Costing

QAD Costing determines how costs are determined and applied, as well as the level of production output. Costing includes:

- Cost Management

  Includes functions that let you create additional cost elements; provide additional reporting detail; create and use multiple cost sets, which enable you to keep cost history and create future costs without impacting current cost update; and implement linked-site costing.

- Cost Accounting

  Cost accounting is a form of managerial accounting that aims to capture a company's total cost of production by assessing the variable costs of each step of production as well as fixed costs. Cost accountants can use tables in this section to help understand the generation of transaction postings. This type of analysis helps management make strategic decisions.

- Periodic Costing

  QAD Periodic Costing is a cost method for inventory valuation that calculates item unit costs based on the actual value of inventory and shop floor transactions that occurred at a certain period. As implied by the name, this is a calculation that is done per period.

The information in these Costing sections help you track costs, which is important in determining product costs, total cost of production, inventory values, and productivity.

Cost Management

QAD Costing determines how costs are determined and applied, as well as the level of production output. Costing includes cost management, which, in turn, includes multi-element costing, cost simulation, and cost planning.

Cost Management functions and features les you create additional cost elements, which provide additional reporting detail; and multiple cost sets, which enable you to keep cost history on file and create future costs without impacting current cost updates.

You can also simulate cost changes and to modify elements of cost for *what-if* scenarios, and to develop cost plans.

Linked -site costing lets you create a cost set and then link it to multiple sites.

Finally, tracking costs is important in determining product costs, total cost of production, inventory values, and productivity.

Average Cost Analysis

Run this report to see quantity, unit cost, and inventory value data for the beginning balance data, change data, and ending balance data.

You can sort by effective/transaction dates, item, site, or order.

The system displays the GL transactions, with GL Reference and Reference IDs, for inventory transactions that add value to inventory.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Effective Date

Enter the effective date or range of dates.

The default effective date is the system date.

Date

Enter the transaction date or a range of dates.

Site

Enter the site for which you want to view transactions with average cost computations.

Item Number

Enter an item or a range of items for which you want to view transactions with average cost computations.

Order

Enter an order or a range of items for which you want to view transactions with average cost computations.

Co/By-Product Cost Methods

In the **Co/By-Product Cost Methods** browse, select a record, then Select Edit. Select New to create a new method.

When you select either New or Edit, the system displays two panels: A Summary panel with read-only information and a Main panel with co/by-product cost-allocation method information that you can update.

When you are satisfied with your updates, select Save.

You should run this function before the first production order accounting close of co-products/by-products.

Predefined Cost-Allocation Methods

When you allocate the costs of the co-products and/or by-products of a base process using this function, you can use predefined methods or any number of user-defined methods.

You should establish generalized codes for valid methods. The three system-predefined cost allocation methods should be added to **Generalized Codes** as follows:

- Weight/volume of each co-product received

  Field name: acm_method
  Value: wocsal01.p
  Comments: Weight/volume

- Price of each co-product received

  Field name: acm_method
  Value: wocsal02.p
  Comments: Price

- Price factored by weight/volume of each co-product received

  Field name: acm_method
  Value: wocsal03.p
  Comments: Price factored by weight/volume

When you do not choose a method, the system uses the predefined Receipt Quantity method. You can establish cost allocation methods by site and by product line and base process.

Summary

This panel displays the following read-only information:

- Site and description: Displays the site and description for the costs.
- Product line and description: Displays the product line and description of the co-products/by-products.
- Base process and base process item description: Displays the base process and description for the co-products/by-products.

Main

Site/description

When creating new cost methods, enter the site or use the lookup to find a site. You cannot leave this field blank. When editing existing Co/By-Product cost method records, this field is read only.

The description is read only.

Product Line/description

When creating new cost methods, enter the product line or use the lookup to find a product line. You cannot leave this field blank. When editing existing Co/By-Product cost method records, this field is read only.

Note A Co/By-Product cost method can have a product line or base process, but not both. When you try to enter both, the system displays an error message.

Base Process/description

When creating new cost methods, enter the base process or use the lookup to find a base process. You cannot leave this field blank. When editing existing Co/By-Product cost method records, this field is read only. You cannot enter both a product line and a base process.

Method

Enter a cost method to allocate costs for co-products/by-products. This field is editable for new or existing cost method records.

The method you enter should exist in **Generalized Codes**. The data stored in the DB field has to be the value from GenCodes, and it has to be a program name. For more information, see Predefined Cost-Allocation Methods on page 5473.

You can add your own method with your own business logic. To do this, create the program; then, set it up in **Generalized Codes**. Custom programs added to **Generalized Codes** display in the lookup.

Copy Cost Elements Action

Select Copy Cost Elements from the Actions menu in the **Cost Sets** hybrid view to copy cost elements from a:

- Non-simulation cost set to another non-simulation cost set
- Simulation cost set to a non-simulation cost set
- Non-simulation cost set to a simulation cost set
- Simulation cost set to another simulation cost set

The navigation always includes two panels, Summary and Main.

Summary

The Summary panel contains the From Cost Set and To Cost Set display-only fields.

Main

When this form displays, the cost set that you selected in the Cost Sets browse populates the From Cost Set option and data in the Summary panel.

From Cost Set

This is the cost set with the elements you want to copy to a new cost set. You can copy from current, GL, or simulation cost sets. For this option, you can:

- Keep the cost set that defaults from the cost set you selected in the browse.
- Enter a new cost set from which to copy elements.
- Use the lookup to find the cost set.

You cannot leave this option blank.

To Cost Set

Enter the cost set to which you want the elements copied (the target cost set), or use the lookup to select a cost set.

You must enter a valid current, GL, or simulation cost set. A blank is not allowed.

Note When the costing method for the To Cost Set is Average, only Material elements that can be copied will be visible in the grid.

Element Grid

The Elements grid displays elements from the source Cost Set that do not exist in the To Cost Set.

If the Costing Method is Average, then only Material Category elements can be copied. Elements for other categories will not be visible in the grid.

All elements are selected to be copied by default. Clear the elements that you do not want to copy. Select Submit.

Cost Category Translations

There are five different cost categories: material, labor, burden, overhead and subcontract. Each cost element in the system is associated with one of these categories. The cost category translations display in some reports and maintenance functions in the user's own language. The cost category translations form the basis of the default cost element names when new items are created and a default set of cost elements are required. You use this function to modify the current cost category translations.

Using this function, you can modify translations by:

- Adding new cost category translations
- Updating existing cost category translations
- Deleting cost category translations

To create new cost category translations, you select New from the Cost Category Translations browse. When you do, the system displays two panels: a Summary panel with read-only Language and Description data, and a Main panel with all options editable. Before you can create new data, the language for the translations should already exist in the language master. You can enter languages into the language master by using **Languages**.

To edit existing cost category translations, select a record from the browse, then select Edit. The system displays the same two panels with creating new translations; however, only the Language and description options are read only; all other fields are enabled and editable.

To delete cost category translations, select a record from the browse, then Delete.

When you are satisfied with your updates, select Save.

Main

Language/Description

Enter a valid language or use the lookup to select a language. The language should exist in the language master. When creating new cost category translations, you cannot leave this option blank. When editing existing records, this option is read only.

The description is read only.

Category

Select the Category for the translation.

Translation

Specify the Translation for the Category selected. You cannot enter a translation that is used for another Category; when you try, the system displays an error.

Cost Plan by Site Update

When the GL cost set assigned to a site is updated using this function, inventory is revalued to reflect the new costs. To reflect this cost change in work in process (WIP) and open sales orders, run WIP Material Cost Revaluation and Sales Order Cost Revaluation.

When a site is the source for GL costs at other sites, updating the active GL cost set automatically generates cost adjustment (CST-ADJ) transactions at any target sites. For more information on linked sites, refer to Linked-Site Rules information in your costing user documentation.

The program generates an audit trail report. It is recommended that you save this report. When GL costs are changed by mistake, you must manually reenter the old cost in Item-Site Cost Maintenance.

The cost planning function can phase in cost changes. You can specify that a set of newly developed GL costs go into use on a certain date.

When the Cost Plan by Site Update function is run, cost plans are reviewed for all sites in the specified range. If any have cost plans with start dates matching the date this function is run, the costs for that site are set to the new GL costs from the plan.

You should define menu security for this program to restrict access. Also, you may want to back up the database prior to updating costs, particularly GL costs.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Site

Enter the site or sites to update.

Update

Check this option to run this program in update mode and change records in the database. When not checked, the system runs this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page.

Cost Plans by Site

Use this function to create, view, update, and delete cost plans for a site.

When a site is the source for GL costs at other sites, the new cost set should use the standard costing method, since average costing does not consider inventory at multiple sites. When average costing is used, the system does not update GL costs at any linked sites.

When you select New or Edit from the Cost Plans by Site browse, the system displays two panels: a Summary panel and a Main panel.

To delete a cost plan, select Delete.

When you are satisfied with your updates, select Save.

Activating Cost Set Plans

Changes in costs are sometimes predictable from standard cost changes or seasonal fluctuations in commodity prices. When you know in advance that costs are going to change, you can enter the new costs and then activate them in the future. To enter new costs and activate them, you:

1. Create a new GL cost set in **Cost Sets**.
2. Enter new costs manually in **Item Site Costs**, or copy costs from an existing cost set using the Web UI **Cost Set Copy to Cost Set**.

   Note You can increase or decrease copied costs by a specified percentage by using **Item Site Costs**.
3. Attach the new cost set to a site with a starting effective date by using **Cost Plans by Site**. When the old costs are expected to come back into effect on a certain date, create an additional cost plan for that date. For example, seasonal costs may start June 1 and standard costs may apply again on September 1.
4. Run **Cost Plan by Site Update** to activate the planned cost changes. Recording the planned cost changes in this function does not automatically change the GL costs on the effective date.

   Run the update on or after the Start date for costs to change.

   Note To activate the costs earlier than the Start date, use **Cost Set to Site Assignment.**

Summary

This panel displays the following read-only information:

- Site and description: Displays the site for the cost set.
- Start Date: Displays the start date.
- Old Cost Set: Displays the cost set prior to the change.
- Costing Method: Displays the method as standard, average, or none.

- Entity: Displays the entity for the site.

Main

Site/Description

Enter a valid site for which you want to implement cost plans. You cannot leave this option blank. This option is read only when editing an existing record.

You must have access to the site, and the site must be in the current domain; when these conditions do exist, the system displays an error message.

The description is read only.

Start Date

When creating new cost plans, enter a start date for the cost plans to be active. You cannot leave this field blank. When editing an existing cost plan, this field is read only.

New Cost Set/Description

When creating new cost plans, enter a valid GL cost set or use the lookup to select a cost set. You cannot leave this field blank.

When you enter a non-GL cost set, the system displays an error.

When there are linked-site rules defined for the site or the site is already used as a source or target site, the system displays a warning. When you assign a cost set that uses the average costing method, the system displays a warning that average costing is not permitted with the linked site. When any of these conditions exist, the record will be saved, but you cannot activate the cost plan in **Cost Plan by Site Update**.

Memo

Enter a short description of the reason for this cost change. The Memo prints on most reports, as space permits.

Old Cost Set

Displays the cost set prior to the change.

Costing Method

Displays the Costing Method as standard, average, or none.

Entity

This read-only field displays the entity for the site, created in **Entities.**

Select Save at the bottom of the screen to save your updates.

Cost Roll-Up Freeze & Unfreeze

Once standard GL costs are established, use Cost Roll-Up Freeze & Unfreeze to prevent the system from recalculating the costs the next time routing or product structure roll-ups are performed. For example, you may want to set standard costs or create a reference cost set that does not change over a specific period. Any cost set can be frozen.

Freezing standard costs provides fiscal-year control over those costs. You can freeze approved or verified standard costs at the start of your fiscal year, and then track cost changes in variance accounts through the year. At the close of the fiscal year, copy the current cost set to the standard set. Freezing costs also improves processing speed during cost roll-up calculations. After item costs are calculated and frozen, all subsequent cost roll-up calculations simply use the frozen cost.

Note

Freezing costs only prevents the system from recalculating costs. It does not prevent manual changes in item cost data maintenance functions, cost set copy functions, or operation cost calculation.

To introduce an item with wholly new components mid-year, add the items, structure, and routing, then roll up as usual and freeze the item's standard costs. To add or change components in an existing structure or to change a routing mid-year, unfreeze the affected items including components and parents. Roll up the revised structure and routing and refreeze.

When a changed item is optional in the structure or routing or if its parent can use other unchanged subassemblies as a direct replacement, be careful to unfreeze the parent without unfreezing unchanged subassemblies.

For the correct calculation of co-product costs, freeze the costs for by-products once those by-product costs have been determined. When by-product costs are not frozen, the cost of a base process item may not be equal to the costs of the co/by-products that it produces. This is because the costs for a by-product may have been recalculated after the costs were calculated for one or more of the co-products. This can result in co-product costs that do not tie to the cost of a by-product.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Site

Enter a site associated with the cost set to freeze or unfreeze.

Cost Set

Enter the cost set to use with this function.

Item

Enter item numbers to filter records for the cost freeze or unfreeze.

Product Line

Enter a product line to filter records for the cost freeze or unfreeze.

Item Type

Enter an item type to filter records for the cost freeze or unfreeze.

Item Group

Enter an item group to filter records for the cost freeze or unfreeze. Product line, group, and type all categorize items.

Purchase/Manufacture

Enter a purchase/manufacture (pur/mfg) code to filter records for the cost freeze or unfreeze. The Pur/Mfg code controls how the system explodes forecasts, plans and creates orders, and calculates costs for the item.

Buyer/Planner

Enter a buyer or planner code to filter records for the cost freeze or unfreeze. This code identifies the person responsible for planning and ordering this item.

Freeze or Unfreeze

Specify to freeze or unfreeze item costs by cost set against roll-ups, usually after roll-ups have been performed.

Frozen item costs (by item, range, product line, types, groups, and so on) are individually marked by Cost Roll-Up Freeze & Unfreeze and are not changed by subsequent roll-ups.

Unfreeze unflags item costs that have been flagged as frozen.

Update

Select Yes to run this program in update mode and change records in the database. Select No to run this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page.

Cost Set Copy to Cost Set

For each item and site, multiple sets of costs can be maintained. You can copy costs between different types of cost sets (GL, current, and simulation) within the same site or between different sites. This function can take a long time to process. When you use this function to update the GL cost set assigned to a site, inventory is revalued to reflect the new costs.

After costs are copied, you can adjust them manually in Item-Site Cost Maintenance or have the system calculate costs as a percentage of one or more cost elements in Item-Element Cost Calculation.

You copy cost sets typically when:

- Costs for items used at more than one site can be entered for one site and then copied to all of the others.
- Generating costs for the next period, you can use the active GL or current cost set as a basis, and then make adjustments.
- For a simulation using costs stored in another cost set and adjusting for possible cost changes. When creating a new simulation, also run Item/Routing to Simulation Copy to initialize work center and routing costs in the simulation.

You must specify both a site and cost set for the source and target cost sets. Records are selected based on the selection criteria you enter. The system first looks for item data specific for the site. If none is found, the system uses the item master record.

You can enter values in the Negative Change Allowed and Positive Change Allowed % fields to indicate the percentage change to allow on all costs copied.

When one cost set is copied to another, costs may already exist in the target cost set. If so, costs are updated only if the difference between the costs lies within this tolerance range.

When the GL cost set assigned to a site is updated using this function, inventory is revalued to reflect the new costs. To reflect this cost change in work in process (WIP) and open sales orders, run WIP Material Cost Revaluation.

When a site is the source for GL costs at other sites, updating the active GL cost set automatically generates cost adjustment (CST-ADJ) transactions at any target sites. You cannot update GL costs at a target site, since these costs are referenced from the source site.

Settings

For more information about running reports, see: Reports on page 296

Filter

From Site

Enter the site from which costs are copied.

From Cost Set

Enter the code specifying the cost set from which you want to copy costs to another cost set. You can copy from any cost set type. The system first searches for item-site cost records to copy. If none exists, the system searches item master records.

To Site

Enter the site for the cost set to which you are copying cost data.

To Cost Set

Enter the cost set to which you want to copy cost data.

Item

Enter item(s) to filter cost data to copy.

Product Line

Enter product lines to filter cost data to copy.

Item Type

Enter item types to filter cost data to copy. This limits item record selection to records associated with these type codes. Item type is an optional code specified in Items that lets you categorize similar items.

Item Group

Enter an item group to filter cost data to copy.

ABC Class

Enter the ABC classification to filter cost data to copy. The ABC classification codes determine the count frequency and the error tolerance allowed for each item.

Purchase/Manufacture

Enter the purchase/manufacture (Pur/Mfg) code to filter cost data to copy. The Pur/Mfg code controls how the system explodes forecasts, plans and creates orders, and calculates costs for the item.

Buyer/Planner

Enter the buyer/planner code to filter cost data to copy. This is an optional code identifying the person responsible for planning and ordering this item.

Negative Change Allowed %

Specify a percentage to indicate the negative percentage change to allow on all costs copied.

Positive Change Allowed %

Specify a percentage to indicate the positive percentage change to allow on all costs copied.

Copy Material Cost

Select Yes if the material cost element is to be copied from the source cost set to the target cost set. No specifies the material cost element is not copied. The default is Yes.

Copy Labor Cost

Select Yes if the labor cost element is to be copied from the source cost set to the target cost set. No specifies the labor cost element is not copied. The default is Yes.

Copy Burden Cost

Select Yes if the burden cost element is to be copied from the source cost set to the target cost set. No specifies the burden cost element is not copied. The default is Yes.

Copy Overhead Cost

Select Yes if the overhead cost element is to be copied from the source cost set to the target cost set. No specifies the overhead cost element is not copied. The default is Yes.

Copy Subcontract Cost

Select Yes if the subcontract cost element is to be copied from the source cost set to the target cost set. No specifies the subcontract element is not copied. The default is Yes.

Sum Cost for Material This Level for DRP

If you select Yes for Sum Costs to MTL TL for DRP, the system rolls up this/lower-level costs into this-level (TL) material costs during the copy process. If you select No, costs are copied as-is. For example, this feature lets you build subassemblies at one site, ship them to a second site, and continue the manufacturing process without requiring manual updates to the subassembly cost. The default is No.

Summary/Detail

Specifies the level of detail to appear on this report. Select Yes to print a detailed report of each transaction selected on this report. Select Summary to print a report with transaction totals only. Detailed reports are normally used as audit trails or when investigating sources of errors. Summarized reports are useful when you just need a bottom line total.

Update

Select Yes to run this program in update mode and change records in the database. Select No to run this report in report-only mode without

updating the database. A report prints for review with SIMULATION displayed at the top of each page. The default is No.

Cost Set Delete

Use this program to delete cost sets when you need to free disk space or archive outdated costs sets.

All cost data associated with the specified cost set, including item costs and simulation elements and costs, is deleted from the database when you run Cost Set Delete.

Note

You cannot delete the standard and current cost sets or a cost set being used as the GL or current cost in the system.

Once deleted, records cannot be recovered. You may want to back up your database prior to executing this, just in case you need to recover.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Cost Set

Specify a cost set. The system deletes the cost set along with all of the costs associated with it. This includes any direct item costs, subcontract costs, and work center rates. You may not delete the current or standard cost set. These are the default cost sets used by the system. Also, you cannot delete a cost set that is in use as the GL or current cost set in the system.

Archive

Select Yes to archive the selected records. When indicated, the selected records are copied to an ASCII file. The default is No.

The system creates a file name in the following format: xxYYMMDD.hst, where xx identifies the module code or record type and YYMMDD is the file creation date. If this file does not exist, it is created. If it does exist, records are appended to the end.

When you do not specify to archive, the selected records are not copied to an ASCII file.

Delete

Select Yes to delete the selected records and generate a report of the records deleted. Select No to generate a report only. The default is No.

When you set Archive to Yes when Delete is Yes, the selected records are copied to an ASCII file before deletion. Use Archive File Reload to reload the data, if needed.

Cost Sets

There are two default cost sets for each site: Standard (the default GL cost set) and Current (the default Current cost set).

GL cost distinguishes costs used to value inventory and determine cost-of-goods sold from other costs such as current costs or planning costs, while current cost is normally based on recent production and/or purchases. Current costs are the actual costs from inventory receipts and production order labor transactions.

The system supports GL and current costs by item and site.

Use **Cost Sets** to:

- Set up GL, current, and simulation cost sets.
- Create cost elements associated with the cost sets.
- Copy cost elements.
- Delete a cost set or cost set element.

To edit an existing cost set, select the cost set in the Cost Sets browse; then select Edit. Select New to create a new cost set.

To copy elements from an existing cost set, from the Cost Sets browse, select Action, then Copy Cost Elements. You can also select a cost set in the browse, select Edit, then select the Action to copy. Refer to Copy Cost Elements Action on page 5475.

When you select either New or Edit, the system displays two panels: A Main panel to specify cost sets, their type, and the costing method, and an Elements panel that displays a grid of the elements for the cost set you selected.

You can delete a cost set from the form that displays when you edit existing or create a new cost set. To do this, select Delete. You cannot delete a cost set when:

- Cost records exist.
- The cost set is the GL or current cost set of a site.
- The cost set is either the system Standard or Current cost set.

Note You delete a cost set element in the Elements panel.

Main

Cost Sets

Enter a cost set when creating a new cost set. This is a mandatory field for a new cost set; a blank is not allowed. Enter GL, current, or simulation cost set.

When modifying an existing cost set, only the Description and Costing Method can be updated.

Description

Enter a description of the cost set.

Cost Set Type

Enter the type for the cost set. Choose from:

- Current: Current cost sets are typically system maintained and used for reporting purposes.
- Simulation: Simulated cost sets are for reporting only and are typically used for planning, developing new standards, or simulating the effects of a cost change. Simulated costs cannot be system maintained.
- GL: Cost sets of type GL, when associated with sites using **Cost Set to Site Assignment**, are used with GL transactions to value inventory and determine the cost of sales.

Cost Method

Enter the costing method. A costing method must be assigned to each cost set indicating how costs are defined and maintained.

The cost set type determines which costing methods can be used:

- For current costs, the cost method can be Average, Last, or None.
- For GL costs, the cost method must be Average or Standard.
- For simulated costs, the cost method defaults to None and cannot be updated.

When setting the costing method, choose from:

- Average: Costs are updated during item receipts and other inventory-related activities using a simple weighted-average calculation.
- Last: Each item’s cost is equal to the unit cost from the last receipt or inventory update.
- None: Costs are not updated automatically. They are maintained manually as needed.
- Standard: Costs are not updated automatically. Updates are performed manually and typically no more than a few times a year.

After you have defined cost sets, you can assign them to separate sites using **Cost Set to Site Assignment**.

Only one active GL and one active current cost set per site are permitted. The system automatically updates average or last costs only for these two cost sets.

Elements

Total cost for an item is made up of elements in five cost categories: material, labor, burden, overhead, and subcontract.

Cost elements can be created as subsets of the five standard cost categories. Item costs can then be assigned to these cost elements and subsequently rolled up into those elements, or optionally, the categories to which the elements belong.

You can build cost elements either by:

- Copying another current, GL, or simulation cost set using the Copy Cost Elements Action on page 5475
- Selecting New and manually adding an additional element

To delete an existing element, select Delete. You cannot delete an element when the cost element:

- Has detail cost that records exist
- Is one of the five system cost elements—material, labor, burden, overhead, subcontract
- Is found on an item in **Item Site Costs** using the same cost set, and the element contains a non-zero cost
- Is found on an item in **Item Site Costs** using the same cost set, and an element is marked as Primary

To add new elements, select New in the Element panel. To delete an element, select Delete.

You can copy custom elements that do not already exist in the target cost set by using the Copy Cost Elements Action on page 5475.

Cost Element

Enter a new or existing cost element or use the lookup to select an existing element to update. This is a mandatory field; you cannot leave this option blank. If you enter an element that exists for another category, the system displays an error message.

An element can only exist once in a cost set, regardless of category.

Category

Enter the category or use the lookup to select a category. This is a mandatory field; you cannot leave this option blank. Once you select a category for the element, you cannot modify this field.

When the costing method is Average, only elements for the Material Category can be added.

Note You cannot add duplicate elements with the same name to a cost set.

Description

Optionally, enter a description for the cost element. This field is editable for new and existing cost elements.

Select Save at the bottom of the screen to save your updates.

Cost Set to Site Assignment

At least sets of costs are maintained for each item and site:

- The current cost reflects today's cost for an item.
- GL cost is used for all general ledger transactions.

These default to cost set codes Current and Standard. To set up current or GL costs under different cost set codes, assign them to the site before they are used.

Use this function only if you store costs under cost set codes other than Current and Standard. This is required if one site uses standard costing and the other average, or if one maintains current costs as Average and the other as Last.

This function can take a long time to process.

The process is as follows:

1. If necessary, back up the database prior to updating costs, particularly GL costs.
2. Create a new GL or current cost set in Cost Set Maintenance.
3. Enter new costs manually, or copy costs from an existing cost set using Cost Set Copy to Cost Set.
4. Run Cost Set to Site Assignment and specify a site.
5. Assign a new GL Cost Set or leave blank to use the default. Only cost set type GL can be assigned.

   If this site is the source for GL costs at other sites, the new cost set must use the standard costing method, since average costing does not consider inventory at multiple sites. If average costing is used, GL costs are not updated at any linked sites.
6. Assign a new Current Cost Set or leave blank to use the default. Only cost set type Current can be assigned.
7. An audit trail report will be generated when the report is run.

Once you run this function, all transaction activity at the specified site accesses costs.

When the GL cost set assigned to a site is updated using this function, inventory is revalued to reflect the new costs. To reflect this cost change in work in process (WIP) and open sales orders, run WIP Material Cost Revaluation and Sales Order Cost Revaluation.

