Oracle Release 12

Purchasing and Accounts Payable
Procurement Services
February 1, 2011
Agenda

- Suppliers
  - Supplier creation
- Purchasing
  - Purchase Order Tax Changes
- Accounts Payable
  - Invoice Workbench
  - eBTax
  - Invoice Validation
  - Payment Workbench
- R12 New Processes
- Next Steps
- Q&A
Supplier Management

- Full Web-based Forms
- Additional fields to capture more information
- Supplier bank information moved to supplier form
- Enhanced privacy feature does not display employee supplier address
- Supplier management is now part of a new Oracle module: Trading Community Architecture (TCA)
  - Oracle Trading Community Architecture (TCA) is a module/data model that allows you to centrally manage complex information about the parties, or customers, who belong to your commercial community, including organizations, locations, and the network of hierarchical relationships among them.
In R11i, standard forms were used to create a supplier header and sites.

**Supplier Header**

**Supplier Site**
In R11i, high level regions were navigated from left to right.

In R11i, high level navigation region consisted of folders.
In R12, high level navigation region will be on the left of the form.

In R12, high level regions are navigated from top to bottom.

In R12, there are lower level navigation regions that contain folders.
In R12, all web based forms and the navigation region is to the left.
The supplier organization information is entered as displayed below. Additional information region is the DFF from 11i.
The supplier tax details captures the default tax information and tax type for this supplier.
The supplier banking details contains the supplier bank account information which is a change from R11i.
The supplier address book contains the locations/sites for the supplier.
The supplier payment details include default payment method for the supplier.

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>Default</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronic</td>
<td>check</td>
<td></td>
</tr>
<tr>
<td>Outsourced Check</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wire</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Payment Attributes

- Delivery Channel
- Bank Instruction 1
- Bank Instruction 2
- Bank Instruction Details
- Settlement Priority
  - Payment Text Message 1
  - Payment Text Message 2
  - Payment Text Message 3
The invoice management region contains the invoice payment terms and match options for the supplier. Here you can place a supplier on hold.
Supplier: Employee R11i
Supplier Creation: Employee R11i Site
R12 Supplier Creation

Supplier: Supplier R12

Supplier Sites

Key Purchasing Setups

Key Payment Setups
Purchase Order Entry

- R11i
  - PO Header
  - PO Line with Distributions
- R12
  - PO Header
  - PO Line with Distributions
  - PO Manage Tax with Override
R11i PO Header entry

<table>
<thead>
<tr>
<th>PO, Rev</th>
<th>Type</th>
<th>Created</th>
<th>Supplier</th>
<th>Site</th>
<th>Contact</th>
<th>Currency</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1088010</td>
<td>Standard Purchase Order</td>
<td>23 OCT 2009 09:53:08</td>
<td>REGALO EXTRA VIRGIN OLIVE</td>
<td>PO-OJAI</td>
<td>Lutrell, Jeff</td>
<td>USD</td>
<td>1,816.32</td>
</tr>
</tbody>
</table>

Ship-To: CALTECH

Bill-To: FIN-PAY

Buyer: Broeckel, John

Status: Approved, Closed, Reserved

Description: INVOICE# W699 ATTACHED/PPT/MONIQUE OLAH 2 83 X 4762/REO# 99957284

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### Lines

<table>
<thead>
<tr>
<th>Num</th>
<th>Type</th>
<th>Item</th>
<th>Rev</th>
<th>Category</th>
<th>Description</th>
<th>UOM</th>
<th>Quantity</th>
<th>Price</th>
<th>Promised</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Goods-Amou</td>
<td></td>
<td></td>
<td>UNCATEGORYIZE</td>
<td>INVOICE# W699 ATT</td>
<td>USD</td>
<td>1</td>
<td>1816.32</td>
<td></td>
</tr>
</tbody>
</table>
### R12 PO Header entry

**Operating Unit:** Caltech  
**PO, Rev:** 1083116  
**Supplier:** STANFORD UNIVERSITY  
**Ship-To:** CALTECH  
**Buyer:** Borg, Nina  
**Description:** P.O./Inv. - Inv. matched, Price Variance, PO line Cancelled, Invoice Reversed (cancel)

<table>
<thead>
<tr>
<th>Num</th>
<th>Type</th>
<th>Item</th>
<th>Rev</th>
<th>Category</th>
<th>Description</th>
<th>UOM</th>
<th>Quantity</th>
<th>Price</th>
<th>Promised</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Goods</td>
<td></td>
<td></td>
<td>UNCATEGORIZED</td>
<td>P.O./Inv. - Inv. matched</td>
<td>EA</td>
<td>3</td>
<td>44</td>
<td>No</td>
</tr>
</tbody>
</table>

**Contact:** Reich, Victoria  
**Currency:** USD  
**Total:** 132.00

---

IMSS - Information Management System and Services
R11i PO Line entry

IMSS - Information Management System and Services
R12 PO Line entry

- **Operating Unit**: Caltech
- **PO, Rev**: S095198
- **Supplier**: TYPECRAFT INCORPORATED
- **Ship-To**: CALTECH
- **Buyer**: Zepeda, Rudy
- **Description**:

<table>
<thead>
<tr>
<th>Num</th>
<th>Type</th>
<th>Item</th>
<th>Rev</th>
<th>Category</th>
<th>Description</th>
<th>UOM</th>
<th>Quantity</th>
<th>Price</th>
<th>Promised</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Goods</td>
<td></td>
<td></td>
<td>UNCATEGORYIZE</td>
<td>INV. #33205-For Seni</td>
<td>EA</td>
<td>1</td>
<td>502.42</td>
<td></td>
</tr>
</tbody>
</table>

**Created**: 29-JUN-2013 00:00:00
**Status**: Approved, Closed, Reserved
**Total**: 502.42
**Currency**: USD
R12 PO Shipment entry

```
Num | Status | Ordered | Received | Cancelled | Billed |
--- | --- | --- | --- | --- | --- |
1   | Closed | 1     | 0        | 0         | 1      |

Line Num | Item
--- | ---
1 | INV. #23205--For Senior Banquet Programs (see invoice for break)

Receiving Controls
Distributions
```
R12 PO Distribution entry

![R12 PO Distribution entry](image_url)
R11i PO Tax entry

<table>
<thead>
<tr>
<th>Num</th>
<th>By</th>
<th>Original Promise</th>
<th>Note for Receiver</th>
<th>Country of Origin</th>
<th>Taxable</th>
<th>Tax Code</th>
<th>Chz[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Line Num: 1
Item: INVOICE# W699 ATTACHED FOR OLIVE OIL BOTTLES

Receiving Controls
Distributions
R12 PO Tax Navigation

<table>
<thead>
<tr>
<th>Operating Unit</th>
<th>Created</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caltech</td>
<td>05-JAN-2011 14:21:55</td>
<td>Standard Purchase Order</td>
</tr>
<tr>
<td>PO, Rev</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1089115</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier</td>
<td>Site</td>
<td>Contact</td>
</tr>
<tr>
<td>Stanford University</td>
<td>PO-LOCKSS</td>
<td>Reich, Victoria</td>
</tr>
<tr>
<td>Ship-To</td>
<td>Bill-To</td>
<td>Currency</td>
</tr>
<tr>
<td>Caltech</td>
<td>FIN-PAY</td>
<td>USD</td>
</tr>
<tr>
<td>Buyer</td>
<td>Status</td>
<td>Total</td>
</tr>
<tr>
<td>Borg, Nina</td>
<td>Approved, Reserved</td>
<td>132.00</td>
</tr>
<tr>
<td>Description</td>
<td></td>
<td></td>
</tr>
<tr>
<td>P.O./inv., Inv matched, Price Variance, PO line Cancelled, Invoice Reversed (cancel)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
R11i PO Manage Tax – PO must not be approved in order to update category.

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Schedule</th>
<th>Location</th>
<th>Transaction Business Category</th>
<th>Product Fiscal Classification</th>
<th>Product Type</th>
<th>Product Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>P.O./inv. - inv. matched, Price Variance, PO line Cancelled, Invoice Reversed (cancelled)</td>
<td>CALTECH</td>
<td>Purchase Transaction</td>
<td></td>
<td></td>
<td>GOODS</td>
<td>NONTAXABLE_ITEM</td>
</tr>
</tbody>
</table>
Invoice Entry

- Invoice Entry
  - R11i and 12
    - Invoice Header
    - Invoice Lines
    - Invoice Distributions
    - eBTax

- Payment Workbench
  - Oracle Payments
Invoice Batch entry in 11i
Invoice batch entry in R12 – no change from R11i

<table>
<thead>
<tr>
<th>Batch Name</th>
<th>Date</th>
<th>Control Count</th>
<th>Control Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>110601 ENST</td>
<td>06-JAN-2011</td>
<td>1</td>
<td>152</td>
</tr>
</tbody>
</table>

IMSS - Information Management System and Services
Invoice header entry with ‘General tab’ in 11i
Invoice header entry with ‘General tab’ in R12

<table>
<thead>
<tr>
<th>Operating Unit</th>
<th>Type</th>
<th>PO Number</th>
<th>Trading Pa</th>
<th>Supplier Num</th>
<th>Supplier Site</th>
<th>Invoice Date</th>
<th>Invoice Num</th>
<th>Invoice Amount</th>
<th>Tax Am</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caltech</td>
<td>Standard</td>
<td>1089116</td>
<td>SAVIN CO</td>
<td>43900</td>
<td>REMIT-HUN</td>
<td>06-JAN-2011</td>
<td>06JAN2011</td>
<td>USD</td>
<td>52.68</td>
</tr>
</tbody>
</table>

**Summary**

- **New Region**
  - Items: 48.00
  - Tax: 4.68
  - Subtotal: 52.68

**Combined Region**

- **Status**
  - Status: Validated
  - Accounted: Yes
  - Approval: Not Required
  - Scheduled Payment Holds: 0

**New Button**

- Actions... 1
- Calculate Tax
- Tax Details
- Corrections
- Quick Match
- Match
- All Distributions
Invoice header with ‘Lines tab’ in R12

R12 Invoice Entry

New Tab

New Region

New Button
### Invoice distribution entry in R12

<table>
<thead>
<tr>
<th>Line Number</th>
<th>Line Description</th>
<th>Line Total</th>
<th>Distribution Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P. O./Inv. - Inv. matched, Price V</td>
<td>48.00</td>
<td>48.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Num</th>
<th>Type</th>
<th>Amount</th>
<th>GL Date</th>
<th>Project</th>
<th>Task</th>
<th>Award Number</th>
<th>Expenditure Type</th>
<th>Description</th>
<th>Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Item</td>
<td>48.00</td>
<td>06-JAN-2011</td>
<td>IMSS.BSA</td>
<td>1.2</td>
<td>GB.IMSS</td>
<td>Computing Services</td>
<td>P.O./inv. - Inv</td>
<td>6343.11010001.21001.141.111.IMSS*B:</td>
</tr>
</tbody>
</table>
Invoice taxes in R12 are still charged to the PTA as in R11i.
eB Tax is a new module in R12 and it must be set up in order to process sales and use tax in Payables.

Changes to sales and use tax process
- In 11i, buyers and/or AP processors enter tax codes on PO's and invoices; tax calculated based on tax codes.
- In R12, Caltech defined business rules will determine the taxability of a transaction; tax rate applied based on ship-to location.
  - Override is allowed at the transaction level (from taxable to tax exempt). Tax department will set out business guidelines on when override is appropriate.
Tax Determination in e-B Tax

Start

Rule 1: Is Project Tax Exempt?
- Yes: Title to Govt' fabricated equipment projects and projects associated with certain tax exempt federal contracts are tax exempt.
- No: Transaction NOT Taxable

Rule 2: Is Object Code Tax Exempt?
- Yes: Transaction Taxable
- No: Rule 3: Is Supplier Tax Exempt?

Rule 3: Is Supplier Tax Exempt?
- Yes: Caltech may identify suppliers as tax exempt when purchases from supplier are always tax exempt.
- No: Rule 4: Is Ship-To State Tax Exempt?

Rule 4: Is Ship-To State Tax Exempt?
- Yes: Certain states grant Caltech tax exemptions because it is an educational institution.
- No: Transaction NOT Taxable

Rule 5: Does Product Category Manual Override Exist?
- Yes: Product Category = Use Tax Code
- No: Product Category = Non-Taxable

Transaction Taxable

End

Purchase may be non-taxable due to other reasons that cannot be pre-defined as a tax rule such as:
- Vendor has no nexus in CA
- Item for lease/prep only
- Goods are for resale
Payable Approval renamed to **Invoice validation** in R12
R12 New Processes

- **Tax Override**
  - Refer to guidelines set by Tax Department and Procurement Department if there is a request to override default taxability determined by eBTax Rules.

- **Tax Exempt Suppliers**
  - Since one of the R12 eB Tax rules is based on the tax exempt status of suppliers, Supplier Management will need to track the tax status when setting up new suppliers.

- **Employee Supplier Address**
  - Employee Supplier Address will not be maintained by Supplier Management separately from HR. One of the HR addresses will be used for expense reimbursement.

- **Cost Transfer**
  - Custom Process (details on following slides).
In R11i, Supplier Cost Transfers are initiated from Grants (OGM) by Project Accounting and Oracle’s automated process makes corresponding adjustments in the original AP Invoice.

In R12, Oracle no longer supports initiating Supplier Cost Transfer from Grants.
In R12, IMSS partnered with Oracle to create a Caltech Custom, Automated Supplier Cost Transfer solution.

This process will:
- Allow Supplier Cost Transfers to be initiated from Grants by Project Accounting like in 11i
- Create a ‘zero-dollar invoice’ for import to AP. New Source = “Cost Transfer”
- Auto number Zero-Dollar Invoices, EX:
  - ORIGINAL Invoice #: 1929
  - C/T Zero Dollar Invoice #: 1929-XFR1
If invoice **nets to zero** (majority of the cases)
- No intervention required by Payment Services.
- Nightly processing will handle Invoice Approval, interface to Grants, etc.

If invoice **does not net to zero**
- Penny rounding difference
- Rare cases for transfers between taxable↔non-taxable PTAs)
- AP Processor will need to accrue use tax or write off overpaid tax. This will be a new process.
Subsequent manual adjustments to invoices that have been cost transferred should be made to the zero dollar invoices.

‘Zero-dollar’ invoices will be ‘paid’ out of a separate bank account that will be used just for cost transfer zero dollar invoices.
Replaced with Oracle Payments module

- Oracle Payments is a central engine to disburse and capture payments. For electronic payments, it connects Oracle EBS products like Receivables and Payables to financial institutions like banks and credit card processors.
- Utilizes a dashboard to guide users to take actions on payments.
- Utilizes payment templates that have the ability to fully automate the payment process from selection of invoices, to printing or electronic transmission.
New: Payment Navigation

![Payment Navigation Diagram]
Payment Dashboard

[Image of a payment dashboard with various options and statistics]
- Create Supplier

- Create Purchase Order
  - One with Tax Lines
  - One with an override

- Create Invoice and match to PO
  - Review Taxes
Next Steps

- Training
- Testing
  - SIT
  - UAT
- Go Live