

Using the General Ledger Interfaces

Inventory Management Transactions

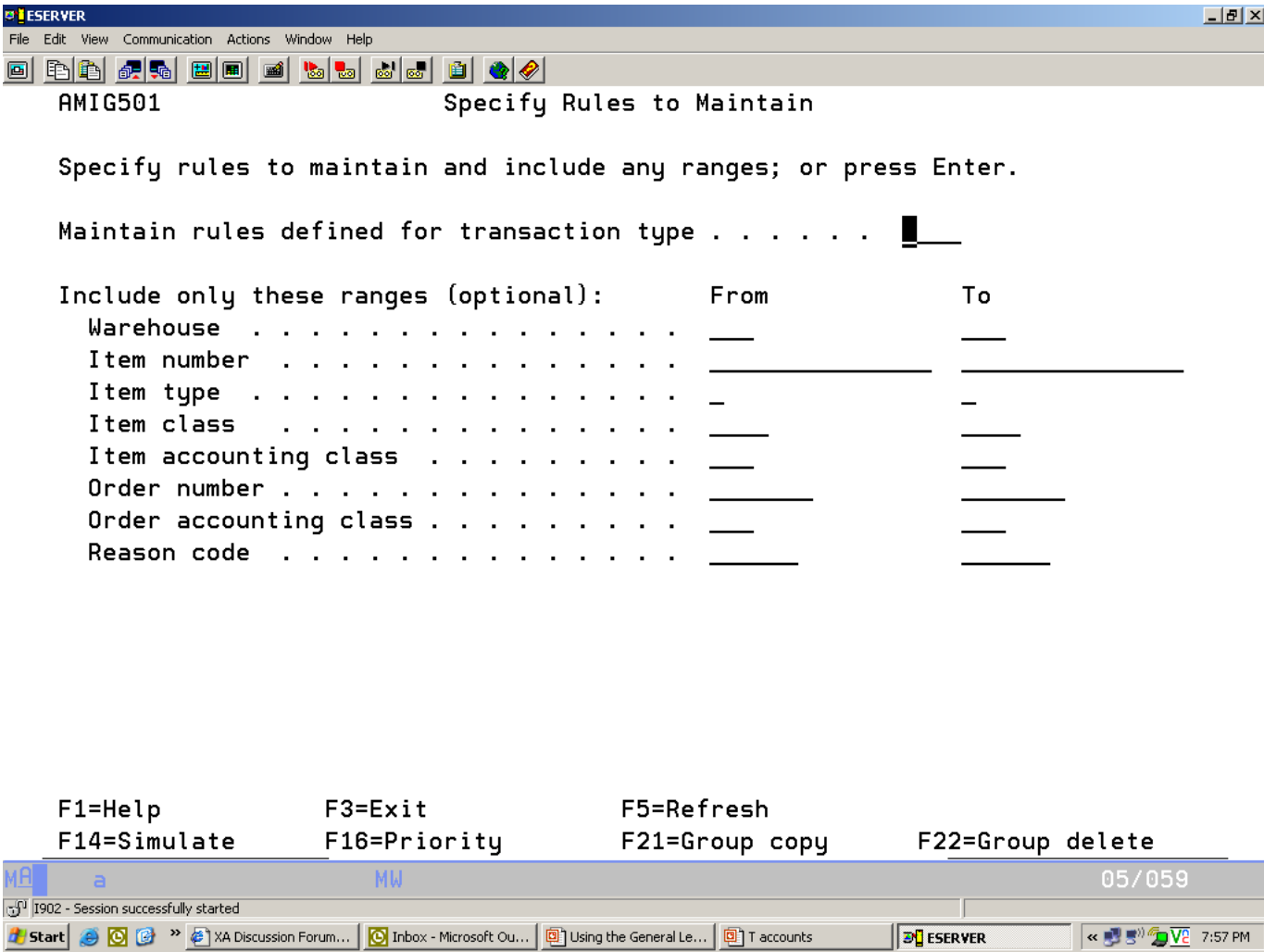
Jim Simunek, CPIM

jim.simunek@cistech.net

Overview

- Individual IM transactions and the Charge, Offset and Variance accounts that should be used for each transaction
- Break down the transactions by group:
 - Cost
 - WIP
 - PO
 - Miscellaneous
 - Physical Inventory & Inventory Adjustments
- “T” account examples, when necessary

Rules



Rules

- If your company has multiple inventory accounts in the ledger, use the Item Class, Item Type and/or Item Accounting Class to designate the different accounts
- Use Reason Code in the transaction (miscellaneous issue and receipt especially) to represent the expense account to be charged
 - XA Release 7 and higher have a 'Reason Code' table to insure correct reasons in transactions

Reason Codes

- If a transaction is entered in the reason table, then the reason code becomes a required field for that transaction
 - Since Reason Code can be the basis for determining the correct account number to assign, use this file to insure that all transactions entered have the correct Reason
- Transactions without entries in the Reason Code table will not require a reason code

Reason Table

Transaction type	Reason code	Reason description
SM = Scrap Production Item	05R741	SET-UP
SM = Scrap Production Item	05R742	SET-UP
SM = Scrap Production Item	05R754	SET-UP
SM = Scrap Production Item	05R756	SET-UP
SM = Scrap Production Item	05R757	SET-UP
SM = Scrap Production Item	05R758	SET-UP
SM = Scrap Production Item	05R759	SET-UP
SM = Scrap Production Item	05R842	SET-UP
SM = Scrap Production Item	05R852	SET-UP
SM = Scrap Production Item	06E510	TOOLING
SM = Scrap Production Item	06E530	TOOLING
SM = Scrap Production Item	06E531	TOOLING
SM = Scrap Production Item	06E532	TOOLING
SM = Scrap Production Item	06E533	TOOLING
SM = Scrap Production Item	06E535	TOOLING
SM = Scrap Production Item	06E536	TOOLING
SM = Scrap Production Item	06E538	TOOLING
SM = Scrap Production Item	06E539	TOOLING
SM = Scrap Production Item	06E540	TOOLING
SM = Scrap Production Item	06E541	TOOLING

File Names

- Rules:
 - INVACC
- Priorities:
 - INVSEQ
- Transactions:
 - INVTXN
- Transaction Counts:
 - INVCTL

COST TRANSACTIONS

Cost Transactions

- Can tailor IM for valuing inventory using Average, Last or Standard Costs
 - All 3 fields reside in the Item Balance record
- Different transactions change inventory value (based on IM system tailoring)
- If tailored field in the Item Balance record is zero, then XA will use the Unit Cost Default field in the Item Master/Revision record to value inventory
- Use the Stock Status report to reconcile the ledger value of inventory to XA

Cost Transactions

- CA – Cost Adjustment
 - Replaces Last Cost and re-averages Average Cost in Item Balance Record
 - For Standard Cost companies, this transaction will hold the purchase price variance
- Average & Last Cost Companies:
 - Charge: Inventory
 - Offset: Inventory revalue (reserve)
 - Variance: PPV
- Standard Cost Companies (when CA is created with AP Invoice entry)
 - Charge: Received Not Invoiced
 - Offset: AP Clearing
 - Variance: PPV

Cost Transactions

- CR – Average Cost Replacement
 - Changes the Average Cost field in the Item Balance record
 - Charge: Inventory
 - Offset: Not used for this transaction
 - Variance: Inventory Revalue Reserve

Cost Transactions

- CS – Standard Cost Replace
 - Replaces the Standard Cost Field in the Item Balance record
 - Charge: Inventory
 - Offset: Not used for this transaction
 - Variance: Inventory Revalue Reserve

Cost Transactions

- CU – Unit Cost Default replacement
 - Transaction is generated when the Unit Cost Default field in the Item Revision/Master Record is changed
 - UCD is used to value inventory when the tailored field in the Item Balance record is zero
 - Charge: Inventory
 - Offset: Not used for this transaction
 - Variance: Inventory Revalue Reserve

Cost Transactions

Any questions on cost Transactions?

WIP TRANSACTIONS

WIP Transactions

- XA expects that there will be a Work In Process Account in the GL, separate from Inventory Accounts
- As material is moved from on hand to MO's and/or Schedules (via IP/IU transactions), XA expects to record a journal entry to reflect the movement
- PC&C provides a WIP value report so that you can reconcile the GL value of WIP to the report

WIP Transactions

1. Create MO – Charge the cost of uncontrolled floorstock to the MO via IX (Floorstock charge) transactions
2. Issue Parts to MO via IP (Planned Issue) & IU (Unplanned Issue) transactions
3. Return Unused components to inventory via RS (Component Return)
4. Report a component part as scrapped via SC (Scrap a Component)
5. Report scrap of the item ordered via labor reporting (SM Scrap the Manufactured Item)
6. Receive Item ordered into inventory via RM (Prod. Receipt) transaction

Inventory	
	2. IP/IU
3. RS	
6. RM	

WIP	
1. IX	
2. IP/IU	
	3. RS
	4. SC
	5. SM
	6. RM

Uncontrolled F/S	
	1. IX
Scrap	
4. SC	
5. SM	

WIP Transactions

- IP – Planned Issue to a Schedule or MO
 - Lowers the on hand inventory and increases the value of WIP
 - Transaction matches to an allocation
 - Charge: Inventory
 - Offset: Work In Process
 - Variance: not used for this transaction

WIP Transactions

- IU – Unplanned Inventory Issue
 - Lowers the on hand inventory and increases the value of WIP
 - Transaction creates an allocation at the same time that it issues the parts
 - Charge: Inventory
 - Offset: Work In Process
 - Variance: not used for this transaction

WIP Transactions

- IX – Charges the value of uncontrolled floorstock to WIP (no impact to quantity on hand)
 - Charge: WIP
 - Offset: Floorstock Inventory
 - Variance: Not used for this transaction

Inventory		Floorstock Inv.		WIP	
	IS with Reason Code	IS with Reason Code	IX	IX	

WIP Transactions

- RM/MQ – Production Receipt to stock/Manufactured Item quality acceptance
- Moves a sub-assembly or finished good item from WIP to stock (increases on hand)
 - Charge: Inventory
 - Offset: WIP
 - Variance: MO variances

WIP Transactions

- RS – Component Return to Stock
- Moves a part that was previously issued to an MO back to stock
 - Charge: Inventory
 - Offset: WIP
 - Variance: MO Variance

WIP Transactions

- SC – Scrap a component from an MO
 - Does not change the quantity on hand
 - Removes the scrap item from WIP
 - Charge: WIP
 - Offset: Scrap Costs
 - Variance: Not used for this transaction

WIP Transactions

- SM – Scrap a manufactured item (during the manufacturing process)
 - Typically reported as scrap through PC&C labor entry
 - Scrap of the item being built
 - Transaction causes the order quantity to be lowered based on the quantity scrapped
 - Charge: WIP
 - Offset: Scrap
 - Variance: Not used for this transaction

WIP Overview

Questions?

Inventory

•RM	•IP
•RS	•IU

Scrap

•SM	
•SC	

WIP

•IP	•RM
•IU	•SM
•IX	•SC
	•RS

RM – Production
Receipt

RS – Component
Return

IP – Planned Issue

IU – Unplanned Issue

Uncontrolled Floorstock Inventory

	•IX
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IX – Charge for “U”
Floorstock

SM – Scrap a
Manufactured Item

SC – Scrap a
Component from an
order

PO RECEIPT TRANSACTIONS

PO Transactions

- Rules for PO receipts will vary depending on:
 - IM Tailoring question I032 – PO Price as RP transaction amount?
 - If “No” then the receipt is valued at the tailored cost (standard, average or last)
 - If “Yes” then the PO receipt is valued at the PO price which will create a variance in the receipt transaction
 - Whether or not your company uses Purchase Overhead as part of the standard cost
 - If you do, then the Purchase O/H portion will be stripped out as a separate transaction with reason code “PUROHD”

PO Transactions

- RP/PQ – Purchase Order Receipt to Stock or Purchase Quality Acceptance
- Adds to the quantity on hand
 - Charge: Inventory
 - Offset: Received not Invoiced
 - Variance (If I032 = Y) – Received not Invoiced or PPV

Inventory	Received Not Invoiced	PPV
RP – Standard Cost	RP – Std.	

PO Transactions

- T accounts when tailored to use PO price as transaction amount

Inventory	Received Not Invoiced	PPV
RP – Standard Cost	RP Variance	
	RP – PO Price	

RP/PQ Transactions

No Purchase Overhead

1. PO Receipt to Stock: RP (PO Receipt) or PQ (Pur Quality Accept) transaction
2. AP Invoice Entry: Purchase Journal Entry created in GL (Reference 'PJ')
3. Cost Adjustment transaction (CA) created by AP Invoice Entry