When this site is the source for GL costs at other sites, updating the active GL cost set automatically generates cost adjustment (CST-ADJ) transactions at any target sites.

When GL costs are changed by mistake, you must manually reenter the old cost in Item-Site Cost Maintenance. Manually adjust any incorrect GL transactions.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Site

Enter the site to which these costs apply. This is the site for which you are changing the cost set.

Each site may have its own set of product costs. Material costs, routings, and product structures are entered by site, and cost roll-up functions calculate costs by site. The site GL cost is used for all general ledger transactions created by activity at this site.

When a new GL cost set is assigned to a site, the system automatically revalues inventory to these new costs, creating general ledger transactions to the Inventory and Cost Revalue accounts.

New GL Cost Set

Enter the GL cost set code to assign to the specified site. The default is the system GL cost set.

Default GL standard and current cost sets always exist; you can create additional sets and assign them to sites with functions in the Costing module.

When specified, item costs associated with this cost set are used for all GL transactions that reference this site.

New Current Cost Set

Enter the new current cost set to assign to this site.

Update

Select Yes to run this program in update mode and change records in the database. Select No to run this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page. The default is No.

Cost Update from Cost Elements Utility

Cost Update from Cost Elements Utility calculates the sum of the cost elements' detail for an item and updates the summary cost record to reflect the correct total for each cost category. The system uses the summary cost record for an item when it creates GL transactions or when it reports total costs for a cost category.

Each cost set has five cost categories: material, labor, burden, overhead, and subcontract. Each category always has one primary element.

When the GL cost set assigned to a site is updated using this function, inventory is revalued to reflect the new costs.

When a site is the source for GL costs at other sites, updating the active GL cost set automatically generates cost adjustment (CST-ADJ) transactions at any target site. You cannot update GL costs at a target site, since these costs are referenced from the source site.

Set Update to No to print changes for review before updating the system. The system displays a report, indicating that it is a simulation in the header. Set Update to Yes to update the database.

Settings

For more information about running reports, see Reports on page 296.

Filter

Site

Enter the site for the cost update. This is a mandatory option. The operator for this option is set to equals and you cannot change it. You cannot enter a restricted site.

Cost Set

Enter the code identifying the cost set to be updated by this function. This is a mandatory option. The operator for this option is set to equals and you cannot change it.

Item

Enter item numbers to filter records for this update.

Update

Select Yes to run this program in update mode and change records in the database. Select No to run this program in report-only mode without updating the database. A report prints for review with simulation displayed at the top of each page. The default is No.

Current Cost Set Move to GL Cost Set

Every item has at least two cost sets: GL and current. When costs change, update and verify the current costs first, then use Current Cost Set Move to GL Set to reflect the change in the GL cost set. At the beginning of each fiscal year, most companies set current and GL costs equal. You can do this with GL Cost Set Move to Current Set.

This function can take a long time to process.

You must specify a site. Records are selected based on the selection criteria you enter. The system first looks for item data specific for the site. If none is found, the system uses the item master record.

You can enter values in the Negative Change Allowed % and Positive Change Allowed % fields to indicate the percentage change to allow on all costs copied. GL costs are updated only if the difference between the costs lies within this tolerance range.

When one cost set is copied to another, costs may already exist in the target cost set. If so, costs are updated only if the difference between the costs lies within this tolerance range.

Total cost for an item is made up of elements in five cost categories: material, labor, burden, overhead, and subcontract. You can copy all or some of the cost elements from one cost set to another. Each cost element is copied from the current cost set to the GL cost set, provided the difference between the two total costs does not exceed the range specified in the Negative Change Allowed % and Positive Change Allowed % fields.

When the GL cost set assigned to a site is updated using this function, inventory is revalued to reflect the new costs. To reflect this cost change in work in process (WIP), run WIP Material Cost Revaluation.

When a site is the source for GL costs at other sites, updating the active GL cost set automatically generates cost adjustment (CST-ADJ) transactions at any target sites. You cannot update GL costs at a target site, since these costs are referenced from the source site. For more information on linked sites, refer to information on Linked-Site Rules in your Costing user documentation.

You may want to back up the database prior to updating costs, particularly GL costs.

Settings

For more information about running reports, see: Reports on page 296

Filter

Site

Enter the site from which costs are copied.

Item

Enter item(s) to filter cost data to copy.

Product Line

Enter product lines to filter cost data to copy.

Item Type

Enter item types to filter cost data to copy. This limits item record selection to records associated with these type codes. Item type is an optional code specified in Items that lets you categorize similar items.

Item Group

Enter item groups to filter cost data to copy.

ABC Class

Enter the ABC classifications to filter cost data to copy. The ABC classification codes determine the count frequency and the error tolerance allowed for each item.

Purchase/Manufacture

Enter the purchase/manufacture (Pur/Mfg) codes to filter cost data to copy. The Pur/Mfg code controls how the system explodes forecasts, plans and creates orders, and calculates costs for the item.

Buyer/Planner

Enter the buyer/planner codes to filter cost data to copy. This is an optional code identifying the person responsible for planning and ordering this item.

Negative Change Allowed %

Specify a percentage to indicate the negative percentage change to allow on all costs copied.

Positive Change Allowed %

Specify a percentage to indicate the positive percentage change to allow on all costs copied.

Copy Material Cost

Select Yes if the material cost element is to be copied from the source cost set to the target cost set. No specifies that the material cost element is not copied.The default is Yes.

Copy Labor Cost

Select Yes if the labor cost element is to be copied from the source cost set to the target cost set. No specifies that the labor cost element is not copied. The default is Yes.

Copy Burden Cost

Select Yes if the burden cost element is to be copied from the source cost set to the target cost set. No specifies that the burden cost element is not copied. The default is Yes.

Copy Overhead Cost

Select Yes if the overhead cost element is to be copied from the source cost set to the target cost set. No specifies that the overhead cost element is not copied. The default is Yes.

Copy Subcontract Cost

Select Yes if the subcontract cost element is to be copied from the source cost set to the target cost set. No specifies that the subcontract cost element is not copied. The default is Yes.

Sum Cost for Material This Level for DRP

If you select Yes for Sum Costs to MTL TL for DRP, the system rolls up this/lower-level costs into this-level (TL) material costs during the copy process. If you select No, costs are copied as-is. For example, this feature lets you build subassemblies at one site, ship them to a second site, and continue the manufacturing process without requiring manual updates to the subassembly cost. The default is No.

Summary/Detail

Specifies the level of detail to appear on this report. Select Yes to print a detailed report of each transaction selected on this report. Select Summary to print a report with transaction totals only. Detailed reports are normally used as audit trails or when investigating sources of errors. Summarized reports are useful when you just need a bottom line total.

Update

Select Yes to run this program in update mode and change records in the database. Select No to run this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page. The default is No.

GL Cost Set Move to Current Set

Every item has at least two cost sets: GL and current. At the beginning of each fiscal year, most companies set current and GL costs equal. To copy costs between different sites, use Cost Set Copy to Cost Set.

This function can take a long time to process.

You must specify a site. Records are selected based on the selection criteria you enter. The system first looks for item data specific for the site. If none is found, the system uses the item master record.

You can enter values in the Negative Change Allowed % and Positive Change Allowed % fields to indicate the percentage change to allow on all costs copied. Current costs are updated only if the difference between the costs lies within this tolerance range.

Total cost for an item is made up of elements in five cost categories: material, labor, burden, overhead, and subcontract. You can copy all or some of the cost elements from one cost set to another. Each cost element is copied from the GL cost set to the Current cost set, provided the difference between the two total costs does not exceed the range specified in the Negative Change Allowed % and Positive Change Allowed % fields.

When a site is the source for GL costs at other sites, copying GL costs to the current cost set does not affect the current cost sets at any target sites. If this is a target site, only GL costs for items not linked to the source site are copied. Linked costs are not copied since they are referenced from the source site. For more information on linked sites, refer to information on Linked-Site Rules in your Costing user documentation.

You should define menu security for this program to restrict access. You may want to back up the database prior to updating costs, particularly GL costs.

Settings

For more information about running reports, see: Reports on page 296

Filter

Site

Enter the site from which costs are copied.

Item

Enter item(s) to filter cost data to copy.

Product Line

Enter product lines to filter cost data to copy.

Item Type

Enter item types to filter cost data to copy. This limits item record selection to records associated with these type codes. Item type is an optional code specified in Item Master Maintenance that lets you categorize similar items.

Item Group

Enter item groups to filter cost data to copy.

ABC Class

Enter the ABC classifications to filter cost data to copy. The ABC classification codes determine the count frequency and the error tolerance allowed for each item.

Purchase/Manufacture

Enter the purchase/manufacture (Pur/Mfg) code to filter cost data to copy. The Pur/Mfg code controls how the system explodes forecasts, plans and creates orders, and calculates costs for the item.

Buyer/Planner

Enter the buyer/planner code to filter cost data to copy. This is an optional code identifying the person responsible for planning and ordering this item.

Negative Change Allowed %

Specify a percentage to indicate the negative percentage change to allow on all costs copied.

Positive Change Allowed %

Specify a percentage to indicate the positive percentage change to allow on all costs copied.

Copy Material Cost

Select Yes if the material cost element is to be copied from the source GL cost set to the target Current cost set. No specifies that the material cost element is not copied. The default is Yes.

Copy Labor Cost

Select Yes if the labor cost element is to be copied from the source cost set to the target cost set. No specifies that the labor cost element is not copied. The default is Yes.

Copy Burden Cost

Specify Yes if the burden cost element is to be copied from the source cost set to the target cost set. No specifies that the burden cost element is not copied. The default is Yes.

Copy Overhead Cost

Specify Yes if the overhead cost element is to be copied from the source cost set to the target cost set. No specifies that the overhead cost element is not copied. The default is Yes.

Copy Subcontract Cost

Specify Yes if the subcontract cost element is to be copied from the source cost set to the target cost set. No specifies that the subcontract cost element is not copied. The default is Yes.

Sum Cost to Material This Level for DRP

If you select Yes for Sum Costs to Material This Level for DRP, the system rolls up this/lower-level costs into this-level (TL) material costs during the copy process. Otherwise, costs are copied as-is. For example, this feature lets you build subassemblies at one site, ship them to a second site, and continue the manufacturing process without requiring manual updates to the subassembly cost. The default is No.

Summary/Detail

Specifies the level of detail to appear on this report. Select Yes to print a detailed report of each transaction selected on this report. Select Summary to print a report with transaction totals only. Detailed reports are normally used as audit trails or when investigating sources of errors. Summarized reports are useful when you just need a bottom line total.

Update

Select Yes to run this program in update mode and change records in the database. Select No to run this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page. The default is No.

Inventory Accounting Control

Use this program to revalue open production orders when standard costs change when:

- Standard costs change after you release a production order.
- Additional materials have been issued to work in process (WIP).

Standard component costs are recorded on production orders at release when the status is E, A or R. When materials are issued to the order, the standard cost of those materials is posted to WIP from the production order bill.

WIP Material Cost Revaluation updates the production order bill with the currently effective GL cost. Any difference between the unit cost of the components issued and the standard cost is posted as a material rate variance. WIP Material Cost Revaluation does not update product structures or labor and burden costs.

Execute this program before closing orders with Production Order Accounting Close to prevent unaccounted material rate variances.

Depending on the number of orders selected for processing, this function can take some time to complete. The program creates transactions in Inventory History and Operation History tables that represent the GL transactions created when closing out the WIP value of the production order. You should execute WIP Material Cost Revaluation before closing orders with this program to prevent unaccounted for material rate variances.

GL Transactions

GL transactions are stored in the unposted transaction table until they are posted. Review unposted transactions with Unposted Transactions. The GL reference begins with WO.

This program:

- Debits the WIP account from the production order
- Credits the Material Rate Variance account from the production order

Settings

For more information about running reports, see: Reports on page 296.

Filter

Account

Enter the account codes to include. Leave blank to begin with the first account code matching the other criteria.

Sub-Account

Enter sub-accounts to include. Leave blank to begin with the first sub-account matching the other criteria.

Cost Center

Enter cost centers to include. Leave blank to begin with the first cost center matching the other criteria.

Project

Enter projects to include. Leave blank to begin with the first project matching the other criteria.

Production Order

Enter production order numbers to include. The production order number and the ID together identify a specific manufacturing order. The same order may be used with different IDs.

ID

Enter the production order IDs to include.

Item Number

Enter item numbers being manufactured on this production order, either a finished product or an intermediate subassembly.

Site

Enter sites to include.

GL Effective Date

Enter the general ledger (GL) effective date associated with this transaction. The default is the system date. The system validates that the date is within an open fiscal period.

Summary/Detail

Specifies the level of detail to appear on this report. Detail prints a detailed report of each transaction selected on this report. Summary prints a report with transaction totals only. Detailed reports are normally used as audit trails or when investigating sources of errors. Summarized reports are useful when you just need a bottom line total.

Update

Select Yes to run this program in update mode and change records in the database. When you select No, the system runs this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page.

Item Routing Costs

You can use this report to verify that expected changes have been made, for example, when you copy simulated cost rollup data to cost sets.

The report provides a detailed cost record for a routing. It shows cost detail for each operation in the routing, and total labor, burden, and subcontract costs.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Item

Enter an item or range of items to report routing costs.

Site

Enter a site or range of sites to report item routing costs.

As of Date

Enter an effective date to filter data for this report. The default is the current date.

Include Yield in Cost

Determines whether yield percentages from routings are included in the report. When included, the component quantity per is adjusted upward to account for any yield percentage. This adjusted quantity is used to calculate the cost. When not included, the expected yield is not factored into the cost calculations. The default is Yes.

Work Center

Indicate whether the report only shows operations at a particular work center.

Item-Element Cost Calculation

Use this program to calculate element costs from a set of existing element costs. For example, you can set up Freight as 10% of Domestic Material costs and 30% of Foreign Material costs. You can specify whether the system should calculate costs as a percentage of an item's this-level or lower-level costs. The ability to calculate a particular cost element as a percentage of lower-level costs is especially important for companies that calculate fixed overhead as a percentage of total material costs.

You must specify both a site and cost set. This function can take a long time to process.

Total cost for an item is made up of elements in five cost categories: material, labor, burden, overhead, and subcontract. Each cost category always has one primary element. You can create an unlimited number of non-primary cost elements as subsets of these categories using Cost Element Maintenance.

Enter the target cost element in the Cost Element filter, and the source elements and their percentages in the Element # and Element # Percent filters. The system multiplies each item cost as assigned to the listed source elements by the percentages entered. The resulting cost is updated or reported by item under the target element.

You can run this program twice, once to calculate item costs based on lower-level cost element values and again to calculate item costs based on this-level values. For example, do this if you want to update lower-level material cost and this-level material overhead cost.When you calculate item costs twice, once for each level, set Add To/Replace Existing Cost to Replace for the first cost calculation. The program overwrites the existing cost element value with the calculated value. For the second calculation, set Add To/Replace Existing Cost to Add to add the calculated cost to the total value of the cost element. Otherwise, the second calculation overwrites the first calculated value.

Set Update to No to print a simulated report before updating the database. To update the database, set Update to Yes.

You should run a report first and verify the changes before updating the system. Only update a current cost set or some other non-GL cost set. When you are satisfied with the changes in the current or non-GL cost set, copy the costs to the GL cost set.

When the GL cost set assigned to a site is updated using this function, inventory is revalued to reflect the new costs. To reflect this cost change in work in process (WIP) and open sales orders, run WIP Material Cost Revaluation.

If a site is the source for GL costs at other sites, updating the active GL cost set automatically generates cost adjustment (CST-ADJ) transactions at any target sites. You cannot update GL costs at a target site, since these costs are referenced from the source site.

When you change the cost of non-primary elements, the total cost for each cost category is not automatically updated. To update category costs, perform routing and product structure cost roll-ups or run Cost Update from Cost Elements.

You should define menu security for this program to restrict access.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Prod Line

Enter the product line to include.

Item Number

Enter item numbers to include.

Item Type

Enter the item type to include.

Purchase/Manufacture

Enter the Purchase/Manufacture (Pur/Mfg) code to include.

Site

Enter the site associated with the cost set.

Cost Set

Enter the cost set to use for this calculation.

Cost Element

Enter the Target cost element. Cost element codes group different types of costs within a single cost category. All costs are associated with a cost category. Each cost category must have at least one cost element.

Add To/Replace Existing Cost

Select either Add or Replace. When you select Add, the system adds the calculated cost to the cost element value. When you select Replace, the system replaces the existing value of the cost element with the calculated value. The default is Replace.

You can optionally run the calculation twice. When you calculate costs for more than one level, set this filter to Replace for the first cost calculation. The system overwrites the existing cost element value with the calculated value. For the second calculation, set this field to Add

so that the system adds the calculated cost to the total value of the cost element. Otherwise, the second calculation overwrites the first calculated value.

Use This/Lower Level Costs

Select to calculate costs at This Level cost elements, Lower Level cost elements, or Both. This Level cost is the cost added at the current stage of manufacturing. Lower Level cost represents cost added at prior stages of manufacturing. The default is This Level.

If Both is selected, the This Level and Lower Level costs for the element(s) are added together, and then either used to Replace the existing cost or Add to the existing cost based on the selection you make in the Add to/Replace Existing Cost filter. The default is This Level.

Update

Select Yes to run this program in update mode and change records in the database. When you select No, the system runs this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page.

Element #1 through #15

Enter source cost elements for the calculation. You can enter up to 15 cost elements. The system calculates a particular cost element as a percentage of costs for This Level, Lower Level, or Both (refer to the Use This/Lower Level Costs filter).

Element #1 through #15 Percent

Indicate the percentages for each of the source cost elements.

Item-Element Cost Name Change

Use this program when you need to change the name of a cost element; for example, when you need to change names because cost element names are incorrectly translated or to improve cost management clarity.

Set Update to No to print changes for review before updating the system. SIMULATION appears at the top of each page along with the header information.

When you are satisfied with the cost-element names, set Update to Yes to update the database.

You should define menu security for this program to restrict access.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Cost Set

Enter the cost set associated with the cost element name that you want to change. Leave blank to change the specified cost element name for all cost sets.

From Cost Element

Enter the cost element name to be changed. The From Cost Element must exist. The From and To Cost Elements must have the same cost category. The From Cost Element cannot be the Primary element.

To Cost Element

Enter the new cost element name for the change. The To Cost Element must exist. The From and To Cost Elements must have the same cost category.

Item Number

Enter item(s) to include.

Site

Enter sites to include.

Cost Transfer Option

Choose one of the following selections to manipulate the From and To cost element details:

- Add From and To Element Cost: Use this selection when you want to combine two cost elements. The system combines the From cost element value to the To cost element name's value. Use this option to resolve situations where two different translations exist for the same cost element and the total of the two elements represent the correct cost. This is the default.

- From Element Cost Only: Use this selection when merging two existing cost elements. The From cost element contains the correct cost and To cost element values should not be retained.
- To Element Cost Only: Use this selection when merging two existing cost elements. The To cost element contains the correct cost and the From cost element value should not be retained.

Update

Select Yes to run this program in update mode and change records in the database. The From cost element should be set to zero for all records processed by this program when Update is Yes. When you select No, the system runs this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page. The default is No.

Item Routing to Simulation Copy

Use this program to analyze the effects of anticipated cost changes. Each simulation can have a unique set of item and manufacturing costs, letting managers compare and evaluate possible changes.

You must specify both a site and cost set. The Cost Set Type must be Simulation.

Specified costs are copied into the simulation Cost Set. When a given cost is already entered in the simulation, a new cost is copied only if the difference between the two costs does not exceed the Percentage Change Allowed.

Simulations can be done any time and remain in the system until you delete the Cost Set.

Set Update to No to print a simulated report before updating the database. To update the database, set Update to Yes.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Site

Enter the site to include. This is a mandatory field.

To Cost Set

Enter the Simulation Cost Set. This is a mandatory field, which must be Simulation.

Effective Date

Enter the effective date. The default is the system date.

Item

Enter the item to include.

Product Line

Enter the product line to include.

Item Type

Enter the item type to include.

Work Center

Enter the work center to include.

Tolerance

Enter a tolerance percentage or a range of tolerance percentages.

When one cost set is copied to another, costs may already exist in the target cost set. If so, costs are updated only if the difference between the costs lies within this tolerance range.

You can leave the tolerance blank to have the system ignore the tolerance.

When there is no cost for the item in the target cost set, the percentage change is ignored, and the system copies the source cost.

Copy Work Center Cost

Select Yes if you want to update work center rates to the Simulation Cost Set. Otherwise, select No.

Copy Operation Cost

Select Yes if you want to update operation costs to the Simulation Cost Set. Otherwise, select No.

Update

Select Yes to run this program in update mode and change records in the database. When you select No, the system runs this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page.

Item Site Costs

Cost accounting managers can view/maintain costs for all types of cost sets in this browse/maintenance screen, including simulation cost sets.

To edit existing item site costs, in the Item Site Costs browse, select a record; then, select Edit. Select New to create new item site costs.

When you edit existing item site costs, you can only update This Level costs, add New Cost Elements, or set Cost Elements as Primary.

When you create new item site costs, you can enter the item, site, and cost set. All other options are read only. Once you enter required data in the Main panel, you can enter costs for any cost element.

To create a new cost element, click select New in the Costs grid. Enter the element name or select it from the lookup. The element must already exist for the cost set linked to the item site cost record. You can also set this element to be the primary element for its cost category.

When you are satisfied with your updates, select Save.

Summary

In the Summary Panel, the system displays the following read-only information:

- Item and description
- Site and description
- Cost set and description
- Cost total

Main

Item

Enter a valid item for which you want to create/update costs or use the lookup to select an item. You cannot leave this option blank.

Item Description

The system displays the item description. You cannot edit the description.

Unit of Measure

The system displays the unit of measure for the item; you cannot edit this option.

Site

Enter a valid site to associate with the item to create or update item site costs. You cannot leave this option blank.

Cost Set

Enter a GL, Current, or Simulation cost set, or select it from the lookup. This is a mandatory field.

When you update the GL cost set assigned to a site, inventory is revalued to reflect the new costs.

When a site is the source for GL costs at other sites, updating the active GL cost set automatically generates cost adjustment (CST-ADJ) transactions at any target sites. You cannot update GL costs at a target site, since these costs are referenced from the source site. For more information on linked sites, refer to information on Linked-Site Rules in your Costing user documentation.

You cannot update the unit cost for a Periodic Costing cost set; when you try, the system displays an error message.

Description

The system displays the cost set description; you cannot edit this option.

Cost Set Type

The system displays the cost set type; you cannot edit this option.

- Current: Current cost sets are typically system maintained and used for reporting purposes.
- Simulation: Simulated cost sets are for reporting only and are typically used for planning, developing new standards, or simulating the effects of a cost change. Simulated costs cannot be system maintained.
- GL: Cost sets of type general ledger.

Cost Method

The system displays the costing method for the cost set selected.

The system can display any of the following:

- For current costs, the cost method can be Average, Last, or None.
- For GL costs, the cost method must be Average or Standard.
- For simulated costs, the cost method defaults to None and cannot be updated.

Cost Update

The system displays the last date that costs were updated for this item site cost record.

The Cost Total, the Lower Level costs, and the Lower Level Total are calculated when you run **Routing Cost Roll-Up** and **Product Structure Cost Roll-Up**.

This Level Total

The system displays the total of this-level costs for the current stage of manufacturing or the cost of a purchased item.

Lower Level Total

The system displays the total of lower-level costs added at prior stages of manufacturing. Lower-level costs are costs incurred to purchase or manufacture the components used to make the item. During cost rollup, when you include lower-level material, these lower-level costs will be included in the total cost of the parent item.

Cost Total

The system displays the total cost for the item.

Costs

Total cost for an item is made up of elements in five cost categories: material, labor, burden, overhead, and subcontract.

Cost elements can be created as subsets of the five standard cost categories. Item costs can be assigned to the cost elements and subsequently rolled up into the category to which the elements belong.

Select New to add new elements for the item site costs. When you do, you can enter the Element and the This Level costs. You can also indicate if the element is a Primary element.

To delete an element, select Delete. Only Non-Primary elements without a cost can be deleted.

When costs are rolled up, all costs associated with each category are included; for example, each cost element for the material Category is rolled into the total material cost.

Category

The system displays the category of the cost element.

Element

Enter a new or existing cost element or use the lookup to select an existing element. This is a mandatory field when creating a new element. If you enter an element that exists for another category, the system displays an error message.

An element can only exist once in a cost set, regardless of category.

This Level

Enter the This Level costs for the item site.

Lower Level

The system displays lower-level costs associated with a parent item. You cannot edit this field.

Total

The system displays the total of the This Level and Lower Level costs for the cost element.

Primary

The system indicates if this element is the primary element for its cost category. There can only be one primary element for each category.

A/O

The system indicates if this element is an add-on element for its cost category. You cannot edit this option.

Select Save at the bottom of the screen to save your updates.

Linked-Site Rules

Linked-site costing lets you specify one set of GL cost site records to serve as an item's GL cost set at another inventory site so that you can avoid replicating the same cost data at multiple sites.

Note You cannot use linked-site costing for a site if you use the average cost method for GL transactions, since average cost calculation does not consider inventory at multiple sites.

You can use this function to activate linked-site costing, and to view, update, or delete site-linking rules for inventory sites. You can update or maintain linking rules for inventory sites only. To avoid setting up chained or circular links, do not assign linking rules to the cost source site.

When you select either New or Edit from the Linked-Site Rules browse, the system displays three panels: A Summary panel with read-only related data, a Main panel with linked-site information, and a Linking Rules panel with linked-rule-related data.

- Summary: Displays the read-only inventory site and description, item attribute and type, and whether linked-site costing is active or not.
- Main: Lets you specify linked-costing data and activate linked costing for sites. In this panel, you can enter the site that defines where inventory is held, and then select the item attribute code that defines items for which you are applying site-linking rules. You can select items for costing according to product line, item type, or purchase/manufacture (Pur/Mfg) code. You can also specify all items at the inventory site. You cannot select more than one item attribute for each site.
- Linking Rules: This panel does not display unless linked-site costing is Active. When active, use the panel to view, set up, or delete linking rules for the site you specified. The fields visible in the grid depend on the item attribute you selected in the Main panel. See Item Attributes and Linking Rules on page 5516.

Once you make updates, select Save.

To delete a rule, select Delete.

From the Linked-Site Rules browse, you can select the Linked-Site Rules Refresh Action. on page 5520

Important You should run the refresh action immediately after you make linked-site rule changes and before any transactions occur; transaction should not occur until after the refresh is complete.

Linking Rules

Three site-linking rules determine the default GL cost source site for items:

- Inventory Site

Sets the inventory site as the default GL cost source site. The inventory site is also the default site when you are not linking costs or using linked-site costing. However, when you implement linking rules, this setting lets you retain the inventory site as the default site for some item attributes, while linking other attributes to alternate sites. For example, you may want to set up the inventory site to function as the default cost site for manufactured items (Pur/Mfg code M), and set up another site as the default cost site for configured items (Pur/Mfg code C).

- Item Master Site

  Sets the site in **Items** as the default GL cost source site. This lets you set up costing on a per-item basis easily. For example, if your business manufactures lipstick at one site and distributes from several sites, you could set the manufacturing site entered in**Items** as the default GL standard cost site for lipstick, regardless of the distribution site. This eliminates the need to set up separate GL standard costs for the same item at each distribution site.

- User-Specified Site

  Sets any default cost site you specify for items or item attributes. For a given site, you can designate that costs for that site default from GL costs entered at another specified site for all items or for items with a specified attribute. When you select Linking Rule 3, the Default GL Cost Source field becomes active so that you can specify a site as the default GL cost source site.

Item Attributes and Linking Rules

Item attributes play a role in the data that displays in the Linked-Site Rules browse and in fields that display in the grid in the Linked-Rules panel.

You can specify a default cost source site for all items at an inventory site, or you can associate a linking rule at an inventory site with one of the following item attributes:

- No item attribute
- Product line (refer to Grid for Product Line Item Attribute on page 5518)
- Item type (refer to Grid for Item Type Item Attribute on page 5518)
- Purchase/Manufacture code (refer to Grid for Pur/Mfg Item Attribute on page 5519)

You can select only one item attribute for a particular inventory site. Existing linking rules for an item attribute must be deleted before you can associate a different attribute with an inventory site.

For example, you set up linking rules for inventory site 20000 that are associated with the product line attribute. Linking rules for the item type or Purchase/Manufacture code attribute cannot be assigned as long as the product line attribute is associated with the site.

Using item attribute information in linking rules lets you determine different primary sites for different item classifications depending on your business requirements.

When a linking rule is added or modified, run the Refresh Utility to update cost links.

Main

Inventory Site

Enter a valid inventory site. This is a mandatory field. When editing existing records, this field is read-only.

You must have access to the site. The site must be assigned to the current domain and cannot be the default site from **Inventory Control** ; otherwise, an error displays.

The cost method for the site cannot be average cost; when it is, the system displays an error message.

Once you enter a site, the system checks for circular references in site links. If a circular reference exists, the system displays a warning.

Note To avoid setting up circular links, do not assign linking rules to the cost source site.

Item Attribute

Enter the item attribute. There can only be one attribute per site; if one already exists, the system displays an error message. This is a mandatory field. When editing existing records, this field is read-only. The default is None.

Linked-Site Costing Active

Select this field to activate linked-site costing. When editing existing records, this field is read-only. The default is selected.

When activated and no rules exist, you can clear this field. When rules do exist, the system displays an error message.

After you activate or deactivate a Linked-Site Rule, run a Refresh Utility to update cost links.

Linking Rules

Use the fields in this panel to edit the rules for linked-site costing. The fields in the panel vary depending on the Item Attribute selected in the Main panel.

Select Save a the bottom of the screen to save your updates.

Grid for Item Type Item Attribute

In the Main panel, when you select the Linked-Site Costing Active option, the Linking Rules Panel displays the following fields when Item Type is selected for the Item Attribute:

Item Type/Description

Enter a valid Item Type, or select one from the lookup. You can leave the Item Type blank when the linking rule applies to all item types (other than those specified in other rows of the grid).

Linking Rule

Select one of the following linking rules:

- Inventory site
- Item master site
- User specified site

For more information, see Linking Rules on page 5515.

GL Cost Site

This field is visible only when the linking rule is set to a user-specified site. The site cannot be blank. The site should be assigned to the current domain. The cost method for the site cannot be the average method; when it is, the system displays an error, informing you that the average cost method is not allowed for the linked site.

Grid for Product Line Item Attribute

In the Main panel, when the Linked-Site Costing Active option is selected, the Linking Rules Panel displays the following fields when Product Line is selected for the Item Attribute:

Product Line/Description

Enter a valid product line, or select one from the lookup. You can leave the Product Line blank when the linking rule applies to all product lines (other than those specified in other rows of the grid).

Linking Rule

Select one of the following linking rules:

- Inventory site
- Item master site
- User specified site

GL Cost Site

This field is visible only when the linking rule is set to user specified site. The site cannot be blank. The site must be assigned to the current domain. The cost method for the site cannot be the average method;

when it is, the system displays an error, informing you that the average cost method is not allowed for the linked site.

Grid for Pur/Mfg Item Attribute

In the Main panel, when the Linked-Site Costing Active option is selected, the Linking Rules Panel displays the following fields when Pur/Mfg is selected for the Item Attribute:

Pur/Mfg Code/Description

Enter a valid Pur/Mfg Code, or select one from the lookup. You can leave the Pur/Mfg code blank when the linking rule applies to all Pur/Mfg codes (other than those specified in other rows of the grid.)

Linking Rules

Select one of the following linking rules:

- Inventory site
- Item master site
- User specified site

GL Cost Site

This field is visible only when the linking rule is set to user-specified site. The site cannot be blank. The site must be assigned to the current domain. The cost method for the site cannot be the average method; when it is, the system displays an error, informing you that the average cost method is not allowed for the linked site.

Linked-Site Rules Refresh Action

Use **Linked-Site Rules Refresh** to update general ledger (GL) cost source sites and GL cost sets in inventory master records after you set up or change rules in **Linked-Site Rules**.

Important The refresh resets costs according to rules set up in **Linked-Site Rules**, overwriting GL cost source sites entered manually in **Item Site Costs**. To control the rules, run this refresh action immediately after you make linked-site rule changes and before any transactions occur.

When you refresh the rules, the system:

- Creates cost adjustment (CST-ADJ) transactions for records that meet criteria you select
- Generates a report of updated GL costs for the selected criteria

You can select the type of output for the report. Select from either a PDF with a summary or an Excel spreadsheet with detail data.

You can simulate the refresh record changes first by selecting No for the Update option. Selecting Yes updates the records.

You can also delete obsolete GL costs at inventory sites by selecting the Delete Deactivated GL Costs option.

Settings

For more information about running reports, see Reports on page 296.

You can optionally specify that the system output obsolete inventory analysis data to a Microsoft Excel spreadsheet. To specify output to a spreadsheet, select the File Type as Excel and the Layout as Excel Layout in Settings.

Filter

Inventory Site

Enter the site(s) as a filter for the refreshed linked-rule updates. You should have access to the site(s) you select; otherwise, the system skips the site and displays an error message.

Delete Deactivated GL Costs

Select Yes to delete obsolete GL costs at inventory sites. The default is No.

Update

Select Yes to run this program in update mode and change records in the database. Select No to run this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page. The default is No.

Operation Cost Calculation

Cost accounting managers can use this function to:

- Perform a combined routing and product structure rollup.
- Create a separate operation cost record that is broken down by cost categories (material, labor, burden, and subcontract) and totaled by operation and routing code.

Operation Cost Calculation relies on accurate item costs, routings, and bills. .

To run this update, you must specify both an item and a cost set. For the items and cost set specified, **Operation Cost Calculation** totals the material cost of the component items, and the labor, burden, and subcontract costs at each operation defined in the item's routing.

You can optionally include the cost of yield loss. When you select Yes for the Include Yield in Cost option, all operation costs are increased to reflect any yield loss as defined in **Routings**. For example, when you need 100 units and an operation has a 90% yield, you must issue components for and perform labor on 111 units (100/90).

For yield, expected yield losses can be factored into cost calculations. The system computes the cumulative yield percentage based on multiplying the operation yields for all operations. This value is posted to the item master and is used for material planning purposes. For example, yield percentages for a two-operation routing are both 90%, so the cumulative yield percent posted to the Yield% field in the item master is 81.00% (.90 * .90).

Note You assign components to an operation by entering a value in the Operation option in **Product Structures** or in **Formulas** . If the Operation option is blank, the system assumes issues occur at the first operation.

Settings

For more information about running reports, see Reports on page 296.

Filter

Site

Enter the site for the operation cost calculation. This is a mandatory option. The operator for this option is set to equals and you cannot change it.

Cost Set

Enter the code identifying the cost set to be updated by this operation calculation. This is a mandatory option. The operator for this option is set to equals and you cannot change it.

Item Number

Enter item numbers to filter records for this operation calculation.

Item Type

Enter an item type code to filter records for this operation calculation. Item type is an optional code specified in **Items** that lets you categorize similar item. The operator for this option is set to equals and you cannot change it.

Effective Date

Enter an effective date. Calculations only consider operations that are effective on the specified date. The operator for this option is set to equals and you cannot change it. The default is the system date.

Include Yield in Cost

Determines whether yield percentages are used to calculate component operation costs. When included, the component quantity per is adjusted upward to account for any yield percentage. This adjusted quantity is used to calculate the cost. When not included, the expected yield is not factored into the cost calculations. The default is Yes.

Update Alternate Routings

This filter determines whether to calculate costs for alternate routings. If No, selects only the standard routing for each item. If Yes, selects all routings for the items, standard and alternates. The default is Yes.

Update Items At This Site Only

This filter determines whether to include only those items that exist at the specified site in the calculation. When Yes, items are included in the cost rollup only when they exist at the site specified. When No, cost details are created at the specified site for all items in the item number range regardless of whether the item is defined at the site.

Update

Select Yes to run this program in update mode and change records in the database. Select No to run this program in simulation-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page. The default is No.

Product Structure Cost Roll-Up

Each manufactured item can have a standard product structure, formula, or co-product/by-product structure associated with it (BOM/Formula in Item-Site Planning Maintenance) that describes the components or base process required to make the item.

Components in a product structure have information for the quantity required, the expected percentage of scrap, and the operation where they are required. Purchased components have material and overhead costs; manufactured components also have labor, burden, and subcontract costs. Product Structure Cost Roll-Up uses these costs to calculate total cost by item, and lower-level run and setup times.

You must specify both a site and cost set.

Costs should be recalculated whenever purchase or manufacturing costs or structures or routings change. Only roll up a current cost set or some other non-GL cost set. When you are satisfied with the changes in the current or non-GL cost set, copy the costs to the GL cost set.

For cost calculations, lower-level material cost is calculated as the total material cost for each component divided by 100% less the scrap percentage, then multiplied by the quantity per. For example, for a material cost of $5 per unit, a scrap percentage of 2%, and a quantity per of 2, the calculation is 5 / .98 * 2 = 5.10 * 2 = 10.20 for this component. Each lower-level cost is calculated this way.

The system performs the roll-up for items with costs in the specified cost set. The components of such items are included, whether or not they have costs in the cost set.

Any item in the system is available at any site. This means that a routing or product structure roll-up includes every item in the item range you define regardless of which site you roll up. In other words, the roll-up can create item costs for items you did not explicitly define at the site you roll up. These costs, furthermore, can be incomplete since the item range entered may not include the entire structure at another site. However, the costs for items not used at a site are not used for any cost transactions, so there is no business impact. If you want to avoid these cost records altogether, you can maintain item numbering schemes that isolate specific item ranges to specific sites.

Yield

Expected yield losses can be factored into cost calculations using the quantity per multiplied by the input quantity at that operation. This is the number of units that must be started at this operation to yield 1 unit from the last operation. This input quantity is calculated as 1 divided by the cumulative yield %. Cumulative yield % is the yield percentage for that operation multiplied by all subsequent operation yields.

Roll-up calculations only consider operations effective on the specified date.

Co/By-Products

For co-products, the same co-product can result from more than one base process, but only the base process specified in the BOM/Formula field of the co-product's item record determines the co-product's cost at a particular site. Costs for a co-product are calculated from base process costs, using the cost allocation percentage assigned to the co-product. Allocation percentages for co-products of the same base process should add up to 100 percent. Each cost element of a co-product is updated with the allocation of its base process cost element at this level and at lower level.

The cost roll-up assumes that by-product costs are fixed. By-product costs are subtracted from corresponding base process cost elements (the base process cost is not actually updated). Then this adjusted base process cost is allocated entirely to co-products. Since costs never go negative, the cost of a base process element must be greater than or equal to the corresponding element cost for a by-product.

Linked Sites

For linked sites, one site can be used as the source for GL costs at other sites. This eliminates the need to set up duplicate GL cost records for the same items at all sites. When GL costs are updated at the source site, the system automatically generates cost adjustment (CST-ADJ) transactions at any target sites. Links are maintained for active GL costs only. A target site uses the active GL cost set at the source site and its own GL cost set becomes inactive. Links are recognized only when you use a GL standard cost set, active or inactive, for a cost roll-up. A cost roll-up for a current or simulation cost set at a target site will not recognize linked costs. Instead of using a simulation cost set to maintain costs for future periods, you should use an inactive GL standard cost set. A cost roll-up at a target site has no effect on GL costs at a source site. Product Structure Cost Roll-Up will not roll up costs for a linked subassembly or end item. Their GL costs at the source site are used to calculate the cost of the parent item at the target site.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Site

Enter the site associated with the cost roll-up.

Cost Set

Enter the cost set to be updated by the roll-up. The default is Current, but you can change it manually. Cost set codes identify specific groups

of product costs. Default GL standard and current cost sets always exist.

Item Number

Enter item numbers to filter records for the roll-up.

Prod Line

Enter a product line to filter records for the roll-up. Product lines identify major item and product groupings.

Item Type

Enter an item type code to filter records for the roll-up. Item type is an optional code specified in Items that lets you categorize similar item.

Group

Enter a product group to filter records for the roll-up. Product line, group, and type all categorize items. Item group and type may be used to subdivide product lines, or they may cross product lines, providing an entirely different view of your items.

As of Date

Enter the effective date to use when selecting which parent/component relationships to display. The default is the system date.

Low Level Material

Indicate if these low level costs should be rolled up to calculate the cost of the parent item. Total cost is the sum of all of the This Level and Low Level costs for an item. This-level costs are costs directly incurred during the production of this item. Low level costs are costs incurred to purchase or manufacture the components used to make this item. When you include low level material, these low level costs will be included in the total cost of the parent item. For example, if you are making sunglasses, the low level material cost of a pair of sunglasses is the total cost of the lenses, frames, and screws. This-level material cost may be the cost of the cleaning solution and rags used to clean the finished sunglasses. Low level material costs that are calculated by this function are set up by filters; other lower-level costs are calculated by the Routing Cost Roll-Up. The default is Yes.

Low Level Labor

Indicate if low level labor time should be rolled up to calculate the total run time for the parent item. When lower level labor is specified, the lower-level labor time is included in the run time for the parent item. The default is Yes.

Low Level Burden

Indicate if low level burden costs should be rolled up to calculate the cost of the parent item. When this field is set to Yes, these lower-level

costs will be included in the total cost of the parent item. The default is Yes.

Low Level Overhead

Indicate if low level overhead costs should be rolled up to calculate the cost of the parent item. When this field is set to Yes, these lower-level costs will be included in the total cost of the parent item. The default is Yes.

Low Level Subcontract

Indicate if low level subcontract costs should be rolled up. When you include low level subcontract costs, these lower-level costs will be included in the total cost of the parent item. The default is Yes.

Low Level Labor Time

Indicate if low level labor times for manufactured items should be rolled up to calculate the cost of the parent item. The default is No.

Low Level Setup Time

Indicate if low level setup time should be rolled up to calculate the cost of the parent item. The default is No.

Include Yield %

Determines whether yield percentages from Routing Maintenance are used to calculate component item costs. When included, the component quantity per is adjusted upward to account for any yield percentage. This adjusted quantity is used to calculate the cost. When not included, the expected yield is not factored into the cost calculations. The default is Yes.

Set Cost Update Field For

Indicate how the system should update the Last Cost Update date for the items processed by this roll-up function.

- All (the default) updates the last cost update date for all items processed.
- Changed updates the date only on items that have a cost change.

Product Structure and Formula Costs

Each manufactured item can have a standard product, formula, or co-product/by-product structure associated with it that describes the components or base processes required to make the item. Formulas contain items in the same way as bills of material define fabricated and assembly items.

Product structure data in this report shows costs for an item and its components by structure level as well as the impact of the component cost, scrap percentage, and product yield.

Formula data also includes batch sizes for any items that have formula type bills of material.

Product Structure and Formula Costs reports these costs by item, by specific level or category, or for a formula only.

You must specify a site and a cost set.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Item Number

Enter the item(s) for which you want to report costs.

Levels

Indicate the number of levels of the product structure for which you want to display costs.

As of Date

Enter an effective date.

The effective date is used to select parent/component relationships to report. Parent/component relationships are defined as effective over a period of time.

New Page Each Assembly

Indicate Yes to have the system report costs for each assembly on a new page.

Display Options

Indicate whether to display by category, element, or summary. The default is category.

Category displays costs for the five cost categories -- material, labor, burden, overhead, subcontract -- for part numbers in the cost set and site you specify. Element displays costs for all cost elements for part numbers in the cost set and site you specify. Summary displays a summary of costs for part numbers in the cost set and site you specify.

Site

Enter a site to report product structure or formula costs. You cannot leave this field blank.

Formula Only

Indicate Yes to display costs for items in a formula only; indicate No to display costs for items in both a product structure and a formula.

Cost Set

Indicate the cost set for which you want to display costs. You cannot leave this field blank.

Routing Cost Roll-Up

Routing Cost Roll-Up performs the following:

- Totals the labor/machine hours and cost, subcontract cost, and burden cost.
- Computes the cumulative operation yield for a routing or routings.
- Posts the cost data to this-level labor and burden fields for the specified cost set.

Costs are calculated for each operation after accessing the item master, work center, routing, and standard operation data.

You can roll up either current or GL costs. The default is to roll up current costs. Although you can roll up GL costs when they change, it is safer to roll up current costs and then copy them to the GL.

Note

If you are using cost linking, you must roll up costs in a GL cost set that uses the standard costing method. Refer to the linked-sites information in your costing user documentation.

Only one field for run time exists on the routing. You cannot divide run time into machine run time and labor run time. For burden calculations, the machine and the labor are both assumed to be in use for the entire run time.

Recalculate manufacturing costs whenever work center rates, routings, or processes change.

Before you specify to roll-up labor, setup, or lead time, be aware that sometimes these fields are not set so that the manufacturing lead time entered in the item planning data is not overwritten. This should be discussed with the planners to determine how these fields should be set.

For yield, expected yield losses can be factored into cost calculations.The system computes the cumulative yield percentage based on multiplying the operation yields for all operations. This value is posted to the item master and is used for material planning purposes. For example, yield percentages for a two-operation routing are both 90%, so the cumulative yield percent posted to the Yield% field in the item master is 81.00% (.90 * .90).

Settings

For more information about running reports, see: Reports on page 296.

Filter

Site

Enter the site associated with the cost roll-up.

Cost Set

Enter the code identifying the cost set to be updated by the roll-up. Defaults to Current.

Item Number

Enter item numbers to filter records for the roll-up.

Item Type

Enter an item type code to filter records for the roll-up. Item type is an optional code specified in Item Master Maintenance that lets you categorize similar item.

As of Date

Enter an effective date. Roll-up calculations only consider operations that are effective on the specified date. Any time the batch is submitted, the system sets this field to the date the batch is run.

Roll Up Labor Time

Indicate if labor times (run or setup) on the routing should be rolled up to calculate this-level run or setup time for the item. When this filter is set to Yes, the function accumulates the labor time from the routing and updates Run Time or Setup Time in Item-Site Planning Data or, if not available, Item Planning Data. The default is Yes.

Roll Up Setup Time

Indicate if setup times (run or setup) on the routing should be rolled up to calculate this-level run or setup time for the item. When this filter is set to Yes, the function accumulates the labor time from the routing and updates Run Time or Setup Time in Item-Site Planning Data or, if not available, Item Planning Data. The default is Yes.

Roll Up Lead Time

Indicate if low level burden costs should be rolled up to calculate the cost of the parent item. When this filter is set to Yes, these lower-level costs will be included in the total cost of the parent item. The default is Yes.

Roll Up Item Time

Indicate if manufacturing lead times should be calculated. The manufacturing lead time is the normal or average number of working days it takes to manufacture an item, including the time to process paperwork, issue components, inspect the finished product, and receive it into stock. When you specify to roll up manufacturing lead time, the system calculates it from the routing. The default is Yes.

Roll Up Labor Cost

Indicate if this cost should be rolled up to calculate this-level costs for the item.Total cost is the sum of all of the This-Level and Lower-

Level costs for an item. This-level costs are costs directly incurred during the production of this item. Lower-level costs are costs incurred to purchase or manufacture the components used to make this item. When this filter is set to Yes, these this-level costs will be included in the total cost of the parent item. The default is Yes.

Roll Up Burden Cost

Indicate if the burden cost should be rolled up to calculate this-level costs for the item. The default is Yes.

Roll Up Subcontract Cost

Indicate if subcontract cost should be rolled up to calculate the cost of the parent item. The default is Yes.

Include Yield in Cost

Determines whether yield percentages from Routings are used to calculate component item costs. When included, the component quantity per is adjusted upward to account for any yield percentage. This adjusted quantity is used to calculate the cost. When not included, the expected yield is not factored into the cost calculations. The default is Yes.

Update Items Without Routing

This filter determines whether cost calculations include only those items with routings, or all items. Setting this filter to Yes lets you clear costs associated with obsolete routings. For example, your company decides to stop making an item and acquire it from another source. Simply deleting the routing does not clear out all of the manufacturing costs. To reset those costs to zero, set this filter to Yes and run the routing cost roll-up. If this item is a component, also run Product Structure Cost Roll-Up. The default is Yes.

Update Items At This Site Only

Indicate whether to include only those items that exist at the specified site in the cost roll-up, or create cost details at the specified site for all items in the item number range regardless of whether the item is defined at the site. The default is Yes.

Update

Select Yes to run this program in update mode and change records in the database. Select No to run this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page. The default is Yes.

Simulation Item-Element Cost Calculation

Direct item costs include material and fixed overhead costs, optionally split into several sub-elements. Cost accounting managers can run this report to simulate the effects of cost changes for any of these sub-elements by changing the cost of the element by a percentage. Optionally, you can chose to add to or replace the element costs in the Simulation cost set.

This program runs calculations similar to the way **Item-Element Cost Calculation** runs calculations; however, the difference is this program runs a simulation only, so the cost set must be set to Simulation. You cannot select any other type of cost set for this program. You must specify a cost set.

The report output is similar to that of **Item-Element Cost Calculation**.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Prod Line

Enter the product line to include.

Item Number

Enter item numbers to include.

Item Type

Enter the item type to include.

Purchase/Manufacture

Enter the Purchase/Manufacture (Pur/Mfg) code to include.

Site

Enter the site associated with the cost set.

Cost Set

Enter the Simulation cost set to use for this calculation. You must enter a cost set to run this simulation program.

Cost Element

Enter the Target cost element. Cost element codes group different types of costs within a single cost category. All costs are associated with a cost category. Each cost category must have at least one cost element.

Add To/Replace Existing Cost

Select either Add To or Replace. When you select Add To, the system adds the calculated, simulated cost to the cost element value in the Simulation cost set. When you select Replace, the system replaces the

existing value of the cost element with the calculated value. The default is Replace.

You can optionally run the calculation twice. When you calculate costs for more than one level, set this filter to Replace for the first cost calculation. The system overwrites the existing cost element value with the calculated value. For the second calculation, set this field to Add so that the system adds the calculated cost to the total value of the cost element. Otherwise, the second calculation overwrites the first calculated value.

Use This/Lower Level Costs

Select to calculate costs at This Level cost elements, Lower Level cost elements, or Both. This Level cost is the cost added at the current stage of manufacturing. Lower Level cost represents cost added at prior stages of manufacturing. The default is This Level.

If Both is selected, the This Level and Lower Level costs for the element(s) are added together, and then either used to Replace the existing cost or Add to the existing cost based on the selection you make in the Add to/Replace Existing Cost filter. The default is This Level.

Update

Select Yes to run this program in update mode and change records in the database. When you select No, the system runs this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page.

Element #1 through #15

Enter source cost elements for the calculation. You can enter up to 15 cost elements. The system calculates a particular cost element as a percentage of costs for This Level, Lower Level, or Both (refer to the Use This/Lower Level Costs filter). You must enter at least one cost element.

Element #1 through #15 Percent

Indicate the percentages for each of the source cost elements.

Simulation Cost Set Copy to Cost Set

Simulation Cost Set Copy to Cost Set is similar to **Cost Set Copy to Cost Set**; the difference is that you are copying only to a simulation cost set from another cost set. So, the To Cost Set must be set to Simulation, while the From Cost Set can be any cost set.

Records are selected based on the selection criteria you enter. The system first looks for item data specific for the site. If none is found, the system uses the item master record.

You can enter values in the Negative Change Allowed and Positive Change Allowed % fields to indicate the percentage change to allow on all costs copied.

When one cost set is copied to another, costs may already exist in the target cost set. If so, costs are updated only if the difference between the costs lies within this tolerance range.

Settings

For more information about running reports, see: Reports on page 296.

Filter

From Site

Enter the site from which costs are copied.

From Cost Set

Enter the code specifying the cost set from which you want to copy costs to another cost set. You can copy from any cost set type. The system first searches for item-site cost records to copy. If none exists, the system searches item master records.

To Site

Enter the site for the cost set to which you are copying cost data.

To Cost Set

Enter the cost set to which you want to copy cost data. This must be a Simulation cost set.

Item

Enter item(s) to filter cost data to copy.

Product Line

Enter product lines to filter cost data to copy.

Item Type

Enter item types to filter cost data to copy. This limits item record selection to records associated with these type codes. Item type is an optional code specified in **Items** that lets you categorize similar items.

Item Group

Enter an item group to filter cost data to copy.

ABC Class

Enter the ABC classification to filter cost data to copy. The ABC classification codes determine the count frequency and the error tolerance allowed for each item.

Purchase/Manufacture

Enter the purchase/manufacture (Pur/Mfg) code to filter cost data to copy. The Pur/Mfg code controls how the system explodes forecasts, plans and creates orders, and calculates costs for the item.

Buyer/Planner

Enter the buyer/planner code to filter cost data to copy. This is an optional code identifying the person responsible for planning and ordering this item.

Negative Change Allowed %

Specify a percentage to indicate the negative percentage change to allow on all costs copied.

Positive Change Allowed %

Specify a percentage to indicate the positive percentage change to allow on all costs copied.

Copy Material Cost

Select Yes if the material cost element is to be copied from the source cost set to the target cost set. No specifies the material cost element is not copied. The default is Yes.

Copy Labor Cost

Select Yes if the labor cost element is to be copied from the source cost set to the target cost set. No specifies the labor cost element is not copied. The default is Yes.

Copy Burden Cost

Select Yes if the burden cost element is to be copied from the source cost set to the target cost set. No specifies the burden cost element is not copied. The default is Yes.

Copy Overhead Cost

Select Yes if the overhead cost element is to be copied from the source cost set to the target cost set. No specifies the overhead cost element is not copied. The default is Yes.

Copy Subcontract Cost

Select Yes if the subcontract cost element is to be copied from the source cost set to the target cost set. No specifies the subcontract element is not copied. The default is Yes.

Sum Cost for Material This Level for DRP

If you select Yes for Sum Costs to MTL TL for DRP, the system rolls up this/lower-level costs into this-level (TL) material costs during the copy process. If you select No, costs are copied as-is. For example, this feature lets you build subassemblies at one site, ship them to a second site, and continue the manufacturing process without requiring manual updates to the subassembly cost. The default is No.

Summary/Detail

Specifies the level of detail to appear on this report. Select Detail to print a detailed report of each transaction selected on this report. Select Summary to print a report with transaction totals only. Detailed reports are normally used as audit trails or when investigating sources of errors. Summarized reports are useful when you just need a bottom line total.

Update

Select Yes to run this program in update mode and change records in the database. Select No to run this report in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page. The default is No.

Simulation Item Site Costs

Cost accounting managers can view/maintain simulated costs for an item at a site. You can only maintain simulation costs with this function; you cannot maintain GL, current, or Periodic Costing costs in this screen.

To edit existing simulation item site costs, select a record; then, select Edit.

When you edit existing simulation item site costs, you can only update This Level costs, add New Cost Elements, or set Cost Elements as Primary.

When you create new simulation item site costs, you can enter the item, site, and simulation cost set. All other options are read only. Once you enter required data in the Main panel, you can enter costs for any cost element.

To create a new cost element, select New in the Costs grid. Enter the element name or select it from the lookup. The element must already exist for the cost set linked to the Simulation Item Site Cost record. You can also set the This Level cost and specify if the element is the primary element for its cost category.

When you are satisfied with your updates, select Save.

Summary

In the Summary Panel, the system displays the following read-only information:

- Item and description
- Site and description
- Cost set and description
- Cost total

Main

Item

Enter a valid item for which you want to create/update costs or use the lookup to select an item. You cannot leave this option blank.

Item Description

The system displays the item description; you cannot edit this option.

UM

The system displays the item unit of measure; you cannot edit this option.

Site

Enter a valid site to associate with the item to create or update simulation item site costs. You cannot leave this option blank.

Cost Set

Enter a simulation cost set, or select it from the lookup. This is a mandatory field.

When you enter a GL, current, or PC cost set, the system displays an error message.

Description

The system displays the simulation cost set description; you cannot edit this option.

Cost Set Type

The system displays the cost set type for the simulation cost set selected.

Cost Method

The system displays the costing method for the cost set selected.

Cost Update

The system displays the last date that costs were updated for this simulation item site cost record.

This Level Total

The system displays the total of this-level costs for the current stage of manufacturing or the cost of a purchased item.

Lower Level Total

The system displays the total of lower-level costs added at prior stages of manufacturing. Lower-level costs are costs incurred to purchase or manufacture the components used to make the item. During cost rollup, when you include lower-level material, these lower-level costs will be included in the total cost of the parent item.

Cost Total

The system displays the total cost for the item.

Costs

Total cost for an item is made up of elements in five cost categories: material, labor, burden, overhead, and subcontract.

Cost elements can be created as subsets of the five standard cost categories. Simulation item costs can be assigned to the cost elements and subsequently rolled up into the category to which the elements belong.

When you edit an existing simulation item site cost record, all fields in the grid are initially read only. Click on the row of interest to update the This Level field. This is the only editable field.

Select New to add new elements for the simulation item site costs. When you do, you can enter the Element and the This Level costs. You can also indicate if the element is a Primary element by selecting the Primary option..

To delete an element, select Delete. Only Non-Primary elements without a cost can be deleted.

Category

The system displays the category of the cost element.

Element

Enter a new or existing cost element or use the lookup to select an existing element. This is a mandatory field when creating a new element.

An element can only exist once in a cost set, regardless of category.

This Level

Enter the This Level costs for the item site.

Lower Level

The system displays lower-level costs associated with a parent item. You cannot edit this field.

Total

The system displays the total of the This Level and Lower Level costs for the cost element.

Primary

The system indicates if this element is the primary element for its cost category. There can only be one primary element for each category.

A/O

The system indicates if this element is an add-on element for its cost category.

Select Save at the bottom of the screen to save your updates.

Simulation Routing Cost Roll-up

Cost simulation functions let you set up different cost scenarios and test the impact of cost changes. Unlike the other cost roll-up and update functions, cost simulation calculations look at an entirely different set of cost standards. You can set up different work center labor and burden rates, different subcontract operation costs, and different item material and overhead costs. Simulation roll-up functions use these costs rather than the standards.

This program calculates the cost for a standard routing or process, determined by the routing code in Item Planning or Item-Site Planning Maintenance.

You must specify both a site and cost set.

You use the simulation cost sets to simulate cost changes. When you are ready, you can use Cost Set Copy to Cost Set to copy the simulation data into the GL cost set.

Settings

For more information about running reports, see: Reports on page 296.

You can optionally specify that the system output obsolete inventory analysis data to a Microsoft Excel spreadsheet. To specify output to a spreadsheet, select the File Type as Excel and the Layout as Excel Layout in Settings.

Filter

Site

Enter the site with routing costs to roll up.

Cost Set

Enter a cost set of SIM type.

Item Number

Enter item numbers to filter records for the cost roll-up.

As of Date

Enter an effective date. Cost roll-up calculations only consider operations that are effective on the specified date. Any time the batch is submitted, the system sets this field to the date the batch is run.

Roll-up Labor Time

Indicate if labor times (run or setup) on the routing should be rolled up in the cost roll-up to calculate this-level run or setup time for the item. When this filter is set to Yes, the function accumulates the labor time from the routing and updates Run Time or Setup Time in Item-Site Planning Data or, if not available, Item Planning Data. The default is Yes.

Roll-up Setup Time

Indicate if low level setup costs should be rolled up in the cost roll-up to calculate the cost of the parent item. When this filter is set to Yes, these lower-level costs will be included in the total cost of the parent item. The default is Yes.

Roll-up Lead Time

Indicate if low level burden costs should be rolled up in the cost roll-up to calculate the cost of the parent item. When this filter is set to Yes, these lower-level costs will be included in the total cost of the parent item. The default is Yes.

Roll-up Item Yield

Indicate if yield percentages from routings are rolled up in the cost roll-up to calculate component item costs. The default is Yes.

Roll-up Labor Cost

Indicate if labor cost should be rolled up in the cost roll-up for the item. The default is Yes.

Roll-up Burden Cost

Indicate if the burden cost should be rolled up in the cost roll-up for the item. The default is Yes.

Roll-up Subcontract Cost

Indicate if the subcontract cost should be rolled up in the cost roll-up for the item. The default is Yes.

Include Yield in Cost

Indicate if yield losses should be included when calculating the cost. When included, the component quantity per is adjusted upward to account for any yield percentage. This adjusted quantity is used to calculate the cost. When not included, the expected yield is not factored into the cost calculations.

Update Items without Routing

Indicate whether cost calculations should include only items with routings, or all items.

When not selected, cost calculations only include items with routings. When selected, all items are included, even if they do not have any routing operations attached.

Sometimes a company decides to stop making an item and start to acquire it from somewhere else. However, simply deleting the routing does not clear out all of the manufacturing costs associated with this item. To do that, run the routing cost roll-up and include items without routings. If this item is a component, you also need to run the product structure cost roll-up.

Update Items At This Site Only

When selected, items are included in the cost roll-up only when they exist at the site specified. When not selected, cost details are created at the specified site for all items in the item number range regardless of whether the item is defined at the site.

Note Running this function with this field set to No can take an extended amount of time depending on the number of items in the system.

Update

Indicate Yes to run this program and simulate a routing cost roll-up. When not checked, the system runs this program in report-only mode. A report prints for review with SIMULATION displayed at the top of each page.

Simulation Structure Cost Roll-Up

Use this program to roll up structure costs for the simulation cost set. This program only updates cost sets of type SIM (simulated).

Cost simulation functions let you set up different cost scenarios and test the impact of cost changes. Unlike the other cost roll-up and update functions, cost simulation calculations look at an entirely different set of costs. You can set up different work center labor and burden rates, different subcontract operation costs, and different item material and overhead costs. Simulation roll-up functions use these costs rather than the standards.

Each manufactured item has an associated standard product structure or formula (BOM/formula in Item-Site Planning data), that describes the following components required to make the item:

- Quantity
- Expected scrap percentage
- Operation at which they are required

Purchased components have material and overhead costs. Manufactured components have labor, burden, and subcontract costs. Simulation Structure Cost Roll-Up uses this information to calculate the total cost for the item and the lower level run and setup time.

You must specify both a site and cost set.

You use the simulation cost sets to simulate cost changes. When you are ready, you can use Cost Set Copy to Cost Set to copy the simulation data into the GL cost set.

Settings

For more information about running reports, see: Reports on page 296.

You can optionally specify that the system output report data to a Microsoft Excel spreadsheet. To specify output to a spreadsheet, select the File Type as Excel and the Layout as Excel Layout in Settings.

Filter

Site

Enter the site with structure costs to simulate roll-up.

Cost Set

Enter a cost set of SIM type.

Item Number

Enter item numbers to filter records for the simulated roll-up.

Product Line

Enter a product line to filter records for the simulated roll-up. Product lines identify major item and product groupings.

Item Type

Enter an item type code to filter records for the simulated roll-up. Item type is an optional code specified in Items that lets you categorize similar item.

Group

Enter a product group to filter records for the simulated roll-up. Product line, group, and type all categorize items. Item group and type may be used to subdivide product lines, or they may cross product lines, providing an entirely different view of your items.

As of Date

Enter an effective date. Simulated roll-up calculations only consider operations that are effective on the specified date.

Low Level Material

Indicate if these low level costs should be rolled up in the simulation to calculate the cost of the parent item. Total cost is the sum of all of the This Level and Low Level costs for an item. This-level costs are costs directly incurred during the production of this item. Low level costs are costs incurred to purchase or manufacture the components used to make this item.

When you include low level material, these low level costs will be included in the total cost of the parent item. For example, if you are making sunglasses, the low level material cost of a pair of sunglasses is the total cost of the lenses, frames, and screws. This-level material cost may be the cost of the cleaning solution and rags used to clean the finished sunglasses. Low level material costs that are calculated by this function are set up by filters; other lower-level costs are calculated by the Routing Cost Roll-Up. The default is Yes.

Low Level Labor

Indicate if low level labor time should be rolled up in the simulation to calculate the total run time for the parent item. When lower level labor is specified, the lower-level labor time is included in the run time for the parent item. The default is Yes.

Low Level Burden

Indicate if low level burden costs should be rolled up in the simulation to calculate the cost of the parent item. When this field is set to Yes, these lower-level costs will be included in the total cost of the parent item. The default is Yes.

Low Level Overhead

Indicate if low level overhead costs should be rolled up in the simulation to calculate the cost of the parent item. When this field is set to Yes, these lower-level costs will be included in the total cost of the parent item. The default is Yes.

Low Level Subcontract

Indicate if low level subcontract costs should be rolled up in the simulation. When you include low level subcontract costs, these lower-level costs will be included in the total cost of the parent item. The default is Yes.

Low Level Labor Time

Indicate if low level labor times for manufactured items should be rolled up in the simulation to calculate the cost of the parent item. The default is No.

Low Level Setup Time

Indicate if low level setup time should be rolled up in the simulation to calculate the cost of the parent item. The default is No.

Include Yield %

Determines whether yield percentages from Routings are used to calculate component item costs in the simulated roll-up. When included, the component quantity per is adjusted upward to account for any yield percentage. This adjusted quantity is used to calculate the cost. When not included, the expected yield is not factored into the cost calculations. The default is Yes.

Set Update Field For

Indicate whether you update the costs for all items or only those items with cost changes. Setting this field to Changed Only provides a better audit trail of dates when costs change.

Simulation Subcontract Costs

You can create new, update, or delete simulation costs using this function. You cannot modify costs for categories other than Subcontract in this function.

Two panels display: Summary and Main.

Summary

In the Summary panel, the system displays the following read-only information:

- Cost set and description
- Routing code
- Operation
- Subcontract cost element

Main

Cost Set

For a new simulation subcontract cost record, enter a simulation cost set. This is a mandatory field. When editing an existing record, this field is display only.

Routing Code

For a new simulation subcontract cost record, enter the routing code. This is a mandatory field. When editing an existing record, this field is display only.

Operation

For a new simulation subcontract cost record, enter the operation. This is a mandatory field. When editing an existing record, this field is display only.

Cost Element

For a new simulation subcontract cost record, enter a simulation cost element. This is a mandatory field. When you enter a cost set, the lookup includes cost elements with the Category set as Subcontract for the cost set selected. When editing an existing record, this field is display only.

An element can only exist once in a cost set, regardless of category.

Cost

Enter the subcontract cost. The default is 1.00. You can enter the cost when creating a new or editing an existing simulation cost record.

Simulation to WC & Routing Cost Copy

Use this program to change work center costs, such as labor, labor burden, or machine burden rates, that are associated with a routing.

Cost simulation functions let you set up different cost scenarios and test the impact of cost changes. You could, for example, evaluate the impact of a 15% increase in labor cost by multiplying the existing labor rate by 1.15 and entering that value for the labor cost element. Once you run simulations on costs for work center and routing scenarios, you can update the costs by copying the simulated costs to standard work center and routing costs using this program.

Note The Cost Set type must be SIM.

The system copies specified costs so long as the difference between the old and new cost does not exceed the percentage you enter in the Tolerance option. The system updates the work center labor rate, setup rate, machine burden rate, labor burden rate, and labor burden % from data entered in the QAD .NET UI Simulation Work Center Rate Maintenance program. The system updates routing subcontract cost from data entered in the Simul Subcontract Cost Maintenance function.

Settings

For more information about running reports, see: Reports on page 296.

Filter

From Cost Set

Enter the Simulation cost set. This is a mandatory field.

Effective Date

Enter the effective date that is used for selecting cost simulations to be copied. Only cost simulations that are effective on the specified date are selected. The default is the system date.

Routing

Enter the routing that is used for selecting cost simulations to be copied.

Operation

Enter the operation that is used for selection cost simulations to be copied.

To examine the impact of improved efficiency for an operation, you can create an alternate routing with different standard hours in the simulation.

Work Center

Enter the work center that is used for selecting cost simulations to be copied.

The standard setup and run labor rates are associated with cost element Labor, machine burden rates with cost element Mch Bdn, labor burden rates with cost element Lbr Bdn, and labor burden expressed as a percentage on the work center is converted to a rate per hour. These rates can be changed for the simulation, then copied to standard rates associated with a work center using this program.

Machine

Enter the machine that is used for selecting cost simulations to be copied.

Tolerance

Enter a tolerance percentage or a range of tolerance percentages.

When a simulation cost set is copied, costs may already exist in the target cost set. If so, costs are updated only if the difference between the costs lies within this tolerance range.

Copy Work Center Cost

Select Yes if you want to update work center rates using cost simulation rates. Otherwise, select No.

Copy Operation Cost

Select Yes if you want to update operation costs using cost simulation rates. Otherwise, select No.

Update

Select Yes to run this program in update mode and change records in the database. When you select No, the system runs this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page.

Simulation Work Center Rates

Use this function to update labor and burden costs for a simulation cost set. You cannot modify other categories using this function.

Work center rates include setup rate, labor rate, machine burden rate, labor burden rate, and labor burden %. These can be split into sub-elements for simulation purposes. You can use this function to evaluate the impact of a change in labor cost or the cost impact of using a different machine. For example, evaluate the impact of a 15% increase in labor cost by multiplying the existing labor rate by 1.15 and entering that value in Labor Rate.

In this function, you can create, update, and delete labor and burden data. Three panels display: Summary, Main, and Rates.

Select New to add a new record. For a new record, the Rates panel does not display. When you select a Cost Element, the fields that display in the Rates panel are based on the Cost Category for the element. See Rates on page 5550.

When you add a new record, the Cost Set, Work Center, and Machine options are editable in the Main panel. After you enter the Cost Set, you can enter the Element for the cost set or use the lookup.

Select Edit to update an existing record. The fields in the Rates panel display based on the Cost Category for the Element:.

To delete a record, select Delete.

Summary

The Summary panel displays the following:

- Cost Set /Cost Set Description
- Work Center /Work Center Description
- Machine
- Cost Element /Cost Element Description

Main

Cost Set

Enter a simulation cost set. This is a mandatory field.

Work Center

Enter the work center. This is a mandatory field.

Machine

Enter the machine.

Cost Element

Enter a simulation cost element. This is a mandatory field.

Category

Displays the cost category. You cannot edit this option.

Rates

The fields that display in the Rates panel are based on the Cost Category for the Element when you add a new record or edit an existing record. The rate fields are editable when you edit the record.

- When the Cost Category is Labor, the Setup Rate and Labor Rate fields display.
- When the Cost Category is Burden, the Labor Burden Rate, Labor Burden Percent, and Machine Burden Rate fields display.

Setup Rate

Enter a decimal for the setup rate.

Labor Rate

Enter a decimal for the labor rate.

Labor Burden Rate

Enter a decimal for the setup rate.

Labor Burden Percent

Enter a decimal for the setup rate.

Machine Burden Percent

Enter a decimal for the setup rate.

Simulation Work Center Rate Update

Use this program to simulate work center rates in a simulation cost set. Work center rates include setup rate, labor rate, machine burden rate, labor burden rate, and labor burden %. These can be split into sub-elements for simulation purposes. Cost change effects for these sub-elements can be simulated by running the **Simulation Item-Element Cost Update** and changing the cost by some percentage.

Note You must specify a Cost Set, and it must be a Simulation.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Work Center

Enter the work center.

Machine

Enter the machine.

Cost Set

Enter a simulation cost set. This is a mandatory field.

Cost Element

Enter a cost element.

Change

Enter a percentage rate by which all of the costs selected will change. The default is zero (0) percent.

A positive percentage indicates a cost increase, while a negative represents a decrease. This is because a cost element cannot be negative, so you cannot enter a percentage less than -100.

Calculate Labor Rates

Select Yes to have the system calculate labor rates in the simulation. Labor costs are based upon standard hours reported at the work center labor rates.

Calculate Burden Rates and %

Select Yes to have the system calculate burden rates and percentages.

The Burden account is used to accumulate accrued burden for a department. Each operation can have labor burden and/or machine burden depending on how variable overhead is applied. Machine burden is applied as a machine hour rate; however, labor burden can be applied either as a labor burden rate or as a percentage of direct labor cost.

Update

Select Yes to run this program in update mode and change records in the database. Select No to run this report in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page. The default is No.

WC & Routing Cost Copy to Simulation

Use this program to copy work center costs, such as labor, labor burden, or machine burden rates, that are associated with a routing from one cost set to a simulation cost set.

Since the system maintains multiple simulation costs sets, you can copy from one simulation cost set to another simulation cost set. For example, you could evaluate the impact of a 15% increase in labor cost by multiplying the existing labor rate by 1.15 and entering that value for the labor cost element. Once you run simulations on costs for work center and routing scenarios, you can copy them to another simulation cost set.

Note You must enter both a From and To Cost Set, and the To Cost Set must be simulation.

The system copies specified costs so long as the difference between the old and new cost does not exceed the percentage you enter in the Tolerance option.

Settings

For more information about running reports, see: Reports on page 296.

Filter

From Cost Set

Enter any valid cost set. This is a mandatory field.

To Cost Set

Enter a Simulation cost set. This is a mandatory field.

Routing

Enter the routing that is used for selecting costs to be copied. This option only applies to operation data.

Operation

Enter the operation that is used for selecting costs to be copied.

Work Center

Enter the work center that is used for selecting costs to be copied.

Machine

Enter the machine that is used for selecting costs to be copied.

Tolerance

Enter a tolerance percentage or a range of tolerance percentages.

When a cost set is copied to a simulation cost set, costs may already exist in the target cost set. If so, costs are updated only if the difference between the costs lies within this tolerance range.

Copy Work Center Cost

Select Yes if you want to copy work center rates. Otherwise, select No.

Copy Operation Cost

Select Yes if you want to copy operation costs. Otherwise, select No.

Update

Select Yes to run this program in update mode and change records in the database. Select No to run this report in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page. The default is No.

Cost Accounting

Cost accounting is a form of managerial accounting that aims to capture a company's total cost of production by assessing the variable costs of each step of production as well as fixed costs. This type of analysis helps management make strategic decisions. In cost accounting, the motive is to be cost effective by reducing costs of process, production, or project.

For a standard manufacturing unit, the various costs involved can be segregated into the following:

- Material
- Labor
- Other expenses

These can be further segregated into direct or indirect costs.

Use the table information in Cost Accounting to help you understand costing transactions. The tables depict the costing method transaction name, transaction type, GL transaction type, debited and credited accounts, calculations, the function/condition that creates the transactions, and exceptions. Using data in the tables, you can decipher transaction types that display in reports and browses and understand how and when various transaction types are created.

Ultimately, the information helps you determine product costs for inventory valuation and product pricing as well as determine costs of other units of activity, such as burden and subcontracting. This aids in providing measurement, control, and planning.

Production Cost Accounting

Production cost accounting provides information necessary to analyze production costs and variances. Production costs include direct costs such as material and labor, as well as indirect costs such as burden and overhead. Production costs are captured with transactions such as Production Order Component Issue and Operation Labor Transaction, and also with functions that generate transactions to account for cost variances.

Average Labor/Burden Costing Transactions

The table below includes the following data:

- Average transaction name
- Transaction type
- GL transaction type
- Debited and credited accounts
- Calculations
- Functions or conditions that create the transaction

Use this information to decipher transaction types that display in reports and browses and to understand how and when various transaction types are created.

Average Labor/Burden Costing Transactions

Avg Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
Labor Setup	op_hist SETUP	LBR-1000	WIP (wo_acct)	COGS Labor	lbr_act_amt = Actual Setup Rate * Actual Setup Hours	• Production Order Receipt • Operation Activity Transaction • Operation Labor Transaction
Labor Run	op_hist LABOR	LBR-2000	WIP (wo_acct)	COGS Labor	lbr_act_amt = Actual Run Rate * Actual Run Hours	• Production Order Receipt • Operation Activity Transaction • Operation Labor Transaction
Burden Setup	op_hist SETUP	BDN-1000	WIP (wo_acct)	COGS Burden	setup time * ((setup rate * (bdn	• Production Order Receipt

Avg Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
					pct/100)) + bdn rate + (mch bd rate * mach/op)	• Operation Activity Transaction • Operation Labor Transaction
Burden Run	op_hist LABOR	BDN-2000	WIP (wo_acct)	COGS Burden	run time * ((run rate * (bdn pct/100)) + bdn rate + mch bd rate)	• Production Order Receipt • Operation Activity Transaction • Operation Labor Transaction

Average Material Costing Transactions

The table below includes the following data:

- Average transaction name
- Transaction type
- GL transaction type
- Debited and credited accounts
- Calculations
- Functions or conditions that create the transaction

Use this information to decipher transaction types that display in reports and browses and to understand how and when various transaction types are created.

Average Material Costing Transactions

Avg Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
Material Actual Cost	tr_hist ISS-WO	ISS-WO	WIP (wo_acct)	Inventory	Actual Unit Cost at Issue * Actual Quantity Issued	• Production Order Component Issue • Production Order Receipt

Avg Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
						• Operation Activity Transaction
Floorstock	tr_hist WO-CLOSE	FLR-STK	WIP (wo_acct)	Floor Stk (wo_flr_acct)	[qty per (wod_bom_qty) * (qty completed + qty scrapped)] * Item-Site Average Cost	Production Order Close
Floorstock	tr_hist CST-ADJ	RCT-AVG	Inventory	WIP (wo_acct)	Same as above.	Production Order Close
Production Receipt Inventory Receipt	tr_hist RCT-WO	RCT-AVG	Inventory	WIP (wo_acct)	Total unused labor and material cost of final operation + (quantity completed final operation/ quantity completed lower operation) * (total unused labor and material costs)	Operation Activity Transaction
Production Receipt Inventory Receipt	tr_hist RCT-WO	RCT-AVG	Inventory	WIP (wo_acct)	Adds all actual costs and removes costs already removed from	Production Order Receipt (see exception below this table)

Avg Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
					WIP from previous transactions to calculate receipt amount.	
WIP Transfer Out	op_hist TRANSFER	TRANSFER-WIP	WIP	Transfer clearing account	Takes remaining WIP from each production order operation and moves it to the new repetitive CUM order.	Production Order Accounting Close with Transfer WIP set to TRUE.
WIP Transfer In	op_hist CLOSE	CLOSE	Transfer clearing account	WIP	Creates a new repetitive cum order, moves remaining costs from previous repetitive CUM order into new order.	Production Order Accounting Close with Transfer WIP set to TRUE.
Cost Adjustment	tr_hist CST-ADJ	RCT-AVG	Inventory	WIP	When there are additional costs that have not been absorbed by the RCT-AVG transaction, during close, a CST-ADJ is made to re-	Production Order Accounting Close

Avg Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
					average in the costs.	
Inventory Discrepancies	tr_hist WO-CLOSE	blank	Inventory discrepancies	WIP	See text below table.	Production Order Accounting Close
Overhead	tr_hist RCT-WO	OVH POST	WIP (wo_acct)	Overhead applied	qty received * std overhead cost	• Production Order Receipt • Operation Activity Transaction

Notes:

- For the Production Receipt Inventory Receipt transaction, note the following exception:

  Do not use Production Order Receipt for production orders with subcontract costs. Production Order Receipts does not report setup time for repetitive type production orders, even if the standard setup time is set to yes.

- Inventory discrepancies can happen because there is not enough inventory for the cost adjustment, so it must go to discrepancy. For example: your order is for 10. You receive 10; then, you report labor. You then issue 10 to a sales order before you close the order. Now there is no inventory for your finished goods, so the remaining costs must go to discrepancy.

Average Scrap Costing Transactions

The table below includes the following data:

- Average transaction name
- Transaction type
- GL transaction type
- Debited and credited accounts
- Calculations
- Functions or conditions that create the transaction

Use this information to decipher transaction types that display in reports and browses and to understand how and when various transaction types are created.

Average Scrap Costing Transactions

Avg Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
Scrap	op_hist SCRAP-I SCRAP-R SCRAP-O	SCRAP	Scrap Account	WIP (wo_acct)	For each operation starting with the operation with the scrap, sum all cost elements as: Qty scrapped / Qty processed * Actual costs for each code element	• Production Order Receipt • Operation Activity Transaction • Reject/ Scrap Transaction
Scrap with Floor Stock	op_hist SCRAP-I SCRAP-R SCRAP-O	FLR-STK	WIP (wo_acct)	Floor stock (wo_flr_acct)	Same as above.	• Production Order Receipt • Operation Activity Transaction • Reject/ Scrap Transaction

Average Subcontract Costing Transactions

The table below includes the following data:

- Average transaction name
- Transaction type
- GL transaction type
- Debited and credited accounts
- Calculations
- Functions or conditions that create the transaction

Use this information to decipher transaction types that display in reports and browses and to understand how and when various transaction types are created.

Average Subcontract Costing Transactions

Avg Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
Subcontract	apt_hist SUBCNT	SUB-2000	WIP	Cost of production	act_cost = po price * qty received	• Purchase Order Receipt • PO Shipper Receipt • Kanban Fill/ Receive
Subcontract	act_hist RCT-PO	RCT-PO	Cost of production	PO Receipt	act_cost = po price * qty received	

Operation Accounting Transactions

Use this report to analyze WIP item and account movements. You must enter an Effective Date.

Settings

For more information about running reports, see: Reports on page 296.

You can optionally specify that the system output report data to a Microsoft Excel spreadsheet. To specify output to a spreadsheet, select the File Type as Excel and the Layout as Excel Layout in Settings.

Filter

Effective Date

Enter the effective date. This is mandatory to run the report.

Transaction Date

Enter a transaction date to include.

Site

Enter the sites to include.

Item

Enter item numbers being manufactured on this production order, either a finished product or an intermediate subassembly.

Production Order

Enter production order numbers to include. The production order number and the ID together identify a specific manufacturing order. The same order may be used with different IDs.

ID

Enter production order IDs to include.

Production Line

Enter production lines to include.

Department

Enter departments to include.

Work Center

Enter work centers to include.

Machine

Enter machines to include.

Shift

Enter shifts to include.

Account

Enter accounts to include.

Sub-Account

Enter sub-accounts to include.

Cost Center

Enter cost centers to include.

Project

Enter projects to include.

Detail by Transaction

Select Yes to include Transaction Detail in the report output. This report is useful for conducting audit trails.

When selected, the report shows transactions in order of date and transaction number. This format shows the debit and credit accounts used for each transaction, along with the amount.

If No is selected, the Transaction Detail is not included in the report output.

Detail by GL Account

Select Yes to include GL account details in the report output. This is useful for conducting audit trails.

When selected, the report shows transactions in order of entity and account. For each account, this format shows the applicable transactions and whether they were debits or credits. If No is selected, the GL account details are not included in the report output.

If you indicated Yes to both the Detail by Transaction and the Detail by GL Account, both formats print. If you selected No for both, no report prints.

Post Production Order Usage Variance

This function calculates and recognizes the following variances:

- Component Material Usage Variance
- Run Labor Usage Variance
- Run Labor Burden Usage Variance
- Setup Labor Usage Variance
- Setup Labor Burden Usage Variance
- Floorstock Component Expense

Note the following when this function posts variances:

- The GL transaction type for production order variances is WO-VAR.
- This function does not create Subcontract Usage Variances, Mix Variances, or Method Variances; these variances are created by Production Order Accounting Close.

The following sections provide more information on the variance types. Each topic includes a table that depicts the transaction type, the GL transaction type, the debited and credited accounts, and the program or condition that creates the variance. Use the information in the table to help you decipher transaction/costing information that displays in reports.

Component Material Usage Variance

Component Material Usage Variance

Std Transaction	Transaction Type	GL Transaction Type	Debit	Credit
Material Usage Variance	WO-VAR (tr_hist)	MATL-VAR	WIP (wo_acct)	Inventory

When using standard costing, material usage variances are calculated based on the standards in the production order bill. Some production orders start out with a different production order bill. Rework orders have only one billed item, the item being reworked. Expense orders have no bill. To calculate variances, you must enter a standard bill. The system calculates material usage variance from the difference between the total quantity issued for a component and the expected quantity on the production order bill and the general ledger cost for the item.

The system determines Earned Quantity, which is the expected component quantities from the production order bill to make the quantity reported complete. Earned quantity is compared to actual issues (at item standard cost). Any difference is posted as a variance. The calculation is as follows:

*(Actual Qty Issued – [qty per (wod_bom_qty) * (qty completed + qty scrapped)]) * Frozen Std Unit Cost (wod_bom_amt)*

Run Labor Usage Variance

Run Labor Usage Variance

Std Transaction	Transaction Type	GL Transaction Type	Debit	Credit
Labor Run Usage Variance	WO-VAR (op_hist)	LBR-2002	Labor Usage Variance	WIP (wo_acct)

The system determines labor usage variances for the reported setup and run hours by the difference between the total actual setup and run labor hours and the expected setup and run labor hours for the production operation. The system uses the expected labor rates for the work center on the production order routing operation.

The labor run usage variance is as follows per operation:

*lbr_usage var= [Actual Run Hrs - Std Run) * Std Run Rate*

Run Labor Burden Usage Variance

Run Labor Burden Usage Variance

Std Transaction	Transaction Type	GL Transaction Type	Debit	Credit
Burden Run Usage Variance	WO-VAR (op_hist)	BDN-2002	Burden Usage Variance	WIP (wo_acct)

The system determines labor usage variances for the reported setup and run hours by the difference between the total actual setup and run labor hours and the expected setup and run labor hours for the production operation. The system uses the expected labor rates for the work center on the production order routing operation.

The run labor burden usage variance is as follows per operation:

*run time * ((run rate * (bdn pct/100)) + bdn rate + mch bd rate)*

Setup Labor Usage Variance

Setup Labor Usage Variance

Std Transaction	Transaction Type	GL Transaction Type	Debit	Credit
Labor Setup Usage Variance	WO-VAR (op_hist)	LBR-1002	Labor Usage Variance	WIP (wo_acct)

The system determines labor usage variances for the reported setup and run hours by the difference between the total actual setup and run labor hours and the expected setup and run labor hours for the production operation. The system uses the expected labor rates for the work center on the production order routing operation.

The setup labor usage variance is as follows per operation:

*lbr_usage_var = (Actual Setup Hrs - Std Setup) * Std Setup Rate*

Setup Labor Burden Usage Variance

Setup Labor Burden Usage Variance

Std Transaction	Transaction Type	GL Transaction Type	Debit	Credit
Burden Setup Usage Variance	WO-VAR (op_hist)	BDN-1002	Burden Usage Variance	WIP (wo_acct)

The system determines labor usage variances for the reported setup and run hours by the difference between the total actual setup and run labor hours and the expected setup and run labor hours for the production operation. The system uses the expected labor rates for the work center on the production order routing operation.

The setup labor burden usage variance is as follows per operation:

*setup labor burden usage variance =(Actual Setup Hours - Operation Standard Setup Hours) * [(Frozen Work Center Run Rate * Frozen Work Center Labor Burden %) + Frozen Work Center Labor Burden Rate + Frozen Machines Burden Rate]*

Floorstock Component Expense

Floorstock Component Expense

Std Transaction	Transaction Type	GL Transaction Type	Debit	Credit
Floor Stock	WO-VAR (tr_hist)	FLR-STK	WIP (wo_acct)	Floor Stock (wo_flr_acct)

Floorstock is inexpensive, easily replenished components such as screws, usually stocked on a factory floor and used as needed, without requisition. Floor stock is added to the WIP value of the production order, using the quantity processed at each operation.

The calculation is as follows:

*[qty per (wod_bom_qty) * (qty completed + qty scrapped)] * Frozen Std Unit Cost (wod_bom_amt)*

Settings

For more information about running reports, see: Reports on page 296

Filters

Effective Date

Enter the transaction effective date. The default is the current date, but you can modify it as needed. The system verifies that the effective date is within an open fiscal period. The effective date determines when the general ledger (GL) Inventory account balance is updated.

Production Order

Enter a range of production orders with variances to calculate and post.

ID

Enter a range of IDs. The production order and ID must be unique. Production order number and ID together identify a specific manufacturing order. The same order number can be used with different IDs.

Item

Enter a range of items for this function to consider.

Site

Enter a range of sites for this function to consider.

Production Line

Enter a range of production lines.

Include Work Order/Rep/Both

Select the order type as WO (Work Order), Rep(etitive), or Both. The default is Both.

Show Variances with 0 to Post

Select Yes if you have an order that has variances that were previously posted, and you want to view the total variances posted so far. This has no financial or database effect; it only affects what displays on the report. Select No to display new variances to post. The default is No.

Print GL Summary

Select Yes to include GL data in the report. Select No to omit the GL data. The default is No.

Update

Select Yes to run this program in Update mode and change records in the database. Select No to run this program in Simulation mode. The same results are calculated for Update without updating the database. Simulation is displayed on the top of the report. The default is No.

Production Order Accounting Close

Execute this program regularly or at least at the end of each fiscal period as defined in your General Ledger (GL) calendar. This program works with all types of production orders.

Note

When selecting records to run this function, the Effective Date must be in an open GL calendar period.

This program creates transactions in Inventory History and Operation History tables that represent the GL transactions created when closing out the WIP value of the production order. You should execute WIP Material Cost Revaluation before closing orders with this program to prevent unaccounted material rate variances.

Note

The system does not close final assembly orders with open sales order lines.

Accounting close makes the following updates to closed orders:

1. It marks production order operations as complete.
2. For standard costing only, accounting close uses the total quantity received against this production order to calculate material and subcontract usage variances. For example, if 80 units are received

but material was issued for 100 units, the excess material cost is posted to material usage variance.

3. Floor stock is added to the WIP value of the production order, using the quantity processed plus the quantity scrapped at each operation. This is the cost of any component item with an Issue Policy set to No Issue.
4. For standard costing only, any amount remaining in WIP is posted to the Method Variance account. Usually this results from using non-standard routings and BOMs. It may also reflect in-process losses resulting from labor on materials that were rejected.
5. Current costs are updated to reflect the actual cost of labor, burden, and subcontracts.
6. Optionally, WIP is transferred from semi-processed repetitive CUM orders to the next CUM order for the following period.

Settings

For more information about running reports, see: Reports on page 296

Filter

Effective Date

Enter the general ledger (GL) effective date associated with this transaction. The system validates that the date is within an open fiscal period. The effective date determines when GL transactions created by this transaction affect GL balances. A transaction does not increase the balance in the Inventory account until this effective date. The date of the transaction can differ from the effective date. The transaction date usually indicates when the transaction was actually entered into the system. Effective date is when the transaction affects the general ledger. At period end, these dates often differ.

Site

Enter a range of sites for the Production Order Accounting Close operations.

Production Line

Enter a range of production lines for the Production Order Accounting Close operations.

Include Work Order/Rep/Both

Enter the order type as WO (work order), rep(etitive), or both for the Prod Order Accounting Close operations. The default is both.

CUM Order End Date

Enter the cumulative order end date.

Production Order

Enter a range of production orders with WIP amounts to clear, variances to calculate and post, and operations to close.

ID

Enter a range of IDs. The production order and ID must be unique. Production order number and ID together identify a specific manufacturing order. The same order number can be used with different IDs.

Item

Enter a range of items numbers being manufactured on this production order, either a finished product or an intermediate subassembly.

Project

Enter a range of project code IDs for the Production Order Accounting Close operations. Project codes are one component of an account number defined in GL setup functions.

Sales/Job

Enter a range of sales/job code in a range for the Production Order Accounting Close operations. Note that the project code records the cost of a particular job in the GL.

Transfer Work in Process

Select Yes to have the system transfer work in process automatically.

Print Account Detail

Select Yes to print the GL transaction detail by production order. If No is selected, output of GL transaction detail is not required. Output displays in sequence by production order number, ID, item number, site quantities ordered, completed and rejected, SO/Job, Project, and Effective Date for each order that meets the selection criteria. When checked, the system prints the GL transactions in sequence by GL reference number showing the debit and credit accounts and amount of each WO-CLOSE transaction created for each production order. The default is Yes.

Print GL Summary

Select Yes to print GL data in the report. Select No to omit the GL data. The default is Yes.

Update/Simulation

Select Update to run this program in Update mode and change records in the database. When selected, the system:

- Completes Open Operations: The system marks all operations complete. No more labor can be recorded against this order. Any unreported operations are closed at standard. Adjusts quantities

completed at open operations to match the total of completions plus rejects at Work Order Receipt.

- Posts Floor Stock: Costs of components are flagged as Issue Policy No are added to WIP before variances are calculated. Thus floor stock cost is not included in variance.
- Calculates Usage Variances: The system calculates material and subcontract usage variances. Total quantity issued is compared to total quantity required to make quantity reported complete (receipts plus rejects). Any difference is a usage variance.
- Clears Out WIP Balance: The system sets any remaining WIP balance to zero. Any amount left in WIP at this point is reported as a Method Variance that cannot be traced to any specific source (for example, material or labor, rate or usage). Method variances can result from the use of alternate bills and routings, different lot sizes, in-process loss, or changes in GL costs (without revaluing WIP). Because costs of component issues are tracked by operation, a method variance occurs if you issue components at an operation different than the one recorded in the bill.

Select Simulation to run this program in Simulation mode. The same results are calculated for Update without updating the database. Simulation is displayed on the top of the report. The default is Simulation.

Production Order Variance Rules

Rules for Calculating Usage, Rate, and Method Variances

The system calculates usage and rate variances using the components and operations on the production order BOM and routing. The system does not calculate the variances in the way that it calculates standard cost; that is, when the production order uses an alternate routing or BOM, the system calculates the variances, comparing them to the expected component and operation values from the production order’s BOM and routing.

The comparison includes one-off components and operations that you create for the production order.

To ensure accuracy, the system does not compare variances to the component and operation costs on the BOM and routing for the standard cost roll-up. When the production order BOM and routing result in a cost that is different from the standard cost, the system records the difference as a Method Variance (MTHD-CHG).

The system does not post variances for overhead. The system posts the overhead value to the Overhead Account (OVH-POST) as:

*Overhead Cost * Received Quantity*

When calculating quantities at each operation, the system includes the cumulative yield at the operation to obtain the operation's correct expected quantity.

Labor Usage and Rate Variances (includes Burden)

The system calculates usage variance by comparing the value of the actual hours reported to the cost of the total standard hours. The variance is calculated as:

*(Actual labor hours reported - Standard hours * Actual quantity processed) * Work Order Routing Work Center rate*

The system calculates rate variance by comparing the work center's current setup and run rates for the production order routing operation to the setup and run rates of the work center that reports labor. The rate variance is calculated as:

*Actual labor hours reported * (Actual Labor rate - work order routing work center rate)*

Any remaining WIP value from the operation becomes Method Variance when an alternate work center or an employee rate is used.

Usage variances are calculated and posted from Post Production Order Usage Variances, Production Order Accounting Close, or Operation Close.

Material Rate and Usage Variances

The system calculates usage variance by comparing the actual quantity reported to the quantity per multiplied by the quantity processed at operation. The system calculates rate variance by comparing the current component cost of the component on the production order BOM to the current component cost of the component used when reporting issue/backflush. Any remaining WIP value from the component becomes Method Variance.

When substitute components are in use, a usage variance is calculated for the quantity not used of the original component:

*(Quantity substituted * original component cost)*

In addition, a corresponding usage variance is calculated for the substitute component:

*(Quantity substituted * substitute component cost)*

The system calculates rate variances at all component issues when the current component cost is different from the cost when the production order is in the E, A or R status.

The component cost is locked in when the production order is exploded; and once locked in, the system compares the current component cost to this locked-in cost to get the rate variance.

The system posts usage variances during Accounting Close, but optionally, you can post usage variances at any time before close using Post Production Order Usage Variance.

Subcontract Usage and Rate Variances

The system calculates usage variances for a subcontract operation by comparing the quantity processed on the operation with the total quantity received of the finished good. The system only calculates subcontract usage variances during accounting close.

The system calculates rate variances by comparing the production order's subcontract cost on the operation to the PO price. The system only calculates rate variances during PO Receipt.

For accounts payable (AP), the system posts rate and usage variances directly to the variance accounts and never posts to the WIP value of the order.

Any remaining WIP value from the operation becomes Method variance.

Method Variance

Method Variance is posted at the time of accounting close, after all other variances have been calculated and posted to GL; that is, the Method Variance is what is left of WIP on the order after all other variances have been calculated and eliminated from WIP.

Standard Labor/Burden Costing Transactions

The table below includes the following data:

- Standard transaction name
- Transaction type
- GL transaction type
- Debited and credited accounts
- Calculations
- Functions or conditions that create the transaction

Use this information to decipher transaction types that display in reports and browses and to understand how and when various transaction types are created.

Standard Labor/Burden Costing Transactions

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
Labor Setup	op_hist SETUP	LBR-1000	WIP (wo_acct)	COGS Labor	lbr_act_amt = Actual Setup Rate * Actual	• Production Order Receipt

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
					Setup Hours lbr_wr_std_amt = wr_setup_rte * Actual Setup Hours *Note: Actual setup rate from routing setup time divided by item planning order qty*	• Operation Activity Transaction • Operation Labor Transaction
Labor Setup Rate Variance	op_hist SETUP	LBR-1001	Labor Rate Variance	WIP (wo_acct)	br_rate_var = (Actual Setup Rate - Std Setup Rate) * Setup Hours	• Production Order Receipt • Operation Activity Transaction • Operation Labor Transaction
Labor Setup Usage Variance	op_hist OP-CLOSE	LBR-1002	Labor Usage Variance	WIP (wo_acct)	Per operation: lbr_usage_var = (Actual Setup Hrs - Std Setup) * Std Setup Rate	• Production Order Receipt • Operation Activity Transaction • Operation Labor Transaction • Production Order Maintenance setting

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
						status to C
Labor Setup Usage Variance	op_hist WO-CLOSE	LBR-1002	Labor Usage Variance	WIP (wo_acct)	Same as Labor Setup Usage Variance.	Production Order Accounting Close
Labor Setup Usage Variance	WO-VAR	LBR-1002	Labor Usage Variance	WIP (wo_acct)	Same as Labor Setup Usage Variance.	Post Production Order Usage Variances
Burden Setup	op_hist SETUP	BDN-1000	WIP (wo_acct)	COGS Burden	(setup time/ POQ) * ((setup rate * (bdn pct/100)) + bdn rate + (mch bd rate * mach/op))	• Production Order Receipt • Operation Activity Transaction • Operation Labor Transaction
Burden Setup Rate Variance	op_hist SETUP	BDN-1001	Burden Rate Variance	WIP (wo_acct)	Same as Burden Setup	• Production Order Receipt • Operation Activity Transaction • Operation Labor Transaction
Burden Setup Usage Variance	op_hist OP-CLOSE	BDN-1002	Burden Usage Variance	WIP (wo_acct)	Same as Burden Setup	• Production Order Receipt • Operation Activity Transaction

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
						• Operation Labor Transaction • Production Order Maintenance setting status to C
Burden Setup Usage Variance	op_hist WO-CLOSE	BDN-1002	Burden Usage Variance	WIP (wo_acct)	Same as Burden Setup	Production Order Accounting Close
Burden Setup Usage Variance	WO-VAR	BDN-1002	Burden Usage Variance	WIP (wo_acct)	Same as Burden Setup	Post Production Order Usage Variances
Labor Run	LABOR	LBR-2000	WIP (wo_acct)	COGS Labor	lbr_act_amt = Actual Run Rate * Actual Run Hours lbr_wr_std_amt = wr_lbr _rate * Actual Run Hours	• Production Order Receipt • Operation Activity Transaction • Operation Labor Transaction
Labor Run Rate Variance	op_hist LABOR	LBR-2001	WIP (wo_acct)	WIP (wo_acct)	Same as above.	• Production Order Receipt • Operation Activity Transaction • Operation Labor Transaction
Labor Run	op_hist OP-CLOSE	LBR-2002	Labor Usage Variance	WIP (wo_acct)	Per operation: lbr_usage_var	• Production Order Maintenance

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
Usage Variance					= (Actual Run Hrs - Std Run) * Std Run Rate	change status to C • Production Order Receipt • Operation Labor Transaction • Operation activity
Labor Run Usage Variance	WO-CLOSE	LBR-2002	Labor Usage Variance	WIP (wo_acct)	Same as above.	Production Order Accounting Close
Labor Run Usage Variance	WO-VAR	LBR-2002	Labor Usage Variance	WIP (wo_acct)	Same as Labor Run Usage Variance.	Post Production Order Usage Variances
Burden Run	op_hist LABOR	BDN-2000	WIP (wo_acct)	COGS Burden	run time * ((run rate * (bdn pct/100)) + bdn rate + mch bd rate)	• Production Order Receipt • Operation Activity Transaction • Operation Labor Transaction
Burden Run Rate Variance	op_hist LABOR	LBR-2001	Burden Rate Variance	WIP (wo_acct)	Same as for Burden Run	• Production Order Receipt • Operation Activity Transaction • Operation Labor Transaction

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
Burden Run Usage Variance	op_hist OP-CLOSE	BDN-2002	Burden Usage Variance	WIP (wo_acct)	Same as for Burden Run.	• Production Order Receipt • Operation Activity Transaction • Operation Labor Transaction • Production Order Maintenance C status
Burden Run Usage Variance	op_hist WO-CLOSE	BDN-2002	Burden Usage Variance	WIP (wo_acct)	Same as for Burden Run.	Production Order Accounting Close
Burden Run Usage Variance	WO-VAR	BDN-2002	Burden Usage Variance	WIP (wo_acct)	Same as for Burden Run.	Post Production Order Usage Variance

Standard Material Costing Transactions

The table below includes the following data:

- Standard transaction name
- Transaction type
- GL transaction type
- Debited and credited accounts
- Calculations
- Functions or conditions that create the transaction

Use this information to decipher transaction types that display in reports and browses and to understand how and when various transaction types are created.

Standard Material Costing Transactions

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
Material Actual Cost	tr_hist ISS-WO	ISS-WO	WIP (wo_acct)	Inventory	Actual Unit Cost at Issue * Actual Quantity Issued	• Production Order Component Issue • Production Order Receipt • Operation Activity Transaction
Material Rate Variance	tr_hist ISS-WO	RATE-VAR	Material Rate Variance (wo_mvrr_acct)	WIP (wo_acct)	(Actual Unit Cost at Issue-Standard Unit Cost (wod_bom_amt)) * Actual Quantity Issued	• Production Order Component Issue • Production Order Receipt • Operation Activity Transaction
Material Usage Variance	tr_hist WO-CLOSE	MATL-VAR	Material Usage Variance (wo_mvar_acct)	WIP (wo_acct)	{Actual Qty Issued – [qty per (wod_bom_qty) * (qty completed + qty scrapped)]} * Frozen Std Unit Cost (wod_bom_amt)	Production Order Close
Material Usage Variance	WO-VAR	MATL-VAR	Material Usage Variance (wo	Inventory	Same as row above.	Post Production Order Usage

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
			_mvar _acct)			
Floor Stock	tr_hist WO-CLOSE	FLR-STK	WIP (wo_acct)	Floor Stock (wo_flr_ acct)	[qty per (wod_bom_qty) * (qty completed + qty scrapped)] * Frozen Std Unit Cost (wod_bom_amt)	Production Order Close
Floor Stock	WO _VAR	FLR-STK	WIP (wo_acct)	Floor Stock (wo_flr_acct)	Same as row above.	Post Production Order Usage Variances
Production Receipt Inventory Receipt	tr_hist RCT-WO	RCT-WO	Inventory	WIP (wo_acct)	Standard Rolled up Cost of Production Order Item * completed qty	• Production Order • Operation Activity Transaction
Production Receipt Method Variance	tr_hist RCT-WO	MTHD-CHG	Method Variance Account (pl_mstr. _acct	WIP (wo_acct) pl_wvar	[Rolled up costs of Production Order Item at time of status set to 'R' - (Standard Rolled up Cost of Production Order Item - Standard Overhead amount)] *	• Production Order Receipt • Operation Activity Transaction

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
					completed qty	
Method Variance	tr_hist WO-CLOSE	MTHD CHG	Method Variance Account (pl_mstr._acct)	WIP (wo_acct pl_wvar	Cost left in WIP after all variances have been accounted for	Production Order Accounting Close
Material Rate Variance	tr_hist ISS-WO	WIP-ADJ	WIP (wo_acct)	Material Rate Variance	(New Std Cost - Previous Std Cost (wod_bom _amt)) * Quantity Issued	WIP Material Cost Revaluation
Mix Variance	tr_hist WO-CLOSE for base production order	MIX-VAR	Mix Variance Account (wo_xvar_acct)	WIP (wo_acct)	See text following this table.	Production Order Accounting Close
Overhead	tr_hist RCT-WO	OVH POST	WIP (wo_acct)	Overhead Applied	qty received * std overhead cost	• Production Order Receipt • Operation Activity Transaction
WIP Transfer	op_hist TRANSFER	TRANSFER-WIP	WIP (wo_acct)	Transfer Clearing found on Production Order Control	N/A	Production Order Accounting Close
Substitute items	WO-CLOSE	MATL-VAR	Material Usage Var	WIP (wo_acct)	At close or post usage	• Purchase Order Receipts

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
					variances, system posts a usage variance for the substitute component item and for the original component	• Operation Activity Transaction
Substitute items	RCT-WO	VAR	Material Usage Var	WIP (wo_acct)	At close or post usage variances, system posts a usage variance for the substitute component item and for the original component.	Receipt Backward Exploded

The Mix Variance Calculation is as follows for co/by product production orders:

Mix Variance = Expected Costs minus Accumulated Cost old_mix_var = coBy-wo_mstr.wo_mix_var coBy-wo_mstr.wo_mix_var = if base-wo_mstr.wo_qty_ord = 0 then ((base-wo_mstr.wo_qty_comp + base-wo_mstr.wo_qty_rjct) - (coBy-wo_mstr.wo_qty_comp + coBy-wo_mstr.wo_qty_rjct)) coBy-wo_mstr.wo_unit_cost else (((base-wo_mstr.wo_qty_comp + base-wo_mstr.wo_qty_rjct) * (coBy-wo_mstr.wo_qty_ord / base-wo_mstr.wo_qty_ord)) - (coBy-wo_mstr.wo_qty_comp + coBy-wo_mstr.wo_qty_rjct))*

Standard Scrap Costing Transactions

The table below includes the following data:

- Standard transaction name
- Transaction type

- GL transaction type
- Debited and credited accounts
- Calculations
- Functions or conditions that create the transaction

Use this information to decipher transaction types that display in reports and browses and to understand how and when various transaction types are created.

Standard Scrap Costing Transactions

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
Scrap	op_hist SCRAP-I SCRAP-R SCRAP-O	SCRAP	Scrap acct from production line (pld _det or pl_mstr)	WIP (wo _acct)	See text below.	• Production Order Receipt • Operation Activity Transaction • Reject/ Scrap Transaction
Scrap with Floor Stock	op_hist SCRAP-I SCRAP-R SCRAP-O	FLR-STK	WIP (wo _acct)	Floor stock (wo_flr_acct)	See text below.	• Production Order Receipt • Operation Activity Transaction • Reject/ ScrapTransaction

For scrap calculations, the scrap transaction rolls up and totals the material (including floor stock costs), run time labor, run time burden, and subcontract costs by operation based on the production order reporting the scrap, using that order's routing and bill data to determine the value of the scrap at the operation where it is scrapped.

For floor stock components included in the calculation, the system:

- Reduces component quantity required by qty scrapped * BOM qty:

  *(wod_qty_req = wod_qty_req - (qty scrapped * wod_bom_qty)*
- Reduces component quantity issued by qty scrapped * BOM qty:

  *(wod_qty_iss = wod_qty_iss - (qty scrapped * wod_bom_qty)*

- Adds the floorstock cost to the actual costs:

  *(wod_tot_std = wod_tot_std +(wod_bom_amt * wod_bom_qty * qty scrapped))*

- Adds the floorstock costs to the field that stores WIP costs removed from actual costs:

  *(wod_mtl_totx = wod_mtl_totx +(wod_bom_amt * wod_bom_qty * qty scrapped))*

Standard Subcontract Costing Transactions

The table in this help includes the following data:

- Standard transaction name
- Transaction type
- GL transaction type
- Debited and credited accounts
- Calculations
- Functions or conditions that create the transaction

Use this information to decipher transaction types that display in reports and browses and to understand how and when various transaction types are created.

Standard Subcontract Costing Transactions

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
Subcontract	act_hist SUBCNT	SUB-2000	WIP	Cost of production	std_cost = std subcontract rate * qty received	• Purchase Order Receipt • PO Shipper Receipt • Kanban Fill/ Receive
Subcontract	act_hist RCT-PO	RCT-PO	Cost of production	PO receipt	act_cost = po price * qty received	
Subcontract Rate Variance	act_hist SUBCNT	SUB-0001	Subcontract Rate Variance	Cost of production	rate_var = (po price - std	• Purchase Order Receipt

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Function or Condition
					subcontract rate) * qty received	• PO Shipper Receipt • Kanban Fill/ Receive
Subcontract Usage Variance	opt_hist WO-CLOSE	SUB-0002	Subcontract Usage Variance	WIP	lbr_usage_var = [Qty received - (op qty completed + op qty scrapped)] * subcontract std unit cost	Production Order Accounting Close

WIP Material Cost Revaluation

Use this program to revalue open production orders when standard costs change when:

- Standard costs change after you release a production order.
- Additional materials have been issued to work in process (WIP).

Standard component costs are recorded on production orders at release when the status is E, A or R. When materials are issued to the order, the standard cost of those materials is posted to WIP from the production order bill.

WIP Material Cost Revaluation updates the production order bill with the currently effective GL cost. Any difference between the unit cost of the components issued and the standard cost is posted as a material rate variance. WIP Material Cost Revaluation does not update product structures or labor and burden costs.

Execute this program before closing orders with Production Order Accounting Close to prevent unaccounted material rate variances.

Depending on the number of orders selected for processing, this function can take some time to complete. The program creates transactions in Inventory History and Operation History tables that represent the GL transactions created when closing out the WIP value of the production

order. You should execute WIP Material Cost Revaluation before closing orders with this program to prevent unaccounted for material rate variances.

GL Transactions

GL transactions are stored in the unposted transaction table until they are posted. Review unposted transactions with Unposted Transactions. The GL reference begins with WO.

This program:

- Debits the WIP account from the production order
- Credits the Material Rate Variance account from the production order

Settings

For more information about running reports, see: Reports on page 296.

Filter

Account

Enter the account codes to include. Leave blank to begin with the first account code matching the other criteria.

Sub-Account

Enter sub-accounts to include. Leave blank to begin with the first sub-account matching the other criteria.

Cost Center

Enter cost centers to include. Leave blank to begin with the first cost center matching the other criteria.

Project

Enter projects to include. Leave blank to begin with the first project matching the other criteria.

Production Order

Enter production order numbers to include. The production order number and the ID together identify a specific manufacturing order. The same order may be used with different IDs.

ID

Enter the production order IDs to include.

Item Number

Enter item numbers being manufactured on this production order, either a finished product or an intermediate subassembly.

Site

Enter sites to include.

GL Effective Date

Enter the general ledger (GL) effective date associated with this transaction. The default is the system date. The system validates that the date is within an open fiscal period.

Summary/Detail

Specifies the level of detail to appear on this report. Detail prints a detailed report of each transaction selected on this report. Summary prints a report with transaction totals only. Detailed reports are normally used as audit trails or when investigating sources of errors. Summarized reports are useful when you just need a bottom line total.

Update

Select Yes to run this program in update mode and change records in the database. When you select No, the system runs this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page.

Purchasing Cost Accounting

Accounting clerks and accounting managers can use the information in the tables to understand how the system generates posted transactions for PO receipts and returns in an environment that uses Average, Standard, and FIFO/WAVG costing methods.

Average PO Receipt/Return Transactions

Accounting clerks and accounting managers can use the information in the tables to understand how the system generates posted transactions for PO receipts and returns in an environment that uses Average costing methods.

- Average transaction name
- Transaction type
- GL transaction type
- Debited and credited accounts
- Calculation
- Accounting source
- Function or condition that creates the transaction

The table includes costing information for Average PO receipt transactions. For information on returns, see Average PO Return Costing Transactions on page 5600.

The system debits and credits certain accounts when you return items. In environments with an Average costing method, returns are calculated for GL average cost with a discrepancy amount that is calculated to properly adjust the balance in the PO Receipts account.

Note In environments with a WAVG costing method, the cost is not updated for indirect items. For more information on PO receipts in environments using WAVG costing, see FIFO and WAVG PO Receipt/Return Transactions on page 5601.

Use the information in the following section to decipher transaction types that display in reports and browses and to understand how and when various transaction types are created.

Average PO Receipt Costing Transactions

Average Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Inventory Receipt (positive receipt)	RCT-PO	RCT-AVG	Inventory	PO Receipts	Extended PO Net Price + Non-recoverable	**Inventory GL combination** from	• Receipt Action

Average Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
					taxes (if taxes are accrued at receipt) = (Receipt Quantity * PO Unit Price * quantity) + Non-recoverable tax amount Where: Non-Recoverable tax = Tax Amount * (100 - Percent Recoverable) Tax amount = Taxable base * Tax rate % Taxable base = Qty received * Net Unit Price * Tax base **Example:** Net Unit Price = 10 (PO unit price * Discount%) Received quantity 10 Non-recoverable taxes 40 Debit Inventory 140 Credit PO Receipts 140	• **Inventory Accounts**, if available or • **Product Lines** **PO Receipts GL combination** from: • **Suppliers** | Domain Settings | Accounts, if available or • **Purchasing Accounts**, if available or • **Product Lines**	• PO Shipper Confirm

Average Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Overhead Applied	RCT-PO	RCT-PO	Inventory	Overhead Applied	Extended Overhead cost = [Qty rec'd * Overhead cost] **Example** Item GL cost 10 USD (Material cost = 9 USD; Overhead = 1 USD) Net Unit price = 11 USD per unit (PO unit price * Discount%) Received quantity 10 Debit Inventory 10 Credit Overhead Applied 10	**Inventory GL combination** from: • **Inventory Accounts**, if available or • **Product Lines** **Overhead Applied GL combination from**: • **Purchasing Accounts**, if available or • **Product Lines**	• Receipt Action • PO Shipper Confirm
Inventory Receipt (negative amount)	RCT-PO	RCT-PO	Po Receipts Account	Inventory Account	Extended GL material cost = GL material cost * Negative Quantity receipt	**Inventory GL combination** from: • **Inventory Accounts**, if available or • **Product Lines** **PO Receipts GL combination** from: • **Suppliers** | Domain Settings |	• Receipt Action • PO Shipper Confirm

Average Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						Accounts, if available or • **Purchasing Accounts**, if available or • **Product Lines**	
Inventory discrepancy (negative inventory receipt)	RCT-PO	RCT-PO	PO Receipts Account	Inventory Discrepancy Account	Discrepancy amount = GL material cost * Negative Quantity receipt - (PO Net Price * Negative Quantity receipt + Non-recoverable taxes) **Note** Depending on the sign of the discrepancy amount calculated, the posting goes to the Debit/ Credit of the Discrepancy Account (negative discrepancy =>credit; positive discrepancy => debit)	**PO Receipts GL combination** from: • **Suppliers** | Domain Settings | Accounts, if available or • **Purchasing Accounts**, if available or • **Product Lines** **Inventory Discrepancy account** from: • **Inventory Accounts**, if available or • **Product Lines**	• Receipt Action • PO Shipper Confirm
Non-inventory Receipt	RCT-PO	RCT-PO	Purchase Account	Expense Item Receipts	Extended PO Net Price + Non-recoverable	**Purchase Account GL combination**	• Receipt Action

Average Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
(for Items defined in item type with Receive type <> blank and Adhoc items)					taxes (if taxes are accrued at receipt)t **Example:** PO Unit Cost = 10 Discount % =2 Received quantity =10 Non-recoverable taxes = 10 Debit Purchase Account 108 Credit Expensed Item Receipts 108	from the PO line **Expensed PO Receipts GL combination** from: • **Suppliers** | Domain Settings | Accounts Tab | Expensed Item Receipts (Supplier Accounts Maintenance in EE) or • .NET UI Domain/ Account Control (Expensed Item Receipts)	• PO Shipper Confirm
Consignment Receiving of PO Line of Receive Type = Inventory	CN-RCT	CN-RCT	Same as for Standard Costing See Standard PO Receipt/ Return Transactions on page 5609	Same as for Standard Costing	Same as for Standard Costing	Same as for Standard Costing	• Receipt Action • PO Shipper Confirm

Average Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Subcontract Receipt	RCT-PO	RCT-PO	Cost of Production Account	PO Receipts Account	Extended Net cost received = (PO line unit cost * Discount % * quantity received) + non-recoverable taxes (if accrued at receipt)	**Cost of Production GL combination** defaulted from: • **Production Orders** | Accounting Panel- Cost of Production, if available or • **Product Lines** - Cost of Production **PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings | Accounts, if available or • **Purchasing Accounts**, if available or • **Product Lines**	• Receipt Action • PO Shipper Confirm
Accrual of Recoverable and Retained Taxes	RCT-PO	RCT-PO	Same as for Standard Costing	Same as for Standard Costing	Same as for Standard Costing	Same as for Standard Costing	• Receipt Action • PO Shipper Confirm

Average Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
when Receive Type = Inventory							
Accrual of Recoverable Taxes and Retained when Receive Type set to Memo (for Items defined in item type with Receive type <> blank and Adhoc items)	RCT-PO	RCT-PO	Same as for Standard Costing	Same as for Standard Costing	Same as for Standard Costing	Same as for Standard Costing	• Receipt Action • PO Shipper Confirm
Accrual of Recoverable and Retained Taxes when Receive Type set to Subcontract	RCT-PO	RCT-PO	Same as for Standard Costing	Same as for Standard Costing	Same as for Standard Costing	Same as for Standard Costing	• Receipt Action • PO Shipper Confirm
Consigned Inventory Usage when	RCT-PO	RCT-AVG	Inventory	PO Receipts	[PO Net Unit Price @physical receipt *	**Inventory GL combination from** :	• Transfer (ISS-TR &

Average Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
PO Cost Point is Receipt with taxes accrued (recoverable and nonrecoverable) Inventory Account Posting: Extended GL Material Cost					PO Qty Used] + non-recoverable taxes	• **Inventory Accounts**, if available or • **Product Lines** **PO Receipts GL** combination from: • **Supplier Accounts**, if available or • **Product Lines**	RCT-TR when Transfer Ownership is Yes for receiving location) • Ship Allocated (ISS-SO) • Issue Work Order (ISS-WO) • Cycle Count (CYC-CNT) • Issue Unplanned (ISS-UNP)
Consignment Inventory Usage when PO Cost Point is Receipt with taxes accrued (recoverable and nonrecoverable)	RCT-PO	RCT-PO	Inventory	Overhead Applied	[GL Overhead Cost * PO Qty Used]	**Inventory GL combination from** : • **Inventory Accounts**, if available or • **Product Lines** **Overhead Applied GL combination** from:	• Allocated (ISS-SO) • Issue Work Order (ISS-WO) • Cycle Count (CYC-CNT)

Average Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Posting: Extended GL Overhead Cost (Only when Item has Overhead Cost Defined) same as for normal receipts						• **Purchasing Accounts** • **Product Lines** (Overhead Applied Account)	• Issue Unplanned (ISS-UNP)
Consignment Inventory Usage when PO Cost Point is Receipt with taxes accrued (recoverable and nonrecoverable) Posting: Recoverable taxes same as in normal receipts	RCT-PO	RCT-PO	Same as for normal receipts	Same as for normal receipts	**Example for Posting 1, 2, and 3 Consignment Usage when PO Cost Point is Receipt with taxes accrued (recoverable and nonrecoverable):** Item GL material cost = 2.35 GL Overhead = 1 Net unit price in PO line at physical receipt = 2.12 (PO unit price * Discount%) Used quantity 1	**Inventory GL combination from** : • **Inventory Accounts**, if available or • **Product Lines** **PO Receipts GL combination from:** • **Supplier Accounts**, if available, or • **Product Lines**	• Allocated (ISS-SO) • Issue Work Order (ISS-WO) • Cycle Count (CYC-CNT) • Issue Unplanned (ISS-UNP)

Average Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
					Debit inventory 2.12 Credit PO receipts 2.12 Debit inventory 1 Credit overhead applied 1		
Consignment Inventory Usage when PO Cost Point is Receipt with taxes accrued (recoverable and nonrecoverable) Posting 1: Extended PO Net Price at Physical Receipt	CN-ISS	CN-ISS	PO Consigned Offset	PO Consigned Inventory	Example from Consignment Inventory Usage when PO Cost Point is Receipt with taxes accrued (recoverable and nonrecoverable) **Posting 3**: Debit PO consigned offset 2.12 Credit PO consigned inventory 1.12	**PO Consigned Inventory GL combination** from: • **Purchasing Accounts**, if available or • **Product Lines**	• Allocated (ISS-SO) • Issue Work Order (ISS-WO) • Cycle Count (CYC-CNT) • Issue Unplanned (ISS-UNP)
Consignment Inventory Usage when PO Cost Point is Usage Posting: Extended	RCT-PO	RCT-AVG	Inventory	PO Receipts	[PO Net Unit Price @usage * PO Qty Used] + non-recoverable taxes	**Inventory GL combination from** : • **Inventory Accounts**, if available or • **Product Lines**	• Allocated (ISS-SO) • Issue Work Order (ISS-WO) • Cycle Count

Average Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Material Cost						**PO Receipts GL combination** from: • **Supplier Accounts** (PO Receipts) • **Product Lines** (PO Receipts account)	(CYC-CNT) • Issue Unplanned (ISS-UNP)
Consignment Inventory Usage when PO Cost Point is Usage Posting: Extended GL Overhead Cost (Only when Item has Overhead Cost Defined) same as normal receipts	RCT-PO	RCT-PO	Inventory	Overhead Applied	[GL Overhead Cost * PO Qty Used]	**Inventory GL combination from** : • **Inventory Accounts**, if available or • **Product Lines** **Overhead Applied GL combination** from: • **Purchasing Accounts** if available, or • **Product Lines** (Overhead Applied Acct)	• Allocated (ISS-SO) • Issue Work Order (ISS-WO) • Cycle Count (CYC-CNT) • Issue Unplanned (ISS-UNP)
Consignment Inventory Usage when PO Cost	RCT-PO	RCT-AVG	Inventory	PO Receipts	**Example for Posting 1, 2, and 3 for Consignment Inventory Usage when**	**Inventory GL combination from** : • **Inventory Accounts**,	• Allocated (ISS-SO) • Issue Work

Average Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Point is Usage Posting: Extended PPV= Extended GL Material Cost - Extended PO Net Unit Cost during Usage					**PO Cost Point is Usage:** Item GL material Cost = 390 GL Overhead = 1 Net unit price in PO line at physical receipt = 351 (PO unit price * discount%) Net unit price in PO line at usage = 370.50 (PO unit price * discount%) Used quantity 1 Debit inventory 390 Credit PO receipts 390 Debit inventory 1 Credit overhead applied 1 Debit PO receipts 19.50 Credit PPV 19.50	if available or • **Product Lines** **PO Receipts GL combination** from: • **Supplier Accounts** (PO Receipts) • **Product Lines** (PO Receipts Account)	Order (ISS-WO) • Cycle Count (CYC-CNT) • Issue Unplanned (ISS-UNP)
Consigned Inventory Usage when PO Cost	CNN-ISS	CNN-ISS	PO Consigned Offset	PO Consigned Inventory	**Example from row above** Debit PO consigned offset 351	**PO Consigned Inventory GL combination** from:	• Allocated (ISS-SO) • Issue Work Order

Average Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Point is Usage Posting 1: Extended PO Net Price at Physical Receipt					Credit PO consigned inventory 351	• **Purchasing Accounts**, if available or • **Product Lines**	(ISS-WO) • Cycle Count (CYC-CNT) • Issue Unplanned (ISS-UNP)

Important All postings in the previous table describe the postings for positive amounts; the postings for negative amounts generate inverted postings.

All postings described in the previous table are also generated in Base currency when the PO line received is not in Base currency; in this case, there is specific logic to determine the exchange rate to use when converting amounts:

- When Fixed Rate in the Exchange Rate panel is selected in **Purchase Orders**, the system uses the Exchange Rate defined in the purchase order to convert the receipt transaction currency amount into the Base currency amount.
- When Fixed Rate is not selected in the panel, the system uses the Exchange Rate defined in the Exchange Rate panel of the receiving transaction to apply to convert the base currency.

Comments About Project Segment, SAF Codes, Mirror Accounting, and Unmatched PO Receipts

The comments about Project Segment, SAF codes, mirror accounting, and unmatched PO receipts are the same as those described for PO returns in environments that use the Standard costing method; see Standard PO Receipt/Return Transactions on page 5609.

Average PO Return Costing Transactions

Average PO return postings are similar to Average PO receipt postings, with differences described in this section for returns set as Inventory Type.

The system processes returns for a Receive Type set to Inventory using the GL average cost, and there is a discrepancy amount that must be calculated to properly adjust the balance in the PO Receipts Account (this works similarly to the way purchase order receipts with negative amounts work). The discrepancy amount is calculated as follows:

*Discrepancy amount = GL material cost * Quantity returned - (PO Net Price * Quantity returned + Non-recoverable taxes per quantity returned)*

Where:

- GL material cost is the GL material cost of the receipt transaction when a Receiver is provided; otherwise, it is the GL material cost of the item at the time of the return.
- PO Net Price is the PO Net Price of the receipt transaction when a Receiver is provided; otherwise, it is the PO Net Price of the PO at the time of the return.
- Non-recoverable taxes are calculated on the amount returned based on the receipt transaction information when a Receiver is provided; otherwise, it is calculated on top of the amount returned based on the PO information at the time of return.

The system generates the posting as:

- Debit PO Receipts Account discrepancy amount
- Credit Inventory Discrepancy Account discrepancy amount

Note Depending on the sign of the discrepancy amount calculated, the posting goes to the Debit /Credit of the Discrepancy Account, based on this calculation: *(negative discrepancy =>credit; positive discrepancy => debit)*

Average Cost Recalculation

The GL material cost is recalculated using a WAVG costing method in receipts, but not in returns.

The system uses the following formula to calculate the new average cost:

*[(Receipt Quantity * PO Net Unit price + Non-recoverable tax) + (Item Quantity on Hand before receipt * GL Material Cost)] / Inventory Quantity on Hand*

Note When the system recalculates the average cost, the GL transaction type is RCT-AVG.

FIFO and WAVG PO Receipt/Return Transactions

Accounting clerks and accounting managers can use the information in the tables to understand how the system generates posted transactions for PO receipts and returns in an environment that uses FIFO or WAVG costing methods.

- FIFO/WAVG transaction name

- Transaction type
- GL transaction type
- Debited and credited accounts
- Calculation
- Accounting source
- Function or condition that creates the transaction

The table provides costing information for PO receipt transactions. For returns, see FIFO and WAVG PO Return Costing Transactions on page 5609.

Use this information to decipher transaction types that display in reports and browses and to understand how and when various transaction types are created.

