Infor LN Warehousing User Guide for Quarantine Handling

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Table of Contents

About this document

This guide provides an introduction to quarantine handling and describes the setup and use of the quarantine procedures.

Intended Audience

This book is intended for those who want to learn how to handle quarantined inventory and to set up the quarantine functionality in the way that best serves their purposes. Both end users and users on administrator level will find the information they require.

Assumed Knowledge

Familiarity with the business processes involved in handling quarantined goods in the warehouse, and general knowledge of the LN functionality will help you understand this book. In addition, Warehousing training courses are available to give you a head start.

References

Use this guide as the primary reference for warehousing quarantine handling. Use the current editions of these documents for information that is not covered in this guide:

- *User Guide for Warehousing Procedures*
- *User Guide for Warehousing Orders*
- *User Guide for Warehouses*
- *User Guide for the Inbound Goods Flow (U9788 US)*
- *User Guide for the Outbound and Shipments Goods Flows (U9794 US)*
- *User Guide for Warehousing Inspections (U9875 US)*
- *User Guide for Handling Units (U8938 US)*

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Chapter 1
Introduction

1

Quarantine inventory

You can put rejected goods in a quarantine warehouse or a <u>quarantine location</u> to determine their disposition, such as scrap, use-as-is, rework, or return to vendor.

Process flows to quarantine

Inventory is put into quarantine if initially rejected during:

- Production upon completion of an operation, when specifying **Move Rejected End Item to Quarantine**.
- Inbound inspection upon receipt of:
  - Manufactured end items
  - Purchased items
  - Sold items on sales return orders
  - Enterprise Planning distribution orders
- Outbound inspection upon issue of:
  - Materials to production. The outbound order lines are based on the production order for which the issue is initialized. The materials are rejected during outbound inspection and sent to quarantine.
  - Items to be sold. The end items are rejected during outbound inspection and sent to quarantine.
  - Enterprise Planning distribution orders
- Transfers between warehouses during:
  - Issue
  - Receipt

Quarantine inventory records

When inventory is sent to quarantine, LN creates a quarantine ID or adds the inventory to an existing quarantine ID. You cannot manually create quarantine IDs. A quarantine inventory record consists of a header and one or more disposition lines. LN creates a disposition line for each rejected stock point.

When sent to quarantine, rejected inventory is added to an existing quarantine ID if the following data match:

- Warehouse
- Item
- Order origin
- Order
- Order set
- Order line
- Order sequence
- Operation
- Inspection
- Inspection Sequence

Items rejected during a production operation are sent to quarantine without undergoing a warehouse inspection, therefore the inspection fields from the previous list are not used for these items.

If these data do not match, LN creates a new quarantine ID.

A quarantine ID corresponds with a warehousing inbound or outbound inspection or a warehousing inbound order line originating from a production order. A quarantine ID can also correspond with one or more non-conformance material reports (NCMR). The NCMR also includes the originating order and if applicable, the inspection.

To handle quarantine inventory

Handling quarantine inventory entails specifying a disposition, a reason code and other data as needed, and selecting the **Process** option for a quarantine ID or for the selected disposition line or lines. You can also perform a disposition for a part of a disposition line.

Depending on the selected disposition, LN then generates a disposition order, receipt procedure, or inbound advice that is used to process the selected items.

Disposition	Disposition order/result	Description
Use As Is	Receipt procedure	LN creates a receipt into the warehouse. The receipt is automatically confirmed and put away. If locations apply, inbound advice is created after the receipt is confirmed.

		This applies if the quarantine inventory originates from purchase orders or purchase schedules and the *payable-to-supplier (p. 31)* setting is *not* activated.
	Inbound advice	LN creates inbound advice to a pick or bulk location without a receipt procedure. If no locations apply, the items are unblocked in inventory.
		This applies to items originating from purchase orders or purchase schedules for which the payable to supplier method is activated and to items from all other order origins, regardless of the payable-to-supplier setting.
No Fault Found	The same as **Use As Is**	The same as **Use As Is**
Scrap	Adjustment order	Removes the items from the inventory.
Return to Vendor	Purchase return order	Returns the items to the supplier.
Rework (to Existing Specification)	Production order	Issues the items to the work center that rejected the items.
Rework (to New Specification)	Production order	The user specifies a new ID code for the items. The order returns the items to the work center that rejected the original items.
Reclassify	Item transfer order	The user specifies a new ID code for the items. The order stores the new target item in the same warehouse. If locations apply, you can specify a pick or bulk location.

If the activities of the inbound or outbound procedure of the generated disposition order or receipt procedure are set up as automatic, these steps are executed automatically after processing the quarantine inventory. Otherwise, manual steps may be needed to complete the inbound or outbound procedure of the selected disposition option.

Payable to supplier

For items rejected in inbound inspections, payable-to-supplier allows invoicing and payment of the entire received quantity before the warehousing inspection and quarantine processes are completed. This avoids risking late payments to the supplier due to time-consuming disposition procedures. Settlements for scrapped, destroyed, or returned goods can take place after quarantine processing.

For purchased quarantined items originating from purchase orders or purchase schedules, the rework options and the reclassify option are unavailable if payable-to-supplier is not activated. This is because if the **Payable to Supplier** check box is cleared, the supplier owns the rejected items and the rejected goods will not be paid, whereas rework or reclassification is only allowed if the supplier is paid.

Setup

To use quarantine handling, you must activate this functionality for the relevant items and warehouses. Defining default order series and order types for disposition orders enhances quarantine handling.

If your warehouses are location-controlled, you must define quarantine locations. You can define a specific default quarantine warehouse for items that are rejected and moved to quarantine.

To optimize inventory planning, you must specify the availability of inventory in quarantine for planning using Enterprise Planning, TPOP, or SIC.

Chapter 2
Process Flows to Quarantine

<div style="text-align: right; color: red;">2</div>

Inbound to quarantine - rejected during production

When a production operation is in progress, you can reject items in the Report Operations Completed (tisfc0130m000) session. If you select the **Move Rejected End Item to Quarantine** option, LN creates a production warehouse order and a related warehousing order. This warehousing order has transaction type **Receipt**.

The warehouse order has order origin **JSC Production**, and in the **Options** tab, the **To Quarantine** check box is selected. The **Ship-from Code** shows the work center where the items were rejected. The **Ship-to Code** shows the default destination warehouse of the items, which is taken from the production warehouse order. If a default quarantine warehouse is defined for the destination warehouse, the **Ship-to Code** shows the quarantine warehouse.

When the receipt is confirmed, LN sends the rejected items to the destination warehouse and creates a quarantine ID. If the warehouse and the items are location-controlled, LN sends the rejected items to the destination warehouse and location after the inbound advice or, if applicable, the storage list is put away. In this flow, warehousing inspections are not used. If inspection activities are present in the warehousing procedure, the inspection activities are skipped for these warehousing orders.

Inventory levels, pegs, and ownership

When the receipt is confirmed, or the inbound advice or the storage list is put away if locations apply, the inventory on hand and inventory blocked are increased. Whether the inventory is blocked for planning depends on the setting of the **Available for Planning** parameter.

If pegging applies, receipt line pegs are created and the quantity received is assigned first to the pegs having the *latest* required date. This is because the items in quarantine are considered rejected until further notice.

Customer owned or consigned items rejected and sent to quarantine during production are displayed in the Customer Owned Receipts (whwmd2550m100) or Consigned Receipts (whwmd2550m000) sessions, in which the **Quarantine Inventory** check box is selected for these items. While in quarantine, the ownership of such items does not change so as to allow these items to be reworked.

No back orders

In case of partial receipts, no back orders are created after final receipt is confirmed. This is not supported for items sent to quarantine during production.

To quarantine - rejected in inbound or outbound inspection

If the **Quarantine** or **Scrap and/or Quarantine** options are selected in the **Rejects Handling** field of the Items - Warehousing (whwmd4500m000) session, items rejected during inbound or outbound inspection can be sent to quarantine or be either scrapped or sent to quarantine. After the inspection is processed, LN moves the rejected items to the quarantine warehouse or quarantine location without creating a receipt or inbound advice.

For each processed inspection line that contains rejected items, a disposition line is created, which is displayed in the Quarantine Inventory (whwmd2671m000) session. The Non-conformance reference, inspection text and/or picture, if present, are copied from the inspection line to the disposition line.

For items scrapped during inspection, LN creates separate disposition lines when the inspection is processed and subsequently creates an adjustment order that removes these items from inventory. For these disposition lines, the **Scrapped during inspection** check box is selected in the Quarantine Inventory Disposition (whwmd2172m000) session.

Inventory levels, pegs, and ownership

When the items are put in the quarantine warehouse or the quarantine location, LN increases the inventory on hand and the inventory blocked. The setting of the **Available for Planning** parameter determines whether the quarantined inventory is available for planning.

The rejected items sent to quarantine after the inbound or outbound inspection is processed retain the peg and ownership properties acquired during inspection, except if the following criteria apply:

- The items originate from purchase orders or purchase schedules
- The **Payable to Supplier** check box is selected

Chapter 3
Quarantine Processing

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How to handle quarantine IDs and disposition lines

Handling quarantine inventory entails specifying a disposition, a reason code and other data as needed, and selecting the **Process** option for a quarantine ID or for the selected disposition line or lines. You can also perform a disposition for a part of a disposition line.

Depending on the selected disposition, LN then generates a <u>disposition order</u>, receipt procedure, or inbound advice that is used to process the selected items.

To handle a quarantine ID and its related disposition lines:

1. In the Quarantine Inventory Overview (whwmd2171m000) session, double-click the quarantine ID that you want to handle. The Quarantine Inventory (whwmd2671m000) session opens showing the disposition lines of the quarantine ID.

2. In the **Disposition** field of the **Disposition** tab, for each disposition line select a disposition, a reason code, and specify other information as required.

3. From the <u>appropriate menu</u> in the header section, select **Process**.

Note

- Selecting **Process** is allowed if one or more disposition lines have a disposition other than **Awaiting Disposition**.

- After selecting a disposition option and a reason, you can save your data and close the Quarantine Inventory Overview (whwmd2171m000) session. You can process the disposition lines at a later stage.

- If not yet processed, you can change the disposition of a disposition line.

How to specify dispositions for multiple disposition lines

1. You can specify a disposition and disposition data for all disposition lines or a number of selected disposition lines of a quarantine ID. For:
    - **All disposition lines**
      From the underline appropriate menu in the header section of the Quarantine Inventory (whwmd2671m000) session, select **Disposition**.
    - **Selected disposition lines**
      In the line section of the Quarantine Inventory (whwmd2671m000) session, select the relevant disposition lines and from the underline appropriate menu, select **Disposition**.
2. The Disposition (whwmd2272m200) session opens showing the information of the current quarantine ID. Specify a disposition, a reason, and other information as required.
3. Click **Process** to process the disposition lines with a disposition other than **Awaiting Disposition**.

Note

You can also save your data and close the session without clicking **Process**. You can then process the disposition lines at a later stage.

Partial dispositions

If different disposition decisions are required for the same disposition line, you can perform partial dispositions. You can specify a disposition and a reason for part of a disposition line and process this part:

1. In the **Disposition** tab of the Quarantine Inventory (whwmd2671m000) session, select a disposition line.
2. From the underline appropriate menu in the **Disposition** tab, select **Split Line**.
3. Read the help information of the Split Quarantine Inventory Disposition (whwmd2272m100) session that opens.
4. After splitting the disposition line, apply the required disposition to each of the split- off disposition lines.

Alternative procedure for partial dispositions

1. In the **Disposition** tab of the Quarantine Inventory (whwmd2671m000) session, select a disposition line.
2. From the underline appropriate menu in the **Disposition** tab, select **Disposition**.
3. Read the help information of the Disposition (whwmd2272m200) session that opens showing the information of the selected disposition line.

Process quarantine inventory - scrap

If you select **Scrap** for a quarantine ID or disposition line, LN creates an adjustment order that removes the scrapped inventory from the quarantine warehouse or quarantine location.

The adjustment order is displayed in the **Disposition Order** field of the Quarantine Inventory Disposition (whwmd2172m000) session. To open the adjustment order, select the **Disposition Order** option in the appropriate menu of the Quarantine Inventory Disposition (whwmd2172m000) session.

In the inventory overview sessions, where the quarantined inventory was displayed as blocked, the scrapped quantity is removed.

The scrapped quantity of not-owned items in quarantine from inbound inspections or inbound order lines are reduced from the Customer Owned Receipts (whwmd2550m100) or Consigned Receipts (whwmd2550m000) sessions.

If pegging applies, the quantity scrapped is reduced first from the pegs having the *latest* required date. The scrapped quantity is displayed in the Receipt Line Peg Distribution (whinh3528m000) session for inbound quarantined items and the Outbound Order Line Peg Distribution (whinh2190m000) session for outbound quarantined items.

Process quarantine inventory - use as is/no fault found

If you accept quarantined items, that is, after selecting **Use As Is** or **No Fault Found** for a quarantine ID or a disposition line, the accepted items are put into inventory.

Depending on the origin of the quarantined items and the setting of the **Payable to Supplier** parameter in the Inventory Handling Parameters (whinh0100m000) session, LN creates a receipt or inbound advice, or unblocks the quarantine inventory to store the accepted items in inventory.

Receipt

This applies if the quarantine inventory originates from purchase orders or purchase schedules and the *payable-to-supplier (p. 31)* setting is *not* activated.

LN creates a receipt into the warehouse. The receipt is automatically confirmed and put away. If locations apply, inbound advice is created after the receipt is confirmed.

This receipt originates from the original order line with which the inventory was put in quarantine.

Inbound advice or unblock

LN creates inbound advice to a pick or bulk location without a receipt procedure. If no locations apply, the items are unblocked in inventory.

This applies to items originating from purchase orders or purchase schedules for which the payable to supplier method is activated and to items from all other order origins, regardless of the payable-to-supplier setting.

Inventory levels, pegs, and ownership

When quarantined items are accepted, LN:

- Unblocks the rejected inventory that was blocked.
- Unblocks the rejected inventory that was blocked for planning if **No** or **By Due Date** is selected for the **Available for Planning** parameter in the Inventory Handling Parameters (whinh0100m000) session.
- Unblocks the not-owned items in quarantine from inbound inspections or inbound order lines. The updated quantities are displayed in the Customer Owned Receipts (whwmd2550m100) or Consigned Receipts (whwmd2550m000) sessions.
- Updates the accepted quantities in the Project Pegged Inventory (whwmd2560m000) session.
- Assigns the accepted quantities to the project pegs in order of the earliest required date, if pegging applies.

Process quarantine inventory - return to vendor

The **Return to Vendor** disposition is used to return quarantined items to the supplier.

This applies to purchased items rejected in various scenarios. For example, items:

- Rejected upon receipt from the supplier
- Serving as production materials that are rejected when:
  - issued from the warehouse to the work center
  - transferred to another warehouse

After processing the disposition or disposition lines for which you selected **Return to Vendor**, LN creates a purchase return order and launches the outbound process that issues the items from quarantine and ships the items to the supplier. The purchase return order is the disposition order displayed in the **Disposition Order** field of the Quarantine Inventory Disposition (whwmd2172m000) session.

For purchased items rejected upon receipt from the supplier, the purchase return order is linked to the purchase order with which the items were received.

Items used as production materials issued to the job shop can be rejected and sent to quarantine during outbound warehouse inspections. If the disposition is **Return to Vendor** in this scenario, there is no purchase order that can be related to the items.

In such cases, LN verifies whether the combination of item and buy-from or ship-from business partner of the disposition line(s) is available in the purchase order actual or history data. If not, a warning message is displayed when the business partner is entered. The return order can be generated nevertheless, it is allowed to ignore the message.

After the purchase return order is released to Warehousing, LN creates a warehousing order of transaction type **Issue** to issue the items from quarantine. The ship-to information of the warehousing order is copied from the purchase return order.

The outbound and shipment procedures associated with the warehousing order are used to ship the goods back to the supplier. When generating outbound advice, LN only uses the inventory blocked for quarantine.

Note

If part of the purchase return order was not shipped, and no back orders apply, the not-shipped quantity is set back to **Awaiting Disposition** in the quarantine inventory.

Returning pegged rejects

LN takes the peg information for the purchase return order from the order from which the purchase return order was generated. For items rejected during receipt, this is the information from the receipt line pegs of the warehousing order related to the originating purchase order. For items rejected during issue, this is the information of the outbound order line pegs of the warehousing order related to the purchase return order. LN selects the pegs having a quantity in quarantine.

The quarantine quantities are displayed in the **Quarantine Inventory** field of the Receipt Line Peg Distribution (whinh3528m000) and Outbound Order Line Peg Distribution (whinh2190m000) sessions.

The quantities to be returned are subtracted from the quarantine inventory and subsequently the project inventory.

For the pegs involved, the return quantity is first subtracted from the pegs whose original receipt line or outbound order line peg quantity exceeded the ordered quantity. The overdelivered quantity to be subtracted is equally apportioned to each peg.

If this does not cover the entire return quantity, the remaining quantity to be returned is subtracted from the pegs whose original receipt line or outbound order line peg quantity exceeded the required quantity in sequence of peg line number: first line number 10, then 20, and so on.

Next, if this still leaves a quantity to be returned, the return quantity is subtracted from the remaining pegs starting with the peg with the latest requirement date.

You cannot manually change the quantities to be returned on the purchase return order. You can only change these quantities by changing the purchase return order line pegs.

Ownership

Issues of consigned or customer owned items are performed according to the settings of the **Issue Ownership** and **Issue Strategy** fields in the outbound order lines.

Process quarantine inventory - rework

The rework options are used if the items must be reworked to the existing specification or a new specification.

After selecting a rework option and the process option for the selected disposition or disposition lines, LN creates an **JSC Production** rework order. The rework order is based on the originating order for which the items were sent to quarantine.

Note

For purchased quarantined items originating from purchase orders or purchase schedules, the rework options are only available if the *payable to supplier (p. 31)* parameter is activated.

The rework order is the disposition order displayed in the **Disposition Order** field of the Quarantine Inventory Disposition (whwmd2172m000) session.

If you select **Rework (to New Specification)**, you can specify a new target item in the **To Item** field on the disposition line in the Quarantine Inventory (whwmd2671m000) or Quarantine Inventory Disposition (whwmd2172m000) session. The new target item is listed on the rework order. After rework the new target item will be received again upon completion.

If you select **Rework (to Existing Specification)**, the same item will be received again upon completion.

When the rework order is generated, the item to be reworked is displayed as an estimated material line in the Production Order (tisfc0101m100) and Estimated Materials (ticst0101m000) sessions.

After releasing the rework order, LN generates a warehousing order for which you can perform the outbound and shipment procedures to issue and ship the rework items to production. When generating outbound advice, LN considers the inventory blocked for quarantine.

Note

If part of the rework order was not shipped, and no back orders apply, the not-shipped quantity is set back to **Awaiting Disposition** in the quarantine inventory.

Pegging

LN takes the peg information of the rework order from the receipt line pegs or the outbound order line pegs of the originating order, and selects the pegs having a quantity in quarantine. The quarantine quantities are displayed in the **Quarantine Inventory** field of the Receipt Line Peg Distribution (whinh3528m000) and Outbound Order Line Peg Distribution (whinh2190m000) sessions. The quarantine quantity is decreased when the shipment lines are confirmed.

The quantities to be reworked are subtracted from the quarantine inventory and subsequently the project inventory.

The rework quantity is subtracted from the pegs involved in sequence of earliest requirement date: first the rework quantity is subtracted from the peg with the earliest required date, if that does not cover the entire rework quantity, the peg with the second earliest required date is taken, and so on.

The earliest required date has priority, because the rework process is considered a protracted receipt. Simply put, rework means that production took longer.

You cannot manually change the quantities to be reworked on the **JSC Production** rework order. You can only change these quantities by changing the rework outbound order line pegs.

Ownership

Issues of consigned or customer owned items are performed according to the settings of the **Issue Ownership** and **Issue Strategy** fields in the outbound order lines.

Backflushing

If the rework order is backflushed, the outbound and shipment procedures do not apply. Instead, during backflushing the shipped quantity is updated in the linked disposition lines. If the rework order is pegged, the quarantine quantities and the shipped quantities are updated for each linked receipt line or outbound order line peg of the original production order.

Process quarantine inventory - reclassify

Reclassify means that you can store an item in a warehouse or warehouse location under a different item code. For this purpose, you must perform an item reclassification and specify a different to-item. You can specify a to-item in the **To Item** field of the Quarantine Inventory Disposition (whwmd2172m000) session.

Note

For purchased quarantined items originating from purchase orders or purchase schedules, the reclassify option is only available if the *payable to supplier (p. 31)* parameter is activated.

After you process a disposition or disposition line for which you selected disposition option **Reclassify** and selected a reason code and a to-item, LN generates a warehousing transfer order. The transfer order is the disposition order displayed in the **Disposition Order** field of the Quarantine Inventory Disposition (whwmd2172m000) session.

Reclassified disposition lines will be consolidated into one transfer order line if the following attributes match:
- **To Item**
- **Disposition Reason**
- **Unit**
- **Location**
- **Lot**, low volume only
- **Serial Number**, low volume only
- **Ownership**

The transfer order is processed according to inbound and outbound procedures defined for the transfer order. When generating outbound advice, LN considers the inventory blocked for quarantine.

Note

If part of the transfer order was not shipped, and no back orders apply, the not-shipped quantity is set back to **Awaiting Disposition** in the quarantine inventory.

Ownership

Issues of consigned or customer owned items are performed according to the settings of the **Issue Ownership** and **Issue Strategy** fields in the outbound order lines.

Chapter 4
Handling Units

Handling units in quarantine inventory

Quarantine items can be contained in handling units. These handling units are sent to quarantine from warehousing inbound or outbound inspections or from production. These handling units obtain the **Quarantine** status when the quarantine ID is created.

You cannot manually generate or compose quarantine handling units.

If handling units are present in quarantine, you can process or specify dispositions for the handling units or the entire quarantine ID. You cannot handle individual disposition lines, because a disposition line can be related to a part of a handling unit and processing a part of a handling unit is not allowed.

Lot and serialized items in quarantine handling units

For high volume lot or serialized items, lot or serial registration for the handling units must be completed before the handling units arrive in quarantine. This helps LN to determine the relationship between the handling units and the disposition lines while creating quarantine IDs.

When sent to quarantine during production, lot or serial registration is required before the receipt is confirmed. When rejected and quarantined during warehouse inspection, lot or serial registration is required before the inspection results are processed.

Scrapping and rejecting handling units during warehouse inspection

In inspection, if part of a handling unit is rejected, the rejected quantity is taken out of the handling unit and handled anonymously. If quarantine handling is activated, for the rejected part in quarantine no handling unit will be present.

Handling units that are entirely scrapped in inspection are set to **Closed**. The items contained in these handling units are removed through an inventory adjustment order.

If part of a handling unit is scrapped during inspection and the remaining part is rejected, the scrapped part is removed from the handling unit and the rejected part is sent to quarantine anonymously. The handling unit is set to **Closed**.

Note

Partial scrapping is only allowed for bottom-level handling units.

Handling units and disposition lines

If handling units are present in quarantine, you can process or specify dispositions for the handling units or the entire quarantine ID. You cannot handle individual disposition lines, because a disposition line can be related to a part of a handling unit and processing a part of a handling unit is not allowed.

If you specify a disposition for a handling unit, the related disposition lines are updated. If the handling unit is a bottom level handling unit within a structure and covers part of a disposition line, the disposition line is split. A new disposition line is created with the quantity of the handling unit for which the disposition was specified.

Example

Handling units HU01, HU02, and HU03 are present for **Quarantine ID** 100011. HU01 is the top level handling unit, and handling units HU02 and HU03 are the bottom-level handling units in the structure. Handling units HU02 and HU03 each have a quantity of 10.

These handling units correspond with disposition line 100011/10, which has a quantity of 20.

If HU03 is given disposition **Scrap**, a new disposition line is created with quantity 10 = **Scrap**. The old disposition line still has **Awaiting Disposition**, but now with a quantity of 10.

If you reset HU01, handling units HU02 and HU03 obtain disposition **Awaiting Disposition** again. As a result, both disposition lines would obtain disposition **Awaiting Disposition**. Because both disposition lines would have identical dispositions and stock point details, these lines are consolidated into one disposition line, thus re-establishing the previous situation.

Specifying dispositions for handling unit structures

If a handling unit structure is present for a quarantine ID or a disposition line, you can specify a disposition for the top level handling unit or the child handling units.

If you specify a disposition for a handling unit, the child handling units of this handling unit with disposition **Awaiting Disposition** also obtain this disposition. This disposition is also displayed in the parent of this

handling unit. Handling units of the same level in the handling unit structure are not affected, these handling units retain their disposition.

The **Disposition** field of the top-level handling unit shows the latest disposition specified for one of the child handling units.

The disposition specified for a child handling unit is also showed for the top-level handling unit. If you then specify another disposition for another child handling unit, this disposition is also shown for the top-level handling unit.

If all child handling units have a disposition other than **Awaiting Disposition**, you can change the disposition of the top handling unit, but only into one of the dispositions specified for the child handling units. This does not affect the dispositions of the child handling units.

Note

Partial disposition of a bottom-level handling unit not allowed, for that purpose you must remove the handling unit and handle the disposition lines.

Example

Handling units HU01, HU02, HU03, and HU04 are present for **Quarantine ID** 100012. HU01 is the top level handling unit, and handling units HU01, HU02, HU03, and HU04 are the bottom-level handling units in the structure.

Initially, all handling units have disposition **Awaiting Disposition**. If you specify **Use As Is** for HU01, all child handling units obtain **Use As Is**. If you then specify **Return to Vendor** for HU03, HU01 and HU03 are given disposition **Return to Vendor**, the other handling units remain **Use As Is**.

If all handling units have disposition **Awaiting Disposition** and you specify **Use As Is** for HU02, only HU02 obtains disposition **Use As Is**, the other handling units of the structure remain **Awaiting Disposition**.

Reset disposition

If you reset a handling unit, this handling unit and the child handling units of this handling unit are reset to **Awaiting Disposition**. This disposition is also displayed in the parent of this handling unit. Handling units on the same level in the handling unit structure are not affected, these handling units retain their disposition.

Processing handling unit dispositions

If handling units are present in quarantine, you can process or specify dispositions for the handling units or the entire quarantine ID. You cannot handle individual disposition lines, because a disposition line can be related to a part of a handling unit and processing a part of a handling unit is not allowed.

For example, a disposition line is related to a part of a handling unit if for a quarantine ID one handling unit and multiple disposition lines are present. Each disposition line has one high volume serialized item and the handling unit contains all of the serialized items.

When processed, handling units with dispositions unequal to the disposition of the parent are unlinked from the handling unit structure. Also, if you process a part of a handling unit structure or an individual bottom-level handling unit, the processed handling units are unlinked from the handling unit structure.

The related disposition lines are also processed. If more than one handling unit is present for a disposition line and one of the handling units is processed, the disposition line is split.

Example

Disposition line A00010 has a quantity of 20 and has disposition **Scrap**. Disposition line A00010 is linked to handling units HU001 and HU002. Each handling unit has disposition **Scrap** and a quantity of 10.

When HU001 is processed, a new disposition line is added: A00020 with a quantity of 10 and disposition **Scrap**. When handling units are processed, the processing information is updated in the Handling Unit Process Quarantine (whwmd2173m000) session.

Use as is/no fault found

When handling units with disposition **Use As Is** or **No Fault Found** are processed, the handling units are directly stored in the warehouse and obtain status **In Stock** if no locations apply.

If locations apply, the handling unit obtains status **In Stock** if the inbound advice is put away. If handling units are not used in the warehouse, the handling unit obtains status **Closed** and the items are stored without handling units.

Scrap

A scrapped handling unit obtains status **Closed**. The items contained in the handling unit are removed through an adjustment order.

Return to vendor/Rework to existing or new specification

The statuses of handling units with dispositions **Rework (to Existing Specification)**, **Rework (to New Specification)**, or **Return to Vendor** remain **Quarantine** until the outbound advice is created for the outbound order lines of the purchase return order or production rework order.

When the handling units are advised, the status becomes **Allocated**. If the outbound advice is removed for some reason, the handling unit status is reset to **Quarantine**. If handling units are not used in the outbound process for the warehouse-item combination, the handling units are set to **Closed** and the outbound process is performed without handling units.

Reclassify

When processing handling units with disposition **Reclassify**, handling units with identical target items, disposition reasons, quarantine locations, and ownership are advised for the same transfer order line. When the handling units are advised, the status becomes **Allocated**.

Processing disposition orders of handling units to be returned or reworked

Handling units listed on disposition orders of type production rework or purchase return are reset to **Awaiting Disposition** if:

- The disposition order is cancelled.
- The handling units are set to **Not Shipped**.
- The order quantity is reduced.

If the entire handling unit quantity is reduced or set to **Not Shipped**, the handling unit is reset to **Awaiting Disposition**.

If part of the handling unit quantity is reduced or set to **Not Shipped**, the disposition of the handling unit does not change, but the disposed quantity of the handling unit is reduced accordingly, which is displayed in the **Disposition Quantity** field of the Quarantine Inventory Handling Units (whwmd2574m000) session.

When the disposition order is shipped, the handling unit is reset to **Awaiting Disposition** and contains the quantity that was not shipped.

If for a disposition order a handling unit containing a lot is partially not shipped, the handling unit is split when the outbound advice is generated.

The unaffected part is shipped, and the not-shipped part is put on a new handling unit with disposition **Awaiting Disposition**.

How to handle quarantine handling units

To specify dispositions and process quarantine handling units:

1. In the Quarantine Inventory Overview (whwmd2171m000) session, double-click the quarantine ID whose handling units you want to handle.

2. In the Quarantine Inventory (whwmd2671m000) session that opens, click the **Handling Units** tab.

3. In the **Handling Units** tab, select the relevant handling unit and open the **Handling Units Tree**.

4. In the **Handling Units Tree**, right-click the handling unit that you want to handle and select **Disposition** from the context menu.

5. Specify a disposition, a reason, and the other information as required.

6. Save the disposition if you want to process the disposition at a later stage.

7. Click **Process** to process the disposition lines with a disposition other than **Awaiting Disposition**.

Rework or return handling units

For handling units originating from purchase orders that were rejected and sent to quarantine during inbound inspection, the purchase order type, order series, buy-from and ship-from business partners are defaulted from the receipt line in the Disposition (whwmd2272m200) session.

For handling units rejected in outbound inspection, the buy-from and ship-from business partner is defaulted from the item-purchase data based on the item and item group priority.

Split handling units

Splitting disposition lines in the Split Quarantine Inventory Disposition (whwmd2272m100) session is not allowed if handling units are present. To split disposition lines, first remove the handling units.

Move handling units

You can use the Move Quarantine Inventory (whwmd2271m100) session to move entire unprocessed handling units to a different warehouse location. This is only allowed if you start this session from the **Handling Units Tree** or the Quarantine Inventory Handling Units (whwmd2574m000) session. While moving a handling unit, the related disposition lines are split if the handling unit quantity is lower than the disposition line quantity.

Moving disposition lines is not allowed if handling units are present, because a disposition line can be related to a part of a handling unit and LN does not support moving incomplete handling units.

Remove quarantine handling units

In the Quarantine Inventory Overview (whwmd2171m000) or the Quarantine Inventory (whwmd2671m000) session, you can remove a handling unit of a quarantine ID. Any child handling units are also removed.

Handling units are not removed if they are processed.

A child handling unit is unlinked from the parent handling unit when it is processed. These processed unlinked child handling units are not removed when the parent handling unit is removed.

If a handling unit is removed, the related disposition line is reset to **Awaiting Disposition**. If another disposition line with disposition **Awaiting Disposition** is present, the disposition lines are merged if the stock point details are identical.

Chapter 5
Setup

5

Quarantine inventory setup

To handle quarantine inventory, the following setup is required:

- The **Quarantine Inventory** check box in the Inventory Handling Parameters (whinh0100m000) session must be selected.

- The **Quarantine Inventory** check box in the Warehouses (whwmd2500m000) session must be selected for the relevant warehouses.

- The **Ownership External** check box in the Implemented Software Components (tccom0100s000) session must be selected to allow quarantine inventory to be created and updated.

- In Manufacturing, for each item you can specify the default warehouse in which the item must be stored after its production is completed. For each default warehouse, you can specify the quarantine warehouse in which the item must be stored if the item is rejected during production.

  If items rejected during production must be sent to a dedicated quarantine warehouse, specify the quarantine warehouse in the **Quarantine Warehouse** field of the Warehouses (whwmd2500m000) session.

- For items, you must select the relevant option in the **Rejects Handling** field in the Items - Warehousing (whwmd4500m000) session. This field is unavailable if the **Quarantine Inventory** check boxes in the Inventory Handling Parameters (whinh0100m000) and Warehouses (whwmd2500m000) sessions are cleared.

- For quarantine inventory received through purchase orders or purchase schedules, to allow for invoicing and payment before the warehousing inspection and quarantine processes are completed, select:
  - The **Payable to Supplier** check box
  - The **Quarantine Inventory** check box in the Inventory Handling Parameters (whinh0100m000) session
  - For each relevant warehouse, the **Quarantine Inventory** check box in the Warehouses (whwmd2500m000) details session.

- In the Inventory Handling Parameters (whinh0100m000) session, if the **Quarantine Inventory** check box is selected, select quarantine inventory series and number groups.

- Specify the preferred option in the **Available for Planning** field of the Inventory Handling Parameters (whinh0100m000) session to determine if or when quarantine inventory must be available for planning using Enterprise Planning, <u>TPOP</u>, or SIC.

- If you selected **By Due Date** in the **Available for Planning** field of the Inventory Handling Parameters (whinh0100m000) session, specify the default date and time on which quarantine inventory becomes available for planning in the **Disposition Due Lead Time** field of the Items - Warehousing (whwmd4500m000) session.

- If your warehouse is location-controlled, locations of the types **Inspection** and **Quarantine** must exist for your warehouse. In the Warehouses (whwmd2500m000) session, you can specify whether a warehouse has locations. In the Warehouse - Location (whwmd3100s000) session, you can specify the locations of the warehouse.

- **Quarantine** locations have the following characteristics:
  - Storage conditions are not allowed.
  - Manual blockings are not allowed.
  - The **Multi-Item Locations**, **Multi-Lot by Item**, or **Infinite Capacity** check boxes are selected and unavailable.

- To define the default order type of <u>disposition order</u> for:
  - Reclassified items, in the Default Order Types by Origin (whinh0120m000) session, select order origin **Transfer** and an order type with transaction type **Transfer**.
  - Rework items, in the Default Order Types by Origin (whinh0120m000) session, select order origin **JSC Production** and an order type with transaction type **Issue**.
  - Items to be returned to the vendor, define a purchase order type of type **Return Rejects** in the Purchase Order Type (tdpur0694m000) session.

    This purchase order type must be selected in the **Order Type for Return Rejection** field of the Purchase Order Parameters (tdpur0100m400) session.

    Also, an order series must be available in the **Order Series for Return Rejection** field of the Purchase Order Parameters (tdpur0100m400) session.

Note

To use the quarantine functionality, you must set up inbound and/or outbound warehouse inspections, unless quarantine handling is only needed for items rejected during production operations. This is because warehousing inspections are not used for items sent to quarantine after being rejected during production.

Quarantine inventory payable to supplier

The **Payable to Supplier** parameter in the Inventory Handling Parameters (whinh0100m000) session determines the payability of <u>quarantine inventory</u> fulfilling these conditions:

- Origin: purchase orders or purchase schedules
- Quarantined after rejection during inbound inspection

This parameter does not apply to items quarantined after outbound inspection.

For items rejected in inbound inspections, payable-to-supplier allows invoicing and payment of the entire received quantity before the warehousing inspection and quarantine processes are completed. This avoids risking late payments to the supplier due to time-consuming disposition procedures. Settlements for scrapped, destroyed, or returned goods can take place after quarantine processing.

For this purpose, LN registers the received quantity as approved on the originating purchase order line when the receipt is confirmed. LN does not update the approved quantity to the purchase order while the items are handled in the Warehouse Inspections Overview (whinh3122m000), the Quarantine Inventory Overview (whwmd2171m000), or the Quarantine Inventory Disposition (whwmd2172m000) session. These updates follow after the quantities are processed.

After rejecting inventory in the Warehouse Inspections Overview (whinh3122m000) session, LN generates no financial integration transactions or (potential) back orders.

Note

For purchased quarantined items originating from purchase orders or purchase schedules, the rework options and the reclassify option are unavailable if payable-to-supplier is not activated. This is because if the **Payable to Supplier** check box is cleared, the supplier owns the rejected items and the rejected goods will not be paid, whereas rework or reclassification is only allowed if the supplier is paid.

Using payable-to-supplier, after:

- Accepting quarantine inventory with disposition **Use As Is** or **No Fault Found**, LN creates no new purchase receipt but directly creates inbound advice to the storage location. If the warehouse is not location controlled, LN directly puts away the accepted inventory.

- Scrapping quarantine inventory, LN creates no back orders nor does settlement with the supplier take place at this stage, because the items were paid for after receipt.

- Returning quarantine inventory to the vendor, the ownership of customer owned or consigned goods does not change. For company owned return items, the supplier is charged, because the items were paid for after receipt.

- Disposition items in the quarantine location are valuated identically to items in receipt locations. On the inventory valuation report, disposition items are listed with the original receipt value.

Using the payable to supplier method, the user handles the items in the same way as the standard quarantine handling method: through the Warehouse Inspections Overview (whinh3122m000), the Quarantine Inventory Overview (whwmd2171m000) and/or the Quarantine Inventory Disposition (whwmd2172m000) sessions.

For each disposition decision that the user takes, some steps that LN completes when payable-to-supplier is activated are different from quarantine handling without payable-to-supplier.

Payable to supplier and standard quarantine handling compared

To help you choose between standard quarantine handling and quarantine handling payable-to-supplier, the following table lists the main differences.