Item: 1104	Std Cost:	50.00	Qty	10.00	<i>ea</i>	<i>PPV</i>	<i>PRICE:</i>	58.00:	80.00	
	Inventory		Uninvoiced Receipts	AP	PPV	AP Clearing				
1. RP	500.00		500.00							
2. PJ - AP Invoice				580.00		580.00				
3. CA			500.00			80.00			580.00	
	500.00	0.00	500.00	500.00	0.00	580.00	80.00	0.00	580.00	580.00

RP/PQ Transactions With Purchase Overhead

1. PO Receipt to Stock: RP (PO Receipt) or PQ (Pur Quality Accept) transaction
2. XA creates RP transaction with Reason 'PUROHD' to strip out overhead cost
3. AP Invoice Entry: Purchase Journal Entry created in GL (Reference 'PJ')
4. XA creates Cost Adjustment transaction (CA) reason code 'PUROHD'
5. Cost Adjustment transaction (CA) created by AP Invoice Entry

Item: 1104 Std Cost: 50.00 Pur OH 5.00 Std: 55.00 PRICE: 58.00 PPV 80.00 Trans Qty 10.00

	Inventory	Rec Not Invoice	AP	Incoming Freight	PPV	AP Clearing
1. RP	550.00	550.00				
2. RP - PUROHD		50.00		50.00		
3. PJ - AP Invoice			580.00			580.00
4. CA - PUROHD		50.00			50.00	
5. CA		550.00			30.00	580.00
	550.00	680.00 680.00	580.00	50.00	80.00	580.00 580.00

PO Transactions

- VR – Return to Vendor
- If the transaction is entered after the RP or with the PQ, then this transaction will relieve inventory
- If the transaction is entered after an RD or RI then inventory would not be affected
- When the debit memo is created, the DM can update payables (IFM)
 - Charge: Inventory
 - Offset: Debit memo accrual
 - Variance: Received not Invoiced

PO Transactions

- SP – Scrap a PO
- Entered after an RD (Receipt to Dock) or RI (Receipt to Inspection)
- Expects that the receipt company will still pay for the item
 - Charge: Received not Invoice
 - Offset: Scrap
 - Variance: Not Used

PO Receipts

- Questions??

TRANSACTIONS NOT MATCHING TO ORDERS

Miscellaneous Transactions

- IS – Miscellaneous Issue/Issue Item
- Lowers the quantity on hand
- Charge to an expense account or, for Uncontrolled Floorstock, to a Floorstock Inventory Account, depending on Reason Code
- Never Charge to WIP
 - Charge: Inventory
 - Offset: Expense
 - Variance: Not required

Miscellaneous Transactions

- RC – Miscellaneous Receipt to Inventory
- Exact opposite of IS
- Credit an expense account, depending on Reason Code
 - Charge: Inventory
 - Offset: Expense
 - Variance: Not used

Miscellaneous Transactions

- SS – Scrap from Stock
- Removes defective inventory from stock
 - Charge: Inventory
 - Offset: Scrap
 - Variance: Not Used

Miscellaneous Transactions

- SA – Sales Shipment to a Customer
- If using COM, you typically wouldn't use this transaction to book Cost of Goods Sold. You would use the CLI in COM
 - Charge: Inventory
 - Offset: Cost of Goods Sold
 - Variance: Not Used

Miscellaneous Transactions

- Questions on Miscellaneous Transactions?

Transfer Transactions

- TW – Inter Warehouse Transfer
- Moves inventory between locations within a warehouse or between warehouses
- Creates IW (Inter Warehouse Issue) and RW (Inter Warehouse Receipt) transactions
- Normally not booked unless a company has separate accounts for different warehouses
 - Charge: Inventory
 - Offset: In Transit Inventory
 - Variance: IW – none; RW – Cost Variance

Physical Inventory Transactions

- PH – Physical Inventory Adjustment
- Created when the cycle count or physical inventory results are posted
- Changes the quantity on hand
 - Charge: Inventory
 - Offset: Not Used
 - Variance: Inventory Gain/Loss

Physical Inventory Transactions

- IA – Inventory Adjustment
- Adjustment quantity is entered manually
- Used to change an inaccurate inventory between physical inventories
 - Charge: Inventory
 - Offset: Not Used
 - Variance: Inventory Gain/Loss

Summary

- Can pick which transactions are collected in the “General Ledger Interfaces”
- Build rules to set the Charge, Offset and Variance accounts per transaction
- PO Receipt rules vary depending on system setup (tailoring & Purchase Overhead)