FIFO/WAVG PO Receipt Costing Transactions

FIFO/ WAVG	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Inventory Receipt	RCT-PO	RCT-AVG	Inventory	PO Receipts	Extended PO Net Price = PO line unit cost * Discount % * quantity received	**Inventory Accounting GL combination** from: • Item MRO | Cost | Inventory Account, if available • Item MRO with product line defined and a product line is defined in EE, then the inventory account is from **Inventory Accounts**	• Receipt Action • PO Shipper Confirm

FIFO/ WAVG	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						or **Product Lines** (as for EE items) • Sites (EAM) | PO Receipt Defaults Debit - Stock Account, if available **PO Receipts Accounting GL combination** from: • **Suppliers** | Domain Settings | Accounts | PO Receipts Account (Supplier Accounts Maintenance in EE), if available • Item MRO with a product line defined and a product line is defined in EE, then the PO Receipts	

FIFO/ WAVG	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						account is from **Purchasing Accounts**, if available or **Product Lines** (as for EE items) • Sites (EAM) | PO Receipt Defaults Credit - AP Liability, if available	
Non-Inventory Receipt (PO Line of Receive Type = Memo OR Subcontract)	RCT-PO	RCT-PO	Purchase Account	Expensed Items Receipt Account	Extended PO Net Price = PO line unit cost * Discount % * quantity received	**Purchase Account GL combination** from the PO line **Expensed Items Receipt GL Combination** (Account| Subaccount | Cost center) from: • **Suppliers** | Domain Settings | Accounts | Expensed Item Receipts, if available (as for EE items) • .NET UI Domain/	• Receipt Action • PO Shipper Confirm

FIFO/ WAVG	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						Account Control (Expensed Item Receipts) • Sites (EAM) | PO Receipt Defaults Credit - AP Liability, if available	
Accrual of Recoverable taxes for Inventory Receipts	RCT-PO	RCT-PO	Inventory Account	PO Receipts Account	Tax non-recoverable amount = Tax Amount * (100 - Percent Recoverable) Where: Tax amount = Taxable base * Tax rate % Taxable base = Qty received * Net Unit Price * Tax base	**Inventory Accounting GL combination** from: • Item MRO | Cost | Inventory Account, if available • Item MRO has product line defined and a product line is defined in EE, then the inventory account is from **Inventory Accounts** or **Product Lines** (as	• Receipt Action • PO Shipper Confirm

FIFO/ WAVG	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						for EE items) • Sites (EAM) | PO Receipt Defaults Debit - Stock Account, if available **PO Receipts Accounting GL combination** from: • **Suppliers** | Domain Settings | Accounts | PO Receipts Account (Supplier Accounts Maintenance in EE), if available • Item MRO with a product line defined and a product line is defined in EE, then the PO Receipts account from **Product**	

FIFO/ WAVG	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						Lines (as for EE items) • Sites (EAM) | PO Receipt Defaults Credit - AP Liability, if available	
Accrual of Recoverable taxes for non-Inventory Receipts (PO Line of Receive Type = Memo or Subcontract)	RCT-PO	RCT-PO	Purchase Account	Expensed Items Receipt	Tax non-recoverable amount = Tax Amount * (100 - Percent Recoverable) Where: Tax amount = Taxable base * Tax rate % Taxable base = Qty received * Net Unit Price * Tax base (will be generated in FIFO costing scenario)	**Purchase Account GL combination** from the PO line **Expensed Items Receipt GL Combination** (Account, Subaccount, Cost Center) from: • Sites (EAM) | PO Receipt Defaults Credit - AP Liability, if available • **Suppliers** | Domain Settings | Accounts tab | Expensed Item Receipts (Supplier Accounts	• Receipt Action • PO Shipper Confirm

FIFO/ WAVG	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						Maintenance in EE), if available (for EE items) • .NET UI Domain/ Account Control (Expensed Item Receipts)	
Accrual of Recoverable and Retained Taxes	RCT-PO	RCT-PO	Same as for Standard Costing See Standard PO Receipt/ Return Transactions on page 5609	Same as for Standard Costing	Same as for Standard Costing	Same as for Standard Costing	• Receipt Action • PO Shipper Confirm

Important All postings in the previous table describe postings for positive amounts; the postings for negative amounts generate inverted postings.

All postings described in the previous table are also generated in Base currency when the PO line received is not in Base currency; in this case, there is specific logic to determine the exchange rate to use when converting amounts:

- When Fixed Rate in the Exchange Rate panel is selected in **Purchase Orders**, the system uses the Exchange Rate defined in the purchase order to convert the receipt transaction currency amount into the base currency amount.
- When Fixed Rate is not selected in the panel, the system uses the Exchange Rate defined in the Exchange Rate panel of the receiving transaction to apply to convert the Base currency

Comments About Project Segment, SAF Codes, Mirror Accounting, and Unmatched PO Receipts

The comments about Project Segment, SAF codes, mirror accounting, and unmatched PO receipts are the same as those described for PO returns in environments that use the Standard costing method; see Standard PO Receipt/Return Transactions on page 5609.

FIFO and WAVG PO Return Costing Transactions

FIFO/WAVG PO return postings are similar to the PO receipt postings. For EAM, it is mandatory to provide a Receiver number; postings generated always use the original Receiver information.

WAVG Cost Recalculation

The GL material cost is recalculated using a weighted average costing method in receipts, but not in returns.

The system uses the following formula to calculate the new Average cost:

*[(Receipt Quantity * PO Net Unit price) + (Item Quantity on Hand before receipt * GL Material Cost)] / Inventory Quantity on Hand*

Note The WAVG recalculation method in EAM does not include non-recoverable taxes. Also, for WAVG transactions, the GL transaction type is RCT-PO (there is no special GL transaction type to identify the transactions that trigger item cost recalculation).

Standard PO Receipt/Return Transactions

Accounting clerks and accounting managers can use the information in the tables to understand how the system generates posted transactions for PO receipts and returns in an environment that uses Standard costing methods.

- Standard transaction name
- Standard transaction
- Transaction type
- GL transaction type
- Debited and credited accounts
- Calculation
- Accounting source
- Function or condition that creates the transaction

The table includes costing information for Standard PO receipt transactions. For information on returns, see Standard PO Return Costing Transactions on page 5640.

Use this information to decipher transaction types that display in reports and browses and to understand how and when various transaction types are created.

Standard PO Receipt Costing Transactions

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Inventory Receipt	RCT-PO	RCT-PO	Inventory	PO Receipts	Extended GL Material Cost = Quantity received * GL Material Cost **Example:** Item GL Material Cost = 10 Net Unit Price = 10 (PO unit price * Discount%) Debit Inventory 100 Credit PO Receipts 100	**Inventory GL combination** from • **Inventory Accounts**, if available or • **Product Lines** **PO Receipts GL combination** from: • **Suppliers** | Domain Settings | Accounts, if available or • **Purchasing Accounts**, if available or • **Product Lines**	• Receipt Action • PO Shipper Confirm
Purchase Price Variance	RCT-PO	RCT-PO	Purchase Price Variance	PO Receipts	Extended Purchase Price Variance = Extended GL Material cost	**PO receipts GL combination** from: • **Suppliers** | Domain	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
					- Extended PO Net Unit cost = [PO Price - (GL Cost - Overhead)*PO Qty Received] **Example:** Item GL cost 10 USD (Material cost = 9USD; Overhead = 1 USD) Net Unit price = 11 USD per unit (PO unit price * Discount%) Received quantity 10 Debit PPV 20 = PO Net Unit Price - Material Cost = (11-9) *10 Credit PO Receipts 20	Settings | Accounts (PO Receipts), if available or • **Product Lines** (PO Receipts account) **PPV GL combination** from: • **Purchasing Accounts**, if available or • **Product Lines** (PO Price Var Acct)	
Overhead Applied	RCT-PO	RCT-PO	Inventory	Overhead Applied	Extended Overhead cost = [Qty rec'd * Overhead cost] **Example** Item GL cost 10 USD (Material cost = 9USD;	**Inventory GL combination** from: • **Inventory Accounts**, if available or • **Product Lines**	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
					Overhead = 1 USD) Net Unit price = 11 USD per unit (PO unit price * Discount%) Received quantity 10 Debit Inventory 10 Credit Overhead Applied 10	**Overhead Applied GL combination** from: • **Purchasing Accounts**, if available or • **Product Lines** (Overhead Applied Account)	
Non-Inventory Receipt Receiving PO Line of Receive Type set to Memo (for Items defined in item type with Receive type <> blank and Adhoc items)	RCT-PO	RCT-PO	Purchase Account	Expensed Item Receipts	Extended PO Net Price = Qty rec'd * PO Net Unit Price, includes Discount **Example:** Debit Purchase Account 10 Credit Expensed Item Receipts 10 **Example:** PO Unit Cost = 10 Discount % =2 Debit Purchase Account 98 Credit Expensed	**Purchase Account GL combination from** the PO line **Expensed PO Receipts GL combination** from: • **Suppliers** | Domain Settings | Accounts | Expensed Item Receipts (Supplier Accounts Maintenance in EE) • .NET UI Domain/ Account Control (Expensed	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
					Item Receipts 98	Item Receipts)	
Consignment Receipt	CN-RCT	CN-RCT	Consigned Inventory	Consigned Offset	Extended PO Net Price = Qty rec'd * PO Net Unit Price, includes Discount **Example:** PO Unit Cost = 10 Discount % = 2 Received quantity = 10 Debit PO Consigned Inventory Account 98 Credit PO Consigned Offset Account 98	**PO Consigned Inventory GL combination** from: • **Purchasing Accounts**, if available or • **Product Lines** **PO Consigned Inventory GL combination** from: • **Purchasing Accounts**, if available or • **Product Lines**	• Receipt Action • PO Shipper Confirm
Subcontract Receipt	RCT-PO	RCT-PO	Cost of Production	PO Receipts	Extended PO Net Price = Qty rec'd * PO Net Unit Price, includes Discount	**Cost of Production GL combination** from: • **Production Orders** | Accounting Panel, if available or	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						• **Product Lines** - Cost of Production **PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings | Accounts, if available or • **Purchase Accounts**, if available or • **Product Lines**	
Accrual of Recoverable Taxes for Inventory Receipts (positive amounts)	RCT-PO	RCT-PO	AP Inv Tax	PO Receipts	Tax recoverable amount = Tax Amount * Percent Recoverable Where: Tax amount = Taxable base * Tax rate % Taxable base = Qty received * Net Unit Price * Tax base	**AP Inv Tax GL Combination** defaulted from **Tax Rates** | Tax Accounts **PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings | Accounts (PO Receipts),	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						if available) or • **Purchasing Accounts** (PO Receipts), if available or • **Product Lines** (PO Receipts Account)	
Accrual of Recoverable Taxes for Inventory Receipts (negative amounts)	RCT-PO	RCT-PO	PO Receipts	AP CN Tax	Tax recoverable amount = Tax Amount * Percent Recoverable Where: Tax amount = Taxable base * Tax rate% Taxable base = Qty received * Net Unit Price * Tax base	**AP CN Tax GL Combination defaulted** from **Tax Rates** | Tax Accounts (AP Inv Tax Acct) **PO Receipts GL combination defaulted** from: • **Suppliers** | Domain Settings | Accounts (PO Receipts), if available or • **Purchasing Accounts** (PO Receipts), if	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						available or • **Product Lines** (PO Receipts account)	
Accrual of Retained Taxes for Inventory Receipts (positive amounts)	RCT-PO	RCT-PO	PO Receipts	AP Inv Tax Retained	Tax amount = Taxable base * Tax rate% Where: Taxable base = Qty received * Net Unit Price * Tax base	**AP Inv Tax Retained GL combination** defaulted from: **Tax Rates** | Tax Accounts (AP Inv Tax Retained Acct) **PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings | Accounts (PO Receipts), if available) or • **Purchasing Accounts** (PO Receipts), if available or • **Product Lines** (PO	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						Receipts account)	
Accrual of Retained Taxes for Inventory Receipts (negative amounts)	RCT-PO	RCT-PO	AP CN Tax Retained	PO Receipts	Tax amount = Taxable base * Tax rate% Where: Taxable base = Qty received * Net Unit Price * Tax base	**AP CN Tax Retained GL combination** defaulted from **Tax Rates** | Tax Accounts (AP CN Tax Retained Acct) **PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings Accounts (PO Receipts), if available) or • **Purchasing Accounts** (PO Receipts), if available or • **Product Lines** (PO Receipts account)	• Receipt Action • PO Shipper Confirm
Accrual of Recoverable	RCT-PO	RCT-PO	AP Inv	Expense PO Receipts	Tax recoverable amount =	**AP Inv Tax Recoverable GL**	• Receipt Action

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Taxes for non-inventory items (positive amounts) When Receive Type is set to Memo (for Items defined in item type with Receive type <> blank and Adhoc items)			Tax Recoverable		Tax Amount * Percent Recoverable Where: Tax amount = Taxable base * Tax rate % Taxable base = Qty received * Net Unit Price * Tax base	**combination** defaulted from **Tax Rates** | Tax Accounts (AP Inv Tax Acct) **Expensed PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings | Accounts | Expensed Item Receipts (Supplier Accounts Maintenance in EE) • .NET UI Domain/ Account Control (Expensed Item Receipts)	• PO Shipper Confirm
Accrual of Recoverable Taxes for non-inventory items (negative amounts) When Receive	RCT-PO	RCT-PO	Expensed PO Receipts	AP CN Tax Recoverable	Tax recoverable amount = Tax Amount * Percent Recoverable Where: Tax amount = Taxable base * Tax rate %	**Expensed PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings | Accounts |	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Type is set to Memo (for items defined in item type with Receive type <> blank and Adhoc items)					Taxable base = Qty received * Net Unit Price * Tax base	Expensed Item Receipts (Supplier Accounts Maintenance in EE) • .NET UI Domain/ Account Control (Expensed Item Receipts) **AP CN Tax Recoverable GL combination** defaulted from **Tax Rates** | Tax Accounts (AP CN Tax Acct)	
Accrual of Non-Recoverable Taxes for non-inventory items (negative amounts) When Receive Type = Memo (for Items defined in item type with	RCT-PO	RCT-PO	Purchase Account	Expensed PO Receipts	Tax non-recoverable amount = Tax Amount * (100 - Percent Recoverable) Where: Tax amount = Taxable base * Tax rate % Taxable base = Qty received * Net Unit Price * Tax base	**Purchase Account GL combination** from the PO line **Expensed PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings | Accounts | Expensed Item Receipts	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Receive type <> blank and Adhoc items)						(Supplier Accounts Maintenance in EE) • .NET UI Domain/ Account Control (Expensed Item Receipts)	
Accrual of Retained Taxes for non-inventory items (positive amounts) When Receive Type is set to Memo (for Items defined in item type with Receive type <> blank and Adhoc items)	RCT-PO	RCT-PO	Expensed PO Receipts	AP Inv Tax Retained	Tax amount = Taxable base * Tax rate% Where: Taxable base = Qty received * Net Unit Price * Tax base	**Expensed PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings | Accounts | Expensed Item Receipts (Supplier Accounts Maintenance in EE) • .NET UI Domain/ Account Control (Expensed Item Receipts) **AP Inv Tax Retained GL combination defaulted from Tax Rates** | Tax	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						Accounts (AP Inv Tax Retained Acct)	
Accrual of Retained Taxes for non-inventory items (negative amounts) When Receive Type is set to Memo (for Items defined in item type with Receive type <> blank and Adhoc items)	RCT-PO	RCT-PO	AP CN Tax Retained	Expensed PO Receipts	Tax amount = - Taxable base * Tax rate% Where: Taxable base = Qty received * Net Unit Price * Tax base	**AP CN Tax Retained GL combination** defaulted from **Tax Rates** | Tax Accounts (AP CN Tax Retained Acct) **Expensed PO Receipts GL combination defaulted** from: • **Suppliers** | Domain Settings | Accounts | Expensed Item Receipts (Supplier Accounts Maintenance in EE) • .NET UI Domain/ Account Control (Expensed Item Receipts)	• Receipt Action • PO Shipper Confirm
Accrual of Recoverable	RCT-PO	RCT-PO	AP Inv	PO Receipts	Tax recoverable amount =	**AP Inv Tax Recoverable GL**	• Receipt Action

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Taxes for Subcontract Receipts (positive amounts)			Tax Recoverable		Tax Amount * Percent Recoverable Where: Taxable base = Qty received * Net Unit Price * Tax base Tax amount = Taxable base * Tax rate %	**combination** defaulted from **Tax Rates** | Tax Accounts (AP Inv Tax Acct) **PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings | Accounts (PO Receipts), if available) or • **Purchasing Accounts** (PO Receipts), if available or • **Product Lines** (PO Receipts account) **AP CN Tax Recoverable GL combination** defaulted from **Tax Rates**| Tax Accounts (AP CN Tax Acct)	• PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						Subcontract Rate Variance GL combination defaulted from the work order	
Accrual of Recoverable Taxes for Subcontract Receipts (negative amounts)	RCT-PO	RCT-PO	PO Receipts Credit	AP CN Tax Recoverable	Tax recoverable amount = Taxable Amount * Percent Recoverable Where: Taxable base = Qty received * Net Unit Price * Tax base Tax amount = Taxable base * Tax rate %	**PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings | Accounts (PO Receipts), if available) or • **Purchasing Accounts** (PO Receipts), if available or • **Product Lines** (PO Receipts account) **AP CN Tax Recoverable GL combination** defaulted from **Tax Rates** | Tax Accounts (AP CN Tax Acct)	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Accrual of non-Recoverable Taxes for Subcontract Receipts	RCT-PO	RCT-PO	Subcontract Rate Variance	PO Receipts	Tax non-recoverable amount = Tax Amount * (100 - Percent Recoverable) Where: Taxable base = Qty received * Net Unit Price * Tax base Tax amount = Taxable base * Tax rate %	**Subcontract Rate Variance GL combination** defaulted from the work order **PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings | Accounts (PO Receipts), if available or • **Purchasing Accounts** (PO Receipts), if available or • **Product Lines** (PO Receipts account)	• Receipt Action • PO Shipper Confirm
Accrual of Retained Taxes for Subcontract Receipts	RCT-PO	RCT-PO	PO Receipts	AP Tax Retained	Tax amount = Taxable base * Tax rate% Where: where Taxable base = Qty received	**PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings |	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
(positive amounts)					* Net Unit Price * Tax base	Accounts (PO Receipts), if available or • **Purchasing Accounts** (PO Receipts), if available or • **Product Lines** (PO Receipts account) **P Inv Tax Retained GL combination** defaulted from **Tax Rates** | Tax Accounts (AP Inv Tax Retained Acct)	
Accrual of Retained Taxes for Subcontract Receipts (negative amounts)	RCT-PO	RCT-PO	AP CN Tax Retained	PO Receipts	Tax amount = Taxable base * Tax rate% Where: Taxable base = Qty received * Net Unit Price * Tax base	**PO Receipts GL combination** defaulted from: • **Suppliers** | Domain Settings | Accounts (PO Receipts), if available or	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						• **Purchasing Accounts** (PO Receipts), if available or • **Product Lines** (PO Receipts account) **AP CN Tax Retained GL combination** defaulted from **Tax Rates** | Tax Accounts (AP CN Tax Retained Acct)	
Accrual of Non-Recoverable Taxes for Inventory Receipts	RCT-PO	RCT-PO	Purchase Price Variance	PO Receipts	Tax non-recoverable amount = Tax Amount * (100 - Percent Recoverable) Where: Tax amount = Taxable base * Tax rate % Taxable base = Qty received * Net Unit Price * Tax base	**PPV GL combination** from: • **Purchase Accounts**, if available or • **Product Lines**(PO Price Var Acct) **PO Receipts GL combination** defaulted from: • **Suppliers** | Domain	• Receipt Action • PO Shipper Confirm

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						Settings | Accounts (PO Receipts), if available or • **Purchasing Accounts** (PO Receipts), if available or • **Product Lines** (PO Receipts account)	
Inventory Receipt for Configured Kit	RCT-PO	RCT-PO	Inventory Control	PO Receipts	Extended GL cost = Quantity received * [GL cost of the parent item excluding overhead for one unit + configured component GL cost for each component item to produce per unit of parent item] **Where:** Configured component comes from	**Inventory GL combination** from: • **Inventory Accounts**, if available or • **Product Lines** **PO Receipts GL combination** from: • **Suppliers** | Domain Settings | Accounts, if available or	Confirm Action on PO Shipper

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
					the standard sales order bill of configuration **Example:** Parent item GL cost excluding overhead = 10 Component item GL cost to produce per unit of the parent item = 5 Quantity received: 1 Debit inventory: 15 Credit PO receipts: 15	• **Purchasing Accounts**, if available or • **Product Lines**	
Inventory Receipt for Configured Kit	RCT-PO	RCT-CNFG	WIP Control Account	Inventory	Configured components cost = Cumulative total of [quantity required for each configured component to produce per unit of the parent item based on sales order bill of configuration * GL cost of each configured	**WIP Control Account GL combination** from **Product Lines** **Inventory GL combination** from: • **Inventory Accounts**, if available or • **Product Lines**	Confirm Action on PO Shipper

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
					component item] **Example:** 2 configured items for one kit parent and to produce 1 unit of kit parent item requires 2 units of each configured component item Component 1 GL cost: 10 Component 2 GL cost: 20 Quantity received for the parent item: 1 Debit WIP Control Account 60 (2 * 10 + 2 *20) Credit Inventory 60 (2 * 10 + 2* 20)		
Inventory Receipt for Configured Kit	RCT-PO	RCT-WOVAR	Method Change Variance	WIP Control Account	Residual amount in WIP posted to Method Change Variance = (Total amount in WIP Account for ISS-FAS and RCT-CNFG	**WIP Control Account GL combination** from: • **Product Lines** • Method Change Variance Account	Confirm Action on PO Shipper

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
					transactions) - (Total amount in WIP Account for RCT-FAS transaction) Debit Method Change variance Credit WIP Control Account	from **Product Lines**	
Configured Component Item Issue	ISS-FAS	ISS-FAS	WIP Control Account	Inventory	Extended GL cost = Quantity To receive for the component Item entered in PO shippers screen * GL cost of the item **Example:** Component item GL cost = 5 Quantity received: 2 Debit WIP: 10 Credit inventory: 10	**WIP Control Account GL combination** from **Product Lines** **Inventory GL combination** from: • **Inventory Accounts**, if available or • **Product Lines**	Confirm Action on PO Shipper
Inventory Receipt for the Configured Kit Item	RCT-FAS	RCT-FAS	Inventory	WIP Control Account	Extended GL cost = (Quantity To receive) for the parent item entered in	**Inventory GL combination from:** • **Inventory Accounts**, if	Confirm Action on PO Shipper

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
					PO shippers screen * GL cost of the parent item **Example:** Parent item GL cost = 10 Quantity received: -2 Debit Inventory: -20 Credit WIP: -20	available or • **Product Lines** **WIP Control Account GL combination** from **Product Lines**	
Consignment Inventory Usage when PO Cost Point is Receipt Inventory Account Posting: Extended GL Material Cost	RCT-PO	RCT-PO	Inventory	PO Receipts	[GL Material Cost * PO Qty Used]	**Inventory GL combination from** : • **Inventory Accounts**, if available or • **Product Lines** **PO Receipts GL combination** from: • **Supplier Accounts** • **Product Lines** **PPV GL** and **Overhead Applied GL combinations from:** • **Purchasing Accounts**	• Transfer (ISS-TR & RCT-TR when Transfer Ownership is Yes for receiving location • Ship Allocated (ISS-SO) • Issue Work Order (ISS-WO) • Cycle Count (CYC-CNT)

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
						• **Product Lines**	• Issue Unplanned (ISS-UNP)
Consignment Inventory Usage when PO Cost Point is Receipt Overhead Applied Account Posting: Extended GL Overhead Cost Only when Item has Overhead Cost Defined	RCT-PO	RCT-PO	Inventory	Overhead Applied	[GL Overhead Cost * PO Qty Used]	**Inventory GL combination from** : • **Inventory Accounts**, if available or • **Product Lines** **Overhead Applied GL combination** from: • **Purchasing Accounts** • **Product Lines** (Overhead Applied Account)	• Allocated (ISS-SO) • Issue Work Order (ISS-WO) • Cycle Count (CYC-CNT) • Issue Unplanned (ISS-UNP)
Consignment Inventory Usage when PO Cost Point is Receipt Purchase Price Variance Posting: Extended PPV=	RCT-PO	RCT-PO	Purchase Price Variance	PO Receipts	[PO Cost @ physical receipt - (GL Cost - Overhead)] * PO Qty Used] **Example for Posting 1, 2, and 3 (all 3 Consignment Inventory Usage when PO Cost**	**PO Receipts GL combination** from: • Suppliers Domain Settings | Accounts (PO Receipts), if available or	• Issue Work Order (ISS-WO) • Cycle Count (CYC-CNT) • Issue Unplanned (ISS-UNP)

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
Extended GL Material Cost - Extended PO Net Unit Cost during Physical Receipt (if PPV exists)					**Point is Receipt):** Item GL material cost = 2.35 GL Overhead = 1 Net unit price in PO line at physical receipt = 2.12 (PO unit price * discount%) Used quantity 1 Debit inventory 2.35 Credit PO receipts 2.35 Debit inventory 1 Credit overhead applied 1 Debit PO receipts 0.23 Credit purchase price variance 0.23	• **Product Lines** (PO Receipts Account) **PPV GL combination** from: • **Purchasing Accounts**, if available, or • **Product Lines** (PO Price Var Account)	
Consignment Inventory Usage when PO Cost Point is Receipt **Posting 1: Extended**	CN-ISS	CN-ISS	PO Consigned Offset	PO Consigned Inventory	**Example from row above** Debit PO consigned offset 2.12 Credit PO consigned inventory 1.12	**PO Consigned Inventory GL combination from:** • **Purchasing Accounts**, if	• Transfer (ISS-TR & RCT-TR when Transfer Ownership is Yes

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
PO Net Price at Physical Receipt						available or • **Product Lines**	for receiving location) • Ship Allocated (ISS-SO) • Issue Work Order (ISS-WO) • Cycle Count (CYC-CNT) • Issue Unplanned (ISS-UNP)
Consignment Inventory Usage when PO Cost Point is Usage Inventory Account Posting: Extended GL Material Cost	RCT-PO	RCT-PO	Inventory	PO Receipts	[GL Material Cost * PO Qty Used]	**Inventory GL combination from:** • **Inventory Accounts**, if available or • **Product Lines**	• Transfer (ISS-TR & RCT-TR when Transfer Ownership is Yes for Receiving Location) • Ship Allocated (ISS-SO) • Issue Work Order

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
							(ISS-WO) • Cycle Count (CYC-CNT) • Issue Unplanned (ISS-UNP)
Consignment Inventory Usage when PO Cost Point is Usage Overhead Applied Account Posting: Extended GL Overhead Cost (Only when Item has Overhead Cost Defined)	RCT-PO	RCT-PO	Inventory	Overhead Applied	[GL Overhead Cost * PO Qty Used]	**Inventory GL combination** from: • **Inventory Accounts**, if available or • **Product Lines** **Overhead Applied GL combination from:** • **Purchasing Accounts**, if available or • **Product Lines** (Overhead Applied Account)	• Transfer (ISS-TR & RCT-TR when Transfer Ownership is Yes for Receiving Location) • Ship Allocated (ISS-SO) • Issue Work Order (ISS-WO) • Cycle Count (CYC-CNT) • Issue Unplanned

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
							(ISS-UNP)
Consignment Inventory Usage when PO Cost Point is Usage Purchase Price Variance Posting: Extended PPV= Extended GL Material Cost - Extended PO Net Unit Cost during Usage	RCT-PO	RCT-PO	Purchase Price Variance	PO Receipts	[PO Cost @ usage - (GL Cost - Overhead)] * PO Qty Used] **Example for Posting 1, 2, and 3 for Consignment Inventory Usage when PO Cost Point is Usage:** Item GL material cost = 390 GL Overhead = 1 Net unit price in PO line at physical receipt = 351 (PO unit price * discount%) Net unit price in PO line at usage = 370.50 (PO unit price * discount%) Used quantity 1 Debit inventory 390 Credit PO receipts 390 Debit Inventory 1	**PO Receipts GL combination** from: • **Suppliers** | Domain Settings | Accounts (PO Receipts), if available or • **Product Lines** (PO Receipts account) **PPV GL combination from:** • **Purchasing Accounts**, if available or • **Product Lines** (PO Price Var Acct)	• Transfer (ISS-TR & RCT-TR when Transfer Ownership is Yes for receiving location) • Ship Allocated (ISS-SO) • Issue Work Order (ISS-WO) • Cycle Count (CYC-CNT) • Issue Unplanned (ISS-UNP)

Std Trans	Trans Type	GL Trans Type	Debit	Credit	Calculation	Accounting Source	Function or Condition
					Credit overhead applied 1 Debit PO receipts 19.50 Credit PPV 19.50		
Consignment Inventory Usage when PO Cost Point is Usage **Posting 1: Extended PO Net Price at Physical Receipt**	CNN-ISS	CNN-ISS	PO Consigned Offset	PO Consigned Inventory	**Example from row above** Debit PO consigned offset 351 Credit PO consigned inventory 1351	**PO Consigned Inventory GL combination from:** • **Purchasing Accounts**, if available or • **Product Lines**	• Transfer (ISS-TR & RCT-TR when Transfer Ownership is Yes for receiving location) • Ship Allocated (ISS-SO) • Issue Work Order (ISS-WO) • Cycle Count (CYC-CNT) • Issue Unplanned (ISS-UNP)

Important All postings in the previous table describe the posting for positive amounts; the postings for negative amounts generate inverted postings.

All postings described in the previous table are also generated in Base currency when the PO line received is not in Base currency; in this case, the system uses specific logic to determine the Exchange Rate to use when converting amounts:

- When Fixed Rate in the Exchange Rate panel is selected in **Purchase Orders**, the system uses the Exchange Rate defined in the purchase order to convert the receipt transaction currency amount into the Base currency amount.
- When Fixed Rate is not selected in the panel, the system uses the Exchange Rate defined in the Exchange Rate panel of the receiving transaction to convert the Base currency.

Comments About the Project Segment

When a Project is defined in the PO line, the Project GL Segment is also posted in unposted GL transactions for all accounts involved in the receiving transaction that have Project Analysis activated in the GL account definition. The accounts that can have Project Analysis activated are:

- Inventory Accounts
- Purchase Accounts
- PO Receipt Account (for inventory items) or Expensed Receipt Accounts (for non-inventory items)
- Overhead Applied
- Purchase Price Variance Account
- PO Consigned Inventory Account
- PO Account Offset Account

Note Tax Accounts do not have Project Analysis active per design.

SAF Codes and Mirror Accounting

Both SAF codes and Mirror Accounting are supported for unposted GL transactions generated in the Web UI for PO receipts.

Unmatched PO Receipts

The following table summarizes different types of unmatched PO receipts that the system generates for each scenario of PO receipt processing.

Scenario	Unmatched PO Receipts
Unmatched PO receipt for a PO line with	GL Cost (When Use Total Std Cost is activated, the system displays the total GL cost of the

Scenario	Unmatched PO Receipts
Receipt Type set to Inventory	item; when not activated, it displays GL cost - Overhead.) Purchase cost (The PO line Net Unit Price at the time of receipt. Note that the Unit Price can be changed in the PO even after items have been received against the PO, so the Unit Price during the receipt processing is reflected.) PO-GL Var (Ext PO Cost - Ext GL Cost)
Unmatched PO receipt for a PO line with Receipt Type set to Memo	GL Cost (Should be 0 (zero)) Purchase Cost (The PO line Unit Price at the time of receipt. Note that the Unit Price can change in the PO even after items have been received against the PO, so the Unit Price during the receipt processing is reflected.) PO-GL Var (Should be 0 (zero))
Unmatched PO receipt for PO line with Receipt Type set to Subcontract	The standard cost reported for subcontract items is the subcontract cost from the routing operation regardless of the setting on this field.
Unmatched PO receipt for consignment receipt	No records are generated in Unmatched PO receipts when receiving consigned items. (The system does not create pending vouchers for consignment receipt, so they are not visible in the Unmatched PO Receipt As of Date Report.)
Consignment inventory usage when PO cost point is receipt	GL cost (when Total Standard Cost is activated in Unmatched PO Receipt As of Date Report, the system displays the total GL cost of the item; when not activated, the system displays the GL cost - Overhead) Purchase cost (the PO line net unit price at the moment of the physical receipt)
Consignment inventory usage when PO cost point is usage	GL cost (when Total Standard Cost is activated, the system displays the total GL cost of the item; when not activated, the system displays GL cost - Overhead) Purchase cost (the PO line net unit price at the moment of the usage)

The records described in the previous table are also generated in Base currency when the PO line received is not in Base currency; in this case, there is specific logic to determine the Exchange Rate to use when converting amounts:

- When Fixed Rate is selected in the purchase order, the Exchange Rate that was entered in the PO Exchange Rate panel is used to convert the currency for the Purchase Cost at the time of the receipt.
- When Fixed Rate is not selected in the purchase order, the Exchange Rate that was entered in the PO Exchange Rate panel of the receiving transaction is used to convert the currency for the purchase Cost during the receipt.

Accrued taxes are also included in the unmatched PO receipts.

Note The Accrued Tax Amount is also reflected for POs with Tax Rates when AP Tax Retained is selected for the Tax Rate applied, even though the final tax amount is 0 (zero) in this scenario.

Standard PO Return Costing Transactions

Standard PO return postings are similar to PO receipt postings, with differences described in this section.

For PO returns, return goods can be based on an original Receiver number that the user entered in the return transaction. The accounts used in the postings are exactly the same as those generated when a Receiver is not provided; the only difference is the way GL amounts are calculated. The system calculates according to the price and cost available in the original receipt the user selected. In this scenario, when the PO return is for a non-Base currency, the system also applies the original Exchange Rates that were applied in the original receipt.

PO Returns with Unmatched PO Receipt

Unmatched PO receipts for PO returns are generated very similar to the way PO receipts are generated. Differences for returns are as follows:

- Open quantity is a negative value for positive purchase order returns, and positive for negative purchase order returns (return correction).
- All unmatched PO receipts generated from the return function are marked with an R for return.

Periodic Costing

QAD Periodic Costing is a cost method for inventory valuation that calculates item unit costs based on the actual value of inventory and shop floor transactions that occurred at a certain period. As implied by the name, this is a calculation that is done per period.

Periodic Costing does not substitute for, overlap with, or conflict with current costing methods in QAD solutions such as standard costing or average costing. The goal of Periodic Costing is to use the actual costs from the actual transactions, invoices, BOM, routings, purchase prices, expenses, labor costs, and other actual costs.

Periodic Costing does not use the concept of variances because it always calculates based on actual values; that is, because costs are recalculated for each period, and a new actual cost is defined according to what happened during that period, all value is posted to inventory and WIP accounts. Periodic Costing calculations take into consideration transactions that affect the value of inventory and WIP.

Periodic Costing adds new methods of costing calculations that support local legal requirements for countries such as Brazil, Turkey, Italy, and many countries in Asia, Central Europe, and Latin America. It enables better support of International Financial Reporting Standards (IFRS) and business practices applied in certain industries to ensure more accurate inventory valuations for corporate reporting.

Inventory & Shop Floor Movements

When you run the report, you can view how production order close allocates remaining WIP cost to co-/by-products in Inventory & Shop Floor Movements. After you close a production order for co-/by-products, the system:

- Creates the co-/by-product WO close transaction
- Sets the production order close Periodic Costing amount to 0 for the base item
- Displays the production order close data in the Inventory & Shop Floor Movement report
- Sets the Periodic Costing amount equal to the GL inventory account amount

Also, for FIFO environments, the Inventory & Shop Floor Movements report displays the total unconsumed quantity of the period for the site. The report displays the beginning and ending balance ordered by ascending period.

Inventory & WIP Balance

The report displays the inventory by account and contains information regarding company and items such as fiscal class, unit of measure, company address, company fiscal code, and others. Not only the inventory balance but also WIP balance is displayed in this report.

PC Calculation Reverse

If you discover that a closed PC period needs to be reopened and recalculated because the data for that PC period was not accurate when calculated, you can use **PC Calculation Reverse** to reopen that closed PC period so that it can be recalculated. **PC Calculation Reverse** runs at domain level so that it opens and reverses all entities in the domain.

The system defaults the year and period of the most recently closed PC subledger period. This is the only period for which you can run the reverse.

PC Calculation Reverse creates a reversed GL transaction on both the management layer and the operational layer. The reverse of GL transactions is only on PC GL transactions. The PC reverse happens on the original PC values. The PC GL reversal posting uses the same COA values as the original inventory transaction.

Note To view the **PC Calculation Reverse** flow, refer to the *QAD Periodic Costing User Guide*.

Note When one of the entities does not have the same PC Period Start, the Calendar Year and Calendar Period filters default to 0 (zero), and the system displays an error message when you run the program.

Select Run to run the reverse.

Settings

For more information about running reports, see Reports on page 296.

Filter

Calendar Year

Displays the year of the most recently closed subledger period. It cannot be modified.

Calendar Period

Displays the most recently closed subledger period. It cannot be modified.

Periodic Costing Control

In addition to the setup you specify in **Periodic Costing Control**, to use Periodic Costing, you should also set up the following:

- **Inventory Control** (to set the PC mode by setting the Create GL Transactions field in the Inventory Accounting panel based on whether you want to use Periodic Costing in complete mode or in adjustment mode.)
- Periodic Costing Sub-Ledger
- Periodic Costing Daybooks
- Periodic Cost Calculation Periods
- Periodic Costing Cost Sets
- Work Center Rates
- Cost set elements
- XML load files (to load work center rates or cost adjustments

Refer to *QAD Periodic Costing User Guide* in the QAD Document Library for more information on setting up these additional areas.

Main

Enable Periodic Costing

Select this option to enable periodic costing cost methods for this domain. Periodic costing methods lets you calculate cost averages during a user-specified period using formulas that are based on FIFO or weighted average, specified in the Cost Method field. The system uses the period you define in PC Periods Maintenance (QAD .NET UI).

This setting applies to the entire domain; you cannot use periodic costing for individual entities. Each domain can have its own data setup, calculation formula, adjustment settings, and GL entries.

Costing Method

Select the periodic costing calculation method the system uses in this domain:

- WAVG: Weighted Average method considers the previous period cost and the average of the cost incurred this period.
- FIFO: First in first out method considers the receipt date of items for the existing inventory. This method assumes that the oldest (first) item in stock is issued first.

  Once periodic transactions exist in the official or management layer, this field is read-only; you cannot update it.

Layer Code

Select which accounting layer is used for GL postings of periodic costs in this domain. The valid value depends on the setting of Create GL Trans in **Inventory Control**.

- Management: This option is required when Create GL Trans is selected and periodic costing is in the Adjustment mode.
- Official: This option is required with Create GL Trans is cleared and periodic costing is in the Complete mode.

Calculation Daybook

Select the daybook used for posting periodic costs during preliminary or test postings to the transient accounting layer. Amounts are posted to this daybook until final posting to the management/official layer, at which time they are moved to the Final Daybook.

Final Daybook

Select the daybook used for posting final periodic costs to the management or official accounting layer.

Cost Revalue Account

Indicate the account, sub-account, and cost center used to record offset amounts to ensure that inventory accounts are properly balanced when the unit cost for the item in a site is changed. The GL type should be Standard.

Sum Lower Level Costs into Material Cost

Select this option to have the system summarize all lower-level costs into Cost of Goods - Material. Only this-level costs are posted to Cost of Goods - Labor, Burden, Overhead, and Subcontract.

Note This setting applies only to Periodic costing. When you use another cost method, this function is controlled by the same field in **Inventory Control**.

This field does not affect the way costs are calculated or stored in cost sets.

When you do not select this option, the system adds lower-level costs to this-level costs for each cost component and post the total to Cost of Goods Sold. For example, the total material cost (this-level plus lower-level) is posted to Cost of Goods - Material, the total labor cost is posted to Cost of Goods - Labor, and so on, for Cost of Goods - Burden, Overhead, and Subcontract.

Usually this field is not selected. Cost of goods sold amounts are maintained separately for each cost component; however, in some companies, the material cost for an end item is considered to include all costs associated with purchasing or manufacturing components, as well as any direct material costs. Then this field is selected.

Calculate Work Center Rate

Select this option to have the system calculate the work center labor and burden rates from the total cost of labor/burden provided by the cost accountant The rate is calculated by dividing the total cost by the number of hours reported in the work center for the period.

Note The work center rate here means PC work center rate. Make sure that you have set up PC work center rate in PC Work Center Rate Maintenance (QAD .NET UI).

The labor burden rate or percentage per hour is applicable to both setup and run time at the work center.

When this option is not selected, the cost accountant provides the labor/burden rates that are applied directly to the hours reported in that work center. The work center rates/total should be provided per bucket.

For work centers, the labor rate is the hourly labor rate for personnel who run operations at this work center. The system uses this rate when calculating both labor and labor burden.

Use Supplier Invoice Cost

Select this option when receipts must be costed using the price on supplier invoices. When selected and a RCT-PO does not have a matched supplier invoice, the system inserts the cost as 0 (zero.)

PC Inv Cost And Account Reconciliation

The report displays when the inventory cost and GL account match and displays when item level cost and GL match for an account and period. You can see the difference between GL and operational inventory transaction totals using the following filters as report criteria:

- Period: Single choice (cannot be blank)
- Account: Multiple choice, or leave blank for all values
- Sub-Account: Multiple choice, or leave blank for all values
- Cost Center: Multiple choice, or leave blank for all values
- Display Item: Yes/No
- Drill down threshold: Show Item details if the difference is greater than this amount.

PC Production Order WIP History

You can specify the cost set and operation type, which are mandatory fields; then specify whether the production order master, order detail, or order routing data displays in the report.

When you run the report, you are prompted to enter additional information such as operation and component item data. Enter specifics about each area, then select Run.

PC Unit Cost Calculations

PC Unit Cost Calculations is an extensive report that mimics how the PC Calculation processes. The report has sections for the following:

- Prior period cost
- Unit cost adjustments
- PO receipts
- Production order receipts and close, including all costs added to WIP
- Intersite transfer receipts
- Total cost adjustments
- Unit cost calculation summary

PC Unit Cost Calculations report presents data in each section as it accumulates the total quantity and values received.

The system includes non-recoverable taxes associated with logistics expenses in the PC Unit Cost calculation so that the item absorbs the tax costs.

PC WIP Cost and Account Reconcile

Use this report to analyze WIP item and account movements.

PC Work Center Rate Copy

You can enter a range of cost sets, departments, work centers, or machines; then, specify Yes for the Update option to copy labor or burden costs.

You cannot copy work center rates or totals to a period that is closed.

Settings

For more information about running reports, see: Reports on page 296.

Filter

From Cost Set

Enter the Periodic Costing (PC) cost set from which to copy work center rates. This is a mandatory field. The operator for this option is set to equals and you cannot change it. When you enter a cost set other than a PC type cost set, the system displays an error message.

To Cost Set

Enter the Periodic Costing (PC) to receive the work center rates (the target cost set). This is a mandatory field. The operator for this option is set to equals and you cannot change it. When you enter a cost set other than a PC type cost set, the system displays an error message.

Department

Enter the department that is used for selecting rates to be copied. When you specify a range, the copied cost set will be applied to the departments in the range.

Work Center

Enter the work center that is used for selecting rates to be copied. When you specify a range, the copied cost set will be applied to the work centers in the range.

The standard setup and run labor rates are associated with cost element Labor, machine burden rates with cost element Mch Bdn, labor burden rates with cost element Lbr Bdn, and labor burden expressed as a percentage on the work center is converted to a rate per hour.

Machine

Enter the machine that is used for selecting rates to be copied. When you specify a range, the copied cost set will be applied to the machines in the range.

Copy Labor Cost

Select Yes to copy labor costs. Otherwise, select No. The default is Yes.

Copy Burden Cost

Select Yes to copy burden costs. Otherwise, select No. The default is Yes.

Update

Select Yes to run this program in update mode and change records in the database. When you select No, the system runs this program in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page.

PC Work Center Rate Update

PC Work Center Rate Update updates work center rates by a specified percentage.

Work center rates include setup rate, labor rate, machine burden rate, labor burden rate, and labor burden %. These can be split into sub-elements for simulation purposes.

To run the update:

1. Specify a range of work centers, machines, and cost elements (labor, burden, and so on)
2. Specify the cost set.
3. Enter a percentage by which you want the rates updated.

   For example, if you want to increase rates by 10%, enter 10.
4. Specify whether the percentage is applied to labor rates or to burden rates.

Settings

For more information about running reports, see: Reports on page 296.

Filter

Work Center

Enter the work center.

Machine

Enter the machine.

Cost Set

Enter a Periodic Costing (PC) cost set. This is a mandatory field.

The operator for this option is set to equals and you cannot change it. When you enter a cost set other than a PC type cost set, the system displays an error message.

Cost Element

Enter a cost element.

Change %

Enter a percentage rate by which all of the costs selected will change. The default is zero (0) percent.

A positive percentage indicates a cost increase, while a negative represents a decrease. This is because a cost element cannot be negative, so you cannot enter a percentage less than -100.

Calculate Labor Rates

Select Yes to have the system update labor rates by the percentage you indicated. Labor costs are based upon standard hours reported at the work center labor rates.

Calculate Burden Rates And %

Select Yes to have the system update burden rates by the percentage you indicated.

The Burden account is used to accumulate accrued burden for a department. Each operation can have labor burden and/or machine burden depending on how variable overhead is applied. Machine burden is applied as a machine hour rate; however, labor burden can be applied either as a labor burden rate or as a percentage of direct labor cost.

Update

Select Yes to run this function in update mode and change records in the database. Select No to run this report in report-only mode without updating the database. A report prints for review with SIMULATION displayed at the top of each page. The default is No.

Periodic Costing Exception Log Troubleshooting

Unless specified otherwise, address all of these exceptions in Table 61 on page 5656 using a transaction effective date that corresponds to the GL Period for which the Periodic Costing Calculation was executed.

Periodic Costing Exception Troubleshooting

Exception Log Message	Cause	Mitigation
Negative location end balance Item: # Site: # Location: # End balance: # (13723)	The inventory balance at the end of the period in the Site Location is negative.	1. Review the transactions entered for the item, Site, or Location to determine if they are correct or if any transactions are missing. 2. Address the issue by entering a corrective inventory transaction. 3. Ensure that the corrective inventory transaction has an effective date within the period of the PC calculation.
Negative location start balance Item: # Site: # Location: # Start balance: # (13721)	The inventory balance at the beginning of the period in the site location is negative.	1. Reopen the prior period. 2. If a negative ending balance is not resolved before the period is closed, it will trigger the exception message in the subsequent period.
Negative Labor/Burden hour rate set to 0 Work Center = #, Total hour = # (14501)	The calculation of labor or burden rates for PC work centers resulted in a negative rate.	1. Check if the total hours recorded in the work center is negative. 2. If total hours is negative, review the labor and burden

Exception Log Message	Cause	Mitigation
		transactions to ensure the accuracy of all entries. 3. To resolve the issue, enter a corrective labor transaction with an effective date within the period of the PC Calculation. 4. If total hours is not negative, review the total labor and burden cost that has been entered for the work center.
No supplier invoice for PO receipt: Receiver: # (13740) No supplier invoice for Logistic Change: Receiver (13739)	A Purchase Order Receipt does not have a corresponding supplier invoice in the same period.	Review whether PO Receipt matches with a supplier invoice in the PC calculation period.
# costed prior to #: Item: # From Site: # #: # To Site: # #: # (13750) DRP receipt costed prior to issue: Receipt Transaction: # (14474)	1. The cost of the issuing transaction is not calculated prior to the receiving transaction. 2. Consequently, the value of the receipt transaction could not be determined. 3. For further details about the calculation logic for inter-site transfer receipts, refer to the PC Training Guide.	1. PC first calculates the site with the largest quantity transferred out. Transfers in the opposite direction will result in the exception. The issue cannot be resolved in the current period. 2. Avoid transfers in both directions to avoid the issue in the future periods. **Note** You can attempt to resolve the issue using Total Cost Adjustment.

Exception Log Message	Cause	Mitigation
Transfer Clearing Account: Period Activity: # (13752)	The transfer clearing account will have a non-zero balance after the PC Calculation.	Resolve other exceptions from the transfer transactions.
SO Return not return at cost of SO Shipment: Order: # Line: # Item: # (13724)	PC determines the cost of the shipment with the original shipment to the customer and utilizes it has the value of the Sales Order Return. There is no PC unit cost found for the item in the shipped period.	1. Open the period of the original shipment and assign a cost to the item in that specific period. 2. Alternatively, you can perform a total cost adjustment to accurately represent the value of the Sales Order Return.
Total Cost Adjustment to 0 qty posted to discrepancy: (Trans Number: #)	There is no quantity available to accommodate the cost adjustment. The value of the adjustment transaction is posted to the inventory discrepancy account.	Verify the inventory transactions for the item entered.
RCT-WO processed with 0 WIP:Trans Number:# (13754)	The RCT-WO transaction is posted with 0 value.	Verify if you have entered all the issues and labor transactions correctly for the Order.
Qty = 0 when WO-CLOSE Trans Number: # (13859)	There is no quantity available to accommodate the cost adjustment. The value of the adjustment transaction is posted to the inventory discrepancy account.	Verify if you have entered the inventory transactions for the item correctly.
Not able to return cost to WIP by RCT-WO (14305)	There is a negative production order receipt transaction (RCT-WO) and there is no records to	Review the Production Order for component and routing records.

Exception Log Message	Cause	Mitigation
	accommodate the cost for the item.	
0 or Negative unit cost is reset to latest period Qty: xxx, Unit Cost: xxx, Amount: xxx (14312)	The Unit Cost of the item has been calculated to zero (0) or negative. The item unit cost is reset to prior period cost.	Review transactions by adding value and quantity to the item.
Not exist previous period with cost Item: xxx, Site: xxx. Action: PC Unit Cost Adjustment (14314)	Prior period cost was not found.	Use PC Unit Cost Adjustment to add a cost for the prior period.
ISS-WO with no WO and no RCT-WO: ISS-WO: xxxx (14367)	An orphaned ISS-WO transaction was found. No Production Order or Unplanned Inventory Receipt transaction was found related to this transaction.	Review the transaction to detect any potential issues that might have affected the production order or related receipt transaction.
Order Receipt Qty is 0 but Cost is not 0: Item: # Site: # (14372)	1. A receipt value higher than zero was calculated but the received quantity is zero. 2. In such cases, the value is posted to a discrepancy account. 3. This situation may occur when PCTOT-ADJ was entered, but the received quantity remains zero.	Review the transactions for the item to be complete and correct.
Not exist previous period with cost: Rework ISS-WO: # , Action: PC Unit Cost Adjustment (14373)	A Rework Production Order was found but the Item does not have a prior period unit cost.	Use PC Unit Cost Adjustment to add a cost for the prior period.
Not exist previous period with cost: DRP	A DRP Receipt was found but the Item	Use PC Unit Cost Adjustment to add

Exception Log Message	Cause	Mitigation
Receipt: # , Action: PC Unit Cost Adjustment (14452)	does not have a prior period unit cost.	a cost for the prior period.
Negative cost is absorbed between TL and LL (14506)	A negative cost is encountered for an element, but it had to be applied to the level cost instead of lower level cost where it should have been applied (or vice versa)	No action required.
WO: # Receipt/Scrap negative unit cost Element: # (14515)	The system calculated a negative cost element for a Production Order Receipt.	Review the accuracy of the transactions for the Production Order.
WO: Accounting Close negative remaining WIP Element: (14516)	A negative cost element is calculated for a Production Order WO-CLOSE.	Review the accuracy of the transactions for the Production Order.