LN Process	No payable to supplier	Payable to supplier
General	Applies to items sent to quarantine after rejection during: - Inbound or outbound inspection - Production upon reporting an operation complete	Only applies to items originating from purchase orders or purchase schedules sent to quarantine after rejection during inbound inspection.
Confirm receipt	The items become <u>company owned</u>.	Register received items as approved on purchase order. The items become <u>company owned</u>.
Warehouse inspections	Update purchase order with approved quantities. No invoicing	Received items remain registered as approved. This facilitates invoic-

	and payment of the entire received quantity until the warehousing inspection and quarantine processes are completed.	ing and payment of the entire received quantity before the warehousing inspection and quarantine processes are completed.
Send items to quarantine	The items originating from purchase orders or schedules become <u>customer owned</u>, which in actual practise means supplier owned.	The items remain <u>company owned</u>.
Inventory valuation in quarantine	Valued as customer owned inventory.	Quarantined items are valuated identically to items in receipt locations. On the inventory valuation report, quarantine items are listed with the original receipt value.
Use as is/No fault found	- Create new receipt. - Update purchase order with approved quantities.	Directly create inbound advice to the storage location, create no receipt. If the warehouse is not location-controlled, directly put away the accepted inventory.
Scrap	Create back orders or potential back orders for items originating from purchase orders or purchase schedules.	Create no back orders or potential back orders. Create no debiting or other supplier payment related financial transactions.
Rework	Rework of quarantined items originating from purchase orders or purchase schedules not allowed.	Rework of quarantined items originating from purchase orders or purchase schedules allowed.
Reclassify	Reclassification of quarantined items originating from purchase orders or purchase schedules not allowed.	Reclassification of quarantined items originating from purchase orders or purchase schedules allowed.

Payable to supplier - use as is/no fault found

Prerequisites

- The **Payable to Supplier** check box is selected in the Inventory Handling Parameters (whinh0100m000) session.
- In the Quarantine Inventory Disposition (whwmd2172m000) session, the user selects:
  - **Use As Is** or **No Fault Found**
  - **Process**

LN process steps

LN performs the following steps:

- Unblock the quantity accepted in the Quarantine Inventory Overview (whwmd2171m000) session.
- If present, decrease the blocked quantity in the following sessions:
  - The item inventory sessions, such as the Warehouse - Item Inventory (whwmd2515m000) session.
  - Project Pegged Inventory (whwmd2560m000)
  - Consigned Receipts (whwmd2550m000)
  - Customer Owned Receipts (whwmd2550m100)
- If the warehouse is non location-controlled, put away the accepted goods in the warehouse.
- If location-controlled, advise the goods to the storage location after the user creates inbound advice. If inbound advice is automatic according to the warehousing procedure, generate inbound advice.
- Put away inbound advice.

Note

Contrary to quarantine handling without payable-to-supplier, LN generates no receipt line to again receive the accepted goods. This is because accepted inventory is directly moved to storage or through inbound advice.

You cannot cross-dock or run direct material supply for goods that were accepted after rejection.

Payable to supplier - to scrap quarantine inventory

LN performs the following steps:

- If present, decrease the blocked quantity in the following sessions:
  - The item inventory sessions, such as the Warehouse - Item Inventory (whwmd2515m000) session.
  - Project Pegged Inventory (whwmd2560m000)

- Consigned Receipts (whwmd2550m000)
- Customer Owned Receipts (whwmd2550m100)
- In the Project Pegged Inventory (whwmd2560m000) session, subtract the destroyed quantity from the on-hand quantity.

Payable to supplier - to return quarantine inventory

If the payable-to-supplier parameter is activated, to return quarantined items to the vendor LN performs the following steps:

- Automatically select the **Return Quarantine Inventory Payable to Supplier** check box in the Warehousing Orders (whinh2100m000) session for the warehouse order generated from the purchase return order.

- Copy the values of the ownership fields from the original purchase order to the outbound order lines. For more information, refer to Ownership for outbound order lines of purchase return or rework orders.

- Advise rejected items according to the ownership fields. Consigned and customer owned *rejected* items are allocated for outbound handling according to the **Issue Strategy** and **Issue Ownership** fields in the Outbound Order Lines (whinh2120m000) session.

  View allocations for customer owned and consigned receipts in the following sessions:
  - Consigned Receipts (whwmd2550m000)
  - Customer Owned Receipts (whwmd2550m100)
  Items blocked for inspection are considered available for outbound advice and picking lists. Blocks for inspection are lifted when the goods to be returned are shipped.

- When shipping rejected items to be returned, remove blocks for inspection. If the **Available for Planning** check box is selected in the Inventory Handling Parameters (whinh0100m000) session, decrease the quantity blocked for planning in the inventory overview sessions. If the items are project inventory, also decrease the quantity blocked for planning and the on-hand quantity in the Project Pegged Inventory (whwmd2560m000) session.

- Do not update the inventory levels if items are not shipped, but moved back to the reject location from the staging location without an inventory adjustment, for example, if shipping cannot take place because transportation is unavailable.

- Process the inventory transaction according to the settings of the ownership fields on the outbound order line. For company owned returned items, generate a credit note. This is required because in the payable-to-supplier scenario, the company owned items were paid on receipt and need to be paid back when returned. For customer owned or consigned items, do not generate a purchase payment order.

Note

Outbound inspections are not available for items issued from quarantine to be returned to the vendor.

Ownership for outbound order lines of purchase return or rework orders

The ownership of quarantine inventory does not change when issued for returns to vendor or rework. Therefore, LN copies the ownership settings of the original purchase order or production order (the one with which the goods were received) to the outbound order lines generated from the return order or rework order, except for the **Issue Ownership** field. This is set by Warehousing.

The **Internal Payment** field of the original order has no impact on the ownership fields of the outbound order line. The following table shows the ownership of the original order and the resulting ownership settings on the outbound order lines.

Outbound order line field for return or rework orders	External payment of original order		
	company owned	customer owned	consigned
Payment	**Pay on Receipt**	**No Payment**	**Pay on Use**
Internal Payment	**Not Applicable**	**Not Applicable**	**Not Applicable**
Ownership	**Company Owned**	**Customer Owned**	**Consigned**
Issue Strategy	**Free**	**Restricted**	**Restricted**
Issue from Business Partner	Not filled	The owner	The owner
Issue Ownership	Internal ownership implemented: **Company Owned** Otherwise: **Company Owned or Consigned**	**Customer Owned**	**Consigned**

Chapter 7
Non-Conformance Materials

7

Warehousing quarantine - NCMR

If Quality is implemented and the non-conformance functionality is activated, you can create a non-conformance material report (NCMR) to handle quarantined inventory.

In the NCMR, you must specify the quantities and determine the disposition of the quarantined items. LN updates the disposition in the Quarantine Inventory Overview (whwmd2171m000) session. The disposition is manually processed in the Quarantine Inventory Overview (whwmd2171m000) session.

You can create NCMRs in the following sessions:

- Inspection Order Test Data (qmptc1115m000)
- Quarantine Inventory (whwmd2671m000)
- Warehouse Inspection (whinh3622m000)
- Report Operations Completed (tisfc0130m000)

In these sessions, start the Non-Conformance Reports (qmncm1100m000) session to create the NCMR.

You can create NCMRs before or after quarantine inventory is created. However, you cannot set the NCMR to **Dispositioned** until LN has created quarantine inventory if quarantine inventory is to be expected due to unprocessed but rejected items in warehouse inspections. Quarantine inventory is displayed in the Quarantine Inventory Overview (whwmd2171m000) session.

LN creates quarantine inventory after items are rejected and processed in inbound or outbound inspections, or after a receipt is confirmed of items rejected upon completion of a production operation. An NCMR is linked to a quarantine ID if the originating order lines and (if applicable) the inspection lines match.

In the Quarantine Inventory Overview (whwmd2171m000) session, the disposition options and the split and reset options are unavailable. You must specify the dispositions in the NCMR. The dispositions are updated in the Quarantine Inventory Overview (whwmd2171m000) session.

If the rework, reclassify, or return to vendor dispositions are specified in the NCMR, LN creates the disposition orders according to the default order types set up for return, production, and item transfer orders.

When items are rejected in the Warehouse Inspection (whinh3622m000) session and moved to quarantine, the quarantine location (if applicable) is updated in the NCMR.

In Warehousing, a disposition line is present for each stock point. For the related NCMR, the stock point details are stored in the Non-Conformance Reports (qmncm1100m000) session.

Report operations completed

The items rejected during a production operation are accumulated on the same NCMR until you move the items to quarantine using the **Move Rejected End Item to Quarantine** option in the Report Operations Completed (tisfc0130m000) session. Any subsequent items rejected for the same operation are registered on a new NCMR.

Selecting the **Move Rejected End Item to Quarantine** option triggers the creation of a warehousing order with which the rejected items are received in the quarantine warehouse or location. After the receipt is confirmed, LN creates a quarantine ID, which is displayed in the Quarantine Inventory Overview (whwmd2171m000) session.

Partial dispositions

If the total quantity to be dispositioned on an NCMR is decreased, while disposition lines are present for the corresponding quarantine ID, these disposition lines cannot be fully processed using this NCMR.

To process the remaining quantities of the disposition lines, you must manually create a new NCMR in the Non-Conformance Reports (qmncm1100m000) session and link this NCMR to the originating inspection record and warehousing order of the disposition lines. In the new NCMR, you can specify the disposition for the disposition lines and then process these lines in the Quarantine Inventory (whwmd2671m000) session.

You can also perform partial dispositions by splitting the NCMR using the **Split NCMR** option. Each split-off NCMR can have a separate disposition.

Appendix A
Glossary

A

appropriate menu

Commands are distributed across the **Views**, **References**, and **Actions** menus, or displayed as buttons. In previous LN and Web UI releases, these commands are located in the *Specific* menu.

company owned

Goods owned by your organization. A type of ownership behavior pertaining to goods in inventory or on order, which is set for standard business processes based on standard attributes such as delivery terms and point of title passage. After your customer receives or stores the goods, the customer will take ownership of the goods. If you purchase goods from your supplier, you become the owner after receipt or storage of the goods.

See also: ownership

consigned

A type of ownership behavior pertaining to goods in inventory or on order.

If you are a customer, consigned goods are goods delivered by the supplier that you do not own and for which you have not paid. You become the owner, and payment is due, when you use or sell the goods, or after a given number of days after you receive the goods.

If you are a supplier, consigned goods are goods that you delivered to your customer, but the customer will not take ownership or pay until he uses or sells the goods, or until a given period of time after receipt of the goods has passed.

The period of time between the receipt of the goods and the date on which the customer becomes the owner, and payment is due, is laid down in the contract drawn up between the supplier and the customer.

See also: ownership

Synonym: Pay on Use

customer owned

A type of ownership behavior pertaining to goods in inventory or on order. Customer owned goods are goods whose ownership will not change during any of the inbound or outbound warehousing processes.

For example, a customer sent you some components that you, as a subcontractor, will use to manufacture a product for this customer. The customer owns the components while they are stored in your warehouse and throughout all the logistic and production processes involved in manufacturing and delivering the product to the customer.

See also: ownership

direct material supply

A supply method in which (pending) receipts and available inventory on hand are used to meet high-priority demand within a user-specific cluster of warehouses. This supply method can be run either automatically, interactively, or manually, using the Direct Material Supply Distribution (whinh6130m000) session.

Abbreviation: DMS

See: cross-docking, warehouse supply structure

disposition order

An order that LN generates after the user has processed a disposition line. The disposition order is used to carry out a disposition.

The disposition that the user selected to process the disposition line determines whether a disposition order is generated, and if yes, the type of disposition order that is generated:

Disposition option	Disposition order
Scrap	Adjustment order
Return to Vendor	Purchase return order
Rework (to Existing Specification)	Production order
Rework (to New Specification)	Production order
Reclassify	Item transfer

For the dispositions **Use As Is** and **No Fault Found**, no disposition order is generated.

DMS

See: *direct material supply (p. 40)*

inventory on hand

The physical quantity of goods in one or more warehouses (including the inventory on hold).

Synonym: on-hand inventory

non-conformance report (NCR)

The report that identifies non-conformance of material during QM/warehousing inspection or during the movement of the materials and/or when the material is in stock.

on-hand inventory

See: *inventory on hand (p. 41)*

Pay on Use

See: *consigned (p. 39)*

peg

A combination of project/budget, element and/or activity, which is used to identify costs, demand, and supply for a project.

quarantine inventory

Inventory sent to a quarantine warehouse or quarantine location after initial rejection during inbound or outbound inspection, or upon completion of an operation during production.

At the quarantine warehouse or location, the final disposition of the inventory is determined:
- **Use As Is**
- **No Fault Found**
- **Scrap**
- **Return to Vendor**
- **Rework (to Existing Specification)**
- **Rework (to New Specification)**
- **Reclassify**

Synonym: Rejected inventory

quarantine location

A type of warehouse location in which goods initially rejected during warehousing inspection or production are stored for further examination to determine their disposition.

Rejected inventory

See: *quarantine inventory (p. 41)*

stock point

The smallest inventory level that can be registered in LN.

The stock point is defined by the following data:
- Warehouse
- Location: only if you have locations
- Item
- Inventory date: important if you work with LIFO or FIFO
- Lot: only if the item is low volume lot controlled

stock point details

The lot number, serial number, inventory date, and/or effectivity unit of an item.

time-phased order point (TPOP)

A push system that regulates the time-phased supply of items to warehouses.

The quantity of items that is supplied to the warehouse depends on:
- The available inventory in the warehouse.
- The inventory that is planned to be delivered to the warehouse within the specified order horizon.
- The specified safety stock, optionally adjusted to the seasonal factor for the current period, for the item and warehouse.

If the available inventory plus the planned inventory are below the reorder point, the inventory in the warehouse is replenished.

Abbreviation: TPOP

See: safety stock

TPOP

Index