



QAD Enterprise Applications
Enterprise Edition

Training Guide Supplier Consignment Inventory

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QAD Inc.

100 Innovation Place
Santa Barbara, California 93108
Phone (805) 566-6000
<http://www.qad.com>

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Chapter 1

Overview

Course Overview

Supplier Consignment Inventory

- **Course Overview**
- Introduction and Business Overview
- Design Considerations
- Set Up and Controls
- Common Functionality
- Additional Functionality
- Summary



CI-SCI-030

First we go through the introduction and talk about some of the compelling business reasons basically in overview fashion.

Then we get into the design considerations: how to fit the requirements of supplier consignment inventory into the architecture of QAD Enterprise Applications.

We will go to the setup functions, control programs, and the most commonly used functions.

We will walk through examples of how to use consignment inventory, some additional considerations in reporting, and then finally a summary at the end of the presentation.

Introduction and Business Overview

Supplier Consignment Inventory

- Course Overview
- **Introduction and Business Overview**
- Design Considerations
- Set Up and Controls
- Common Functionality
- Additional Functionality
- Summary Topic



CI-SCI-040

Introduction

Introduction

- What is Consignment Inventory?
- Definition
 - Inventories, generally of finished goods, that are in the possession of customers, dealers, agents, and so on, but remain the property of the manufacturer by agreement with those in possession.
 - The process of a supplier placing goods at a customer location without receiving payment until after the goods are used or sold.
 - APICS Dictionary (Tenth Edition, 2002)



CI-SCI-050

In the simplest case, supplier consignment inventory is that the supplier sends out material or goods to you, as a customer, and you do not pay for that material or goods until you use it. A company using consigned inventory pays for only what they use, not for what they receive.

Why Consignment Inventory?

Why consignment inventory?

- Pay only for what has been used
- Decrease inventory investment
- Less inventory obsolescence
- More supplier responsiveness
- Suppliers manage their own inventory



CI-SCI-060

- Pay only for what has been used

The main reason, of course, is that you pay only for what is used.

- Less inventory obsolescence

It also lessens your inventory obsolescence because you have not bought all of the material. If the material becomes obsolