERVICES IN MAXIMO 7

1.1 TERMINAL OBJECTIVE

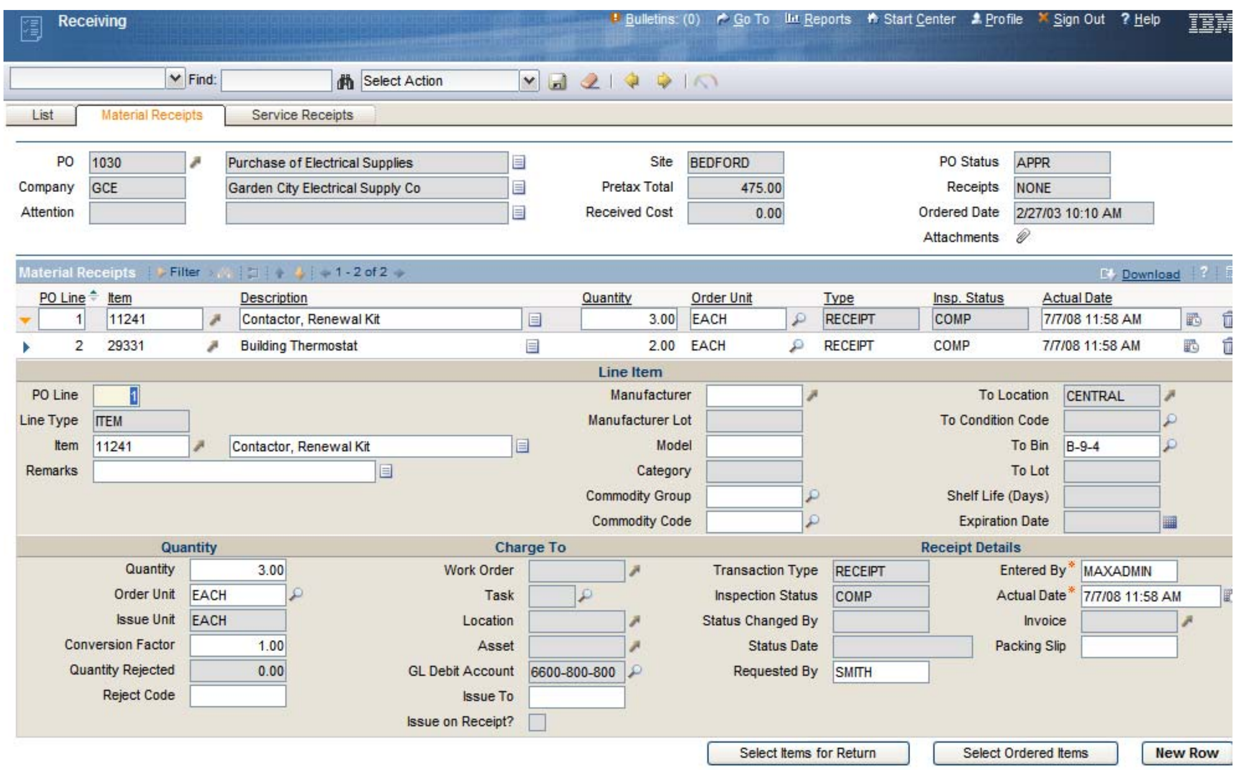
Given a MAXIMO 7 platform, the User must demonstrate the ability to receive materials and services properly allocating them to the proper asset and charge accounts. Users should also be able to explain the process flow for receiving Items, Materials and Services, both when they are fully, or only partially, received.

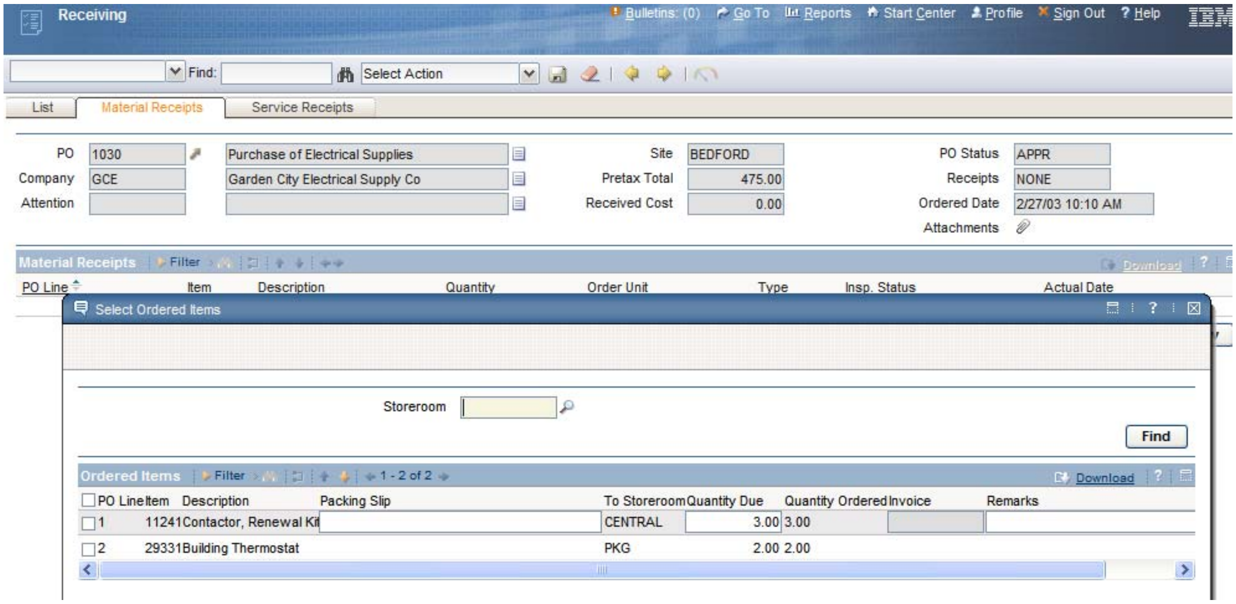
1.2 INTRODUCTION TO THE RECEIVING APPLICATION

The Receiving application makes it possible to receive ordered materials, as well as record the receipt of services provided by vendors. Upon receipt, these objects may be added as assets to an Inventory Storeroom, or they may be expensed to a Work Order, GL Account or Location or Asset object (as your Organization Business Process permits). Users can access the Receiving application by selecting the **Receiving icon** on the Start Center, if available or by using the **Go To** link.

Note that there is an optional inspection function in MAXIMO 7 which will require acceptance (in addition to receipt transaction) for Items that may be expensive and need to be formally evaluated prior to formal receipt. This inspection function is activated by checking the *Inspect on Receipt* field at the Item record level. In this instance, when an Item requiring inspection is copied into the Receiving table window, the materials will not be updated to the Storeroom balance (or expensed) until the inspection approval option has been completed on the MAXIMO 7 Receiving screen. The option to approve inspection is found under the drop down **Select Actions** menu item (***Change Inspection Status***). The first entry records the receipt of the service, but a second authorized person must approve the inspection required items or services (also found under the **Select Action** drop down menu) before recordation of the financial transaction becomes complete. To receive a line item on a Purchase Order, the line item for that object must have been present in the PO record. If all line items come in as ordered, it is easy to record them as received and the objects will be added to the Storeroom or expensed according to the information entered in the PO record. MAXIMO 7 also accommodates partial quantity shipments, tracking the remaining amount due (from the amount specified in the PO) versus the amount already received.

<u>The Materials Receipt Screen</u>





1.3 RECEIVING TABS

There are three tabs on the Receiving application screen:

- **List** - used to search the database using any combination of available fields.
- **Material Receipts -** used to report materials received on a PO.
- **Service Receipts** - used to report services received on a PO.

1.4 RECEIVING ACTIONS

The following actions are available from the Receiving Action Menu.

- **Change Inspection Status** - used to approve material receipts which require inspection (from default setting on the Item record) and services
- **Receive Rotating Items** - used to enter Asset record number identifiers and other related information for the receipt of rotating items
- **Units of Measure and Conversion** - used to add or modify the measurement metric (feet, degrees, gallons, etc.) and conversion ratios that are used when ordering an item
- **Attachment Libraries/Folders** – used to attach one or more document(s) to the record. Additionally, the user can manage libraries and folders from this option
- **Run Reports** - used to access the Reports available for the current application
- **Add to Bookmarks -** used to add the current record to your bookmark list.

1.5 USING THE RECEIVING APPLICATION

The Receiving application allows both materials and services to be received and recorded in MAXIMO when they are delivered to a site.

Material Receipts – used to receive Items that are registered in the database, as well as Materials which do not have Item record identities. When Inventory Items are received against a Purchase Order to replenish stock, the quantities and price information is updated, and an Inventory Storeroom receipt transaction is generated. Users can also receive materials not tracked in Inventory, but which require a Purchase Order. These Materials are easily recognizable by their lack of an Item number. For example, Users might order painting supplies or a new desk, neither of which would be created as a stored Part or tracked by an item number. Users would, however, want to track these material purchases and properly expense them directly to the correct Work Order, GL account, etc.

Service Receipts – used to reference services provided by a Vendor or Contractor, such as contract labor or repairs to equipment. You specify service purchases either in terms of a quantity and a unit cost, or as a single lump sum amount.

1.6 RECEIVING MATERIALS

The Material Receipts tab is used to enter information about items received on an approved PO. Receipts cannot be processed unless the PO is in a status of at least *APPR*.

- Users can copy all the PO line items to the Material Receipts tab's table window if the entire order has been received, or you can enter partial receipts.
- Users can also record receipt of the materials ordered on the PO and note any discrepancies between what was ordered, received or rejected (Vendor returns).
- If the Item's destination is a Storeroom, the system increases the balance of the Item/Inventory record for the indicated storeroom by the quantity of the receipt and decreases the quantity on order by the quantity received.
- Each time the receipt of a *direct issue* item is recorded, MAXIMO creates a transaction for that item, charging the cost to a Work Order, Asset, Location or GL Account.
- Once a receipt line entry has been saved, the fields on the Material Receipts tab become permanently read-only (for data integrity purposes).

Note: In certain instances, the unit price charged by the vendor may prove to be different than the price that was entered on the PO Lines screen. In MAXIMO, prices cannot be edited in the Receiving application. If your Organization is using the Invoices application, adjustments to price can be made for the PO within that application. However, if your Organization does not use the Invoices application, Users must return to the PO application, change the status to

WAPPR and make the proper price (data) modifications to the lines affected. After re-approving the PO, receipts can then be made using the corrected information.

1.7 RECEIVING MATERIALS AS ORDERED

Use the following procedure for receipts where the materials have arrived as ordered.

1. Open the Receiving application.
2. Open an approved PO using the Search tab.
3. Click Select Ordered Items. The Select Ordered Items Screen appears.
4. Click Select All.
5. Click OK. The system copies ordered items to the Material Receipts table window.
6. (Option) Choose Approve Receipts from the Action menu if any of the material line items require inspection.
7. Click Save.

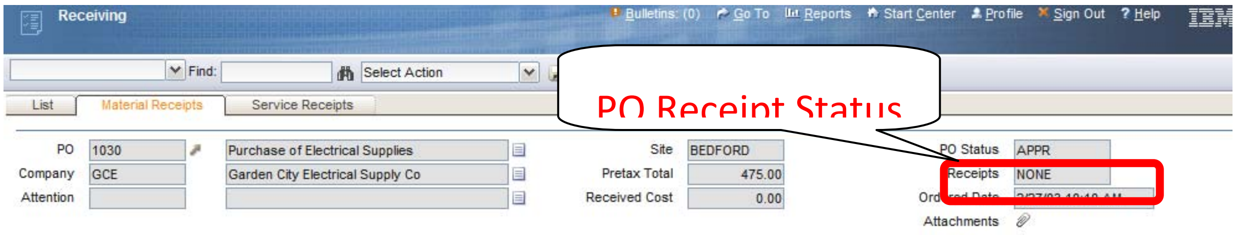
1.8 RECEIVING PARTIAL SHIPMENTS

Sometimes purchases are not received as ordered. For example, if items are back ordered, or parts for a large shipment arrive separately, use the following procedure for receipts where only part of the order has arrived.

1. Open the Receiving application.
2. Open an Approved PO record using the List tab.
3. Click **Select Ordered Items**. The Select Ordered Items Screen appears.
4. Select Lines by checking the box next to the row. You can select more than one Line. If you select a Line in error, click it again to clear the check box.
5. Click **OK**.

The system copies the selected items to the Material Receipts table window. Edit the amounts received as necessary. The Receipt status will update to either ***Partial*** or ***Complete*** (from ***None***) depending upon whether all of the PO lines have been received.

1. (Optional) Choose **Approve Receipts** from the **Select Action** menu if the materials require inspection.
2. Click **Save**.



1.9 RECEIVING MATERIALS WITH CHANGES

You might need to make changes when recording an item's receipt on the Material Receipts tab, for example you might need to:

- Change the number in the **Quantity** field to record a partial or over shipment.
- Change the number in the **Rejected Quantity** field and provide a reason in the **Reject Code** field to represent rejected items, for example, damaged goods.
- You use the Row Details form to modify the receiving details for each line item that is received.

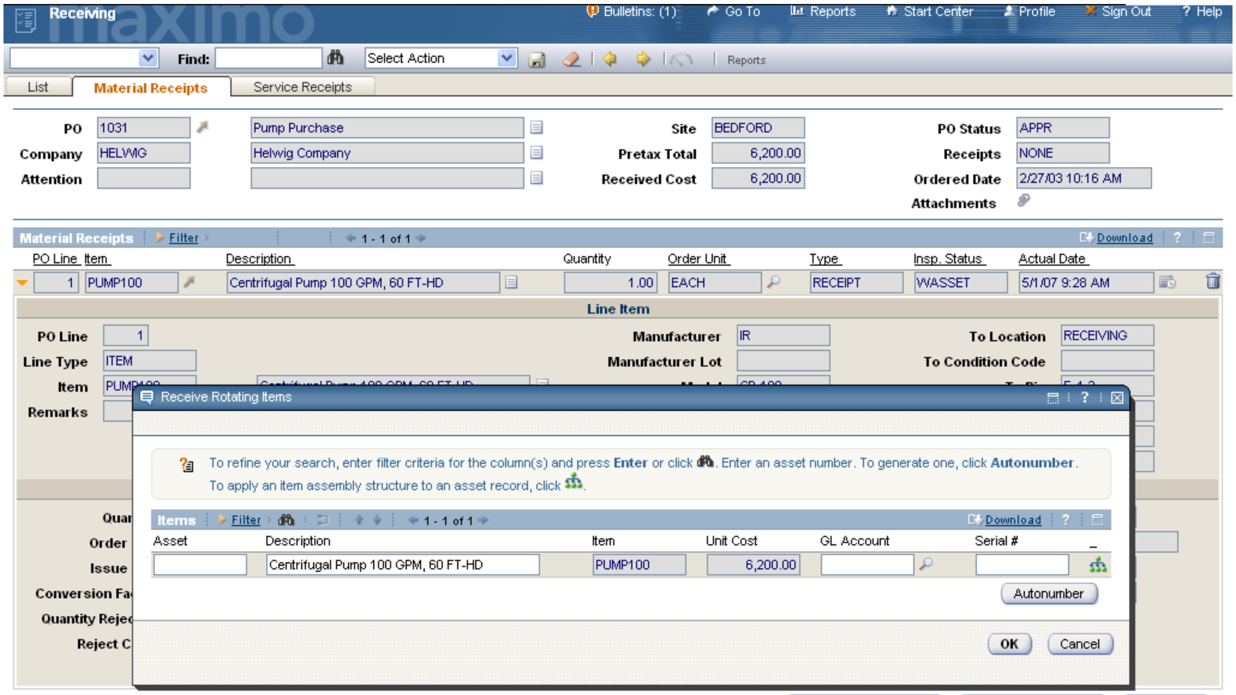
NOTE: If you record an Item as rejected, the entry in the Quantity field for the same line item should represent the items that are kept (that is, the "accepted" items), not the total number of line items delivered in the shipment.

1.10 RECEIVING ROTATING ITEMS

Items that are also considered Assets, such as pumps and motors, can be created as Rotating Assets and stocked in inventory and rotated in and out of use at different locations. Receiving rotating assets requires both an Asset number, and a rotating Item number, allowing it to be tracked as both a specific Asset record and as a generic Item category, depending on its location at any given time.

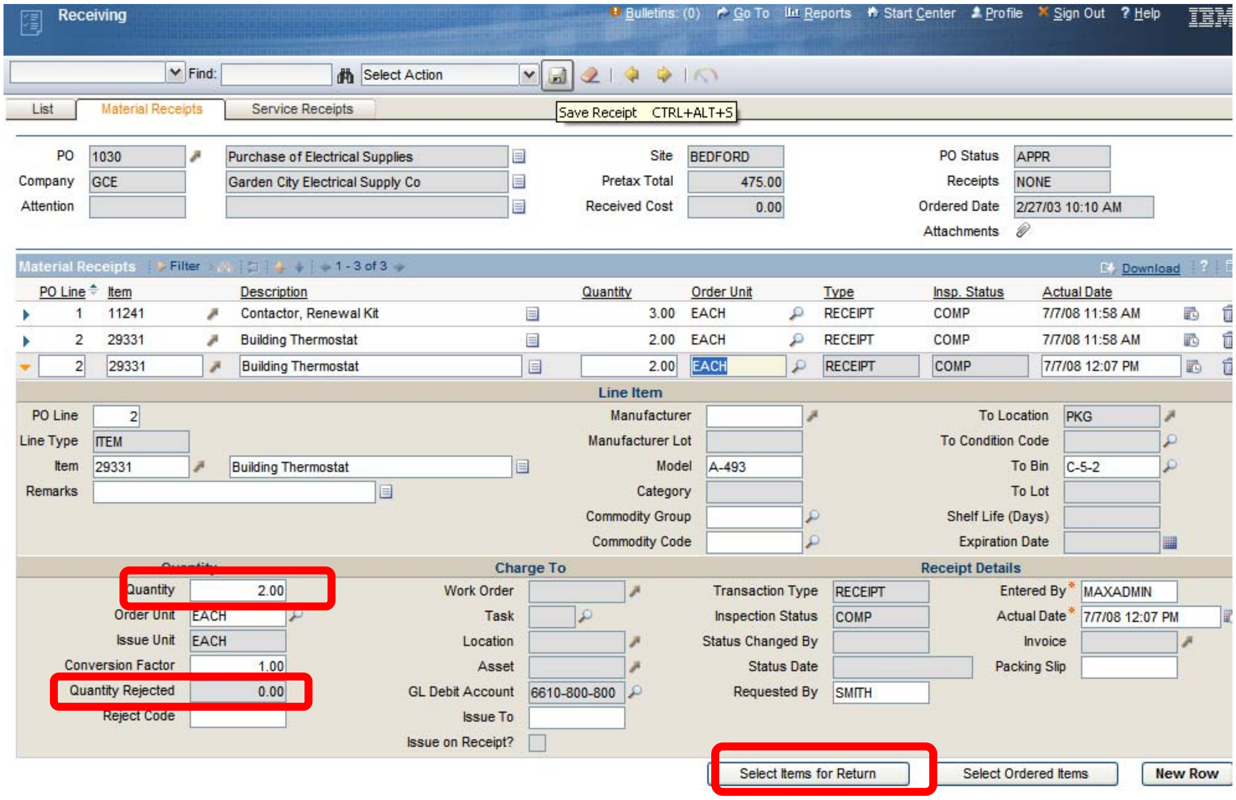
If you have purchased a new Item that will act as rotating Asset, it needs to have the Asset identifier specified when it is received. After retrieving the PO in the Receiving application, click on the **Select Ordered Items** option which will bring up a list of Items ordered on that PO as shown below. Click the **Save** button and you are returned to the Materials Receipt screen.

After recording and saving the receipt transaction, use the **Receive Rotating Items** action to specify an Asset identifier and to record serial numbers for the items. The unique Asset ID will be entered at this point completing the receipt transaction.



1.11 RETURNING MATERIALS

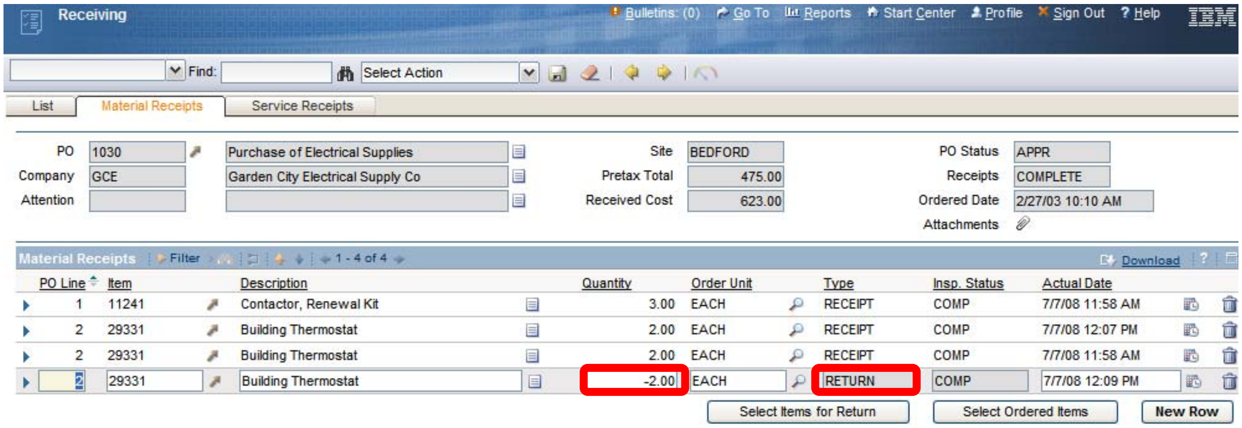
Sometimes items that have been received need to be returned. This might occur when items are rejected and are being shipped back to the vendor. Users posting the rejected quantity at the time of receipt can simply expand the line item of the Part received and place the rejected quantity in the Quantity Rejected field. A reject code field is provided to track rejection history. Users should place the number of units that are being accepted in the Quantity field.



In the illustration above, a second shipment of thermostats arrives at our docks and they are unknowingly received. A return is necessary to correct the error. If the over shipment had been noticed prior to entering the second receipt event, the *Quantity Rejected* and *Reject Code* could have been populated, indicating that no quantity was actually "constructively received".

If the receipt has already been posted and saved (making it now read-only), Users can use the ***Select Items for Return*** button on the Material Receipts tab to return items. This creates a receipt transaction line with a negative quantity. Materials can be returned as long as the PO for the items is not a history record.)

1. Open a receipt record using the List tab and select the Material Receipts tab.
2. Click **Select Items for Return**. The Select Items for Return screen appears.
3. Select items by checking the box next to the row. You can select more than one item. If you select an item in error, click it again to clear the check box.
4. Click **OK**. The system copies the selected items to the Materials Receipt table window.
5. Click **View Details**. The Row Details form opens.
6. Edit the **Quantity** field, if necessary to display the quantity returned.
7. Click **Save**.



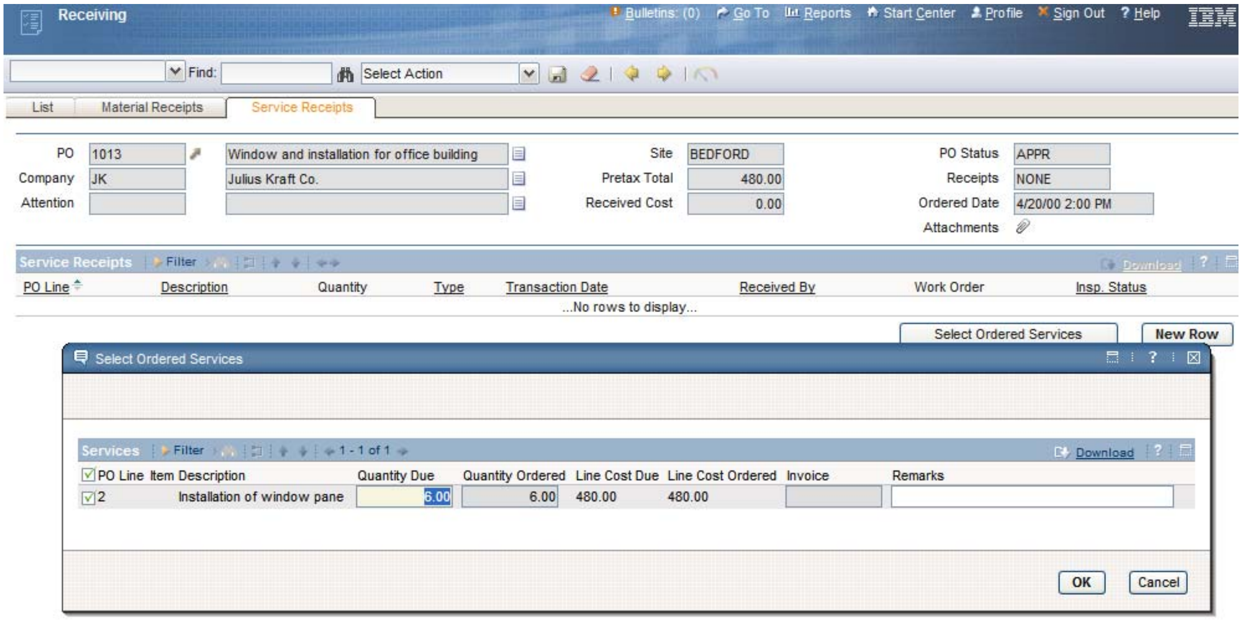
1.12 RECEIVING SERVICES

The Service Receipts tab is used to record any services received against an approved Purchase Order. In general, two things happen:

- Receipts of services are recorded in MAXIMO 7 whenever a Contractor or Vendor submits a claim.

- Later, an authorized individual (as established through Signature Security in MAXIMO) reviews the services transaction, and approves the receipt in MAXIMO. Only services in the Receiving application which are marked for inspection requirements will need this secondary approval step. (Note: In prior versions of MAXIMO, all service receipts required secondary approval.) This is accomplished by using the **Change Inspection Status** option under **Select Actions**. Service receipts are recorded on the Service Receipts tab. You can copy all the PO line items to the Service Receipts table window if all services have been received, or you can enter partial receipts.

(NOTE: You can also record the receipt of services using Labor Reporting if the services are performed by a Contractor listed in the Labor application.)



1. Open the Receiving application.

2. Open a PO record using the Search tab.

3. Click **Select Ordered Services**. The Select Ordered Services Screen appears.

4. Click either

- **Select All** to receive all services as requested
- Select the box next to the row to select the Line. You can select more than one Line. If you select a Line in error, click it again to clear the check box. The system copies the Lines to the Service Receipts table window.

5. (Option) Click **View Details** to use the Row Details form to edit the receipts, for example to indicate a partial receipt.

6. Click **Save**.

7. If required, choose Approve Receipts form the Select Action menu. The Approve Service Receipt screen will appear.

8. Select a service by checking the box next to the row. You can select more than one service. If you select a service in error, click it again to clear the check box.

9. Click **OK** and then **Save**.

1.13 REVIEW QUESTIONS

1. Query for the Purchase Order number that you constructed in the previous chapter.

2. Receive the items that you ordered. Do you need to approve the Material Receipts? Why or why not?

3. Post a receipt of the Installation Service. Since the mechanic completed the installation in 30 minutes, adjust the price to reflect the reduced cost. Approve the service receipt (under the Select Action menu). Check the Receipt Status for your PO record. Is it reading none, partial or complete?

4. If you charged the PO lines to a Work Order number, go to Work Order Tracking and access the Work Order. Go to **Select Actions** and **View Costs.** Are the PO charges reflected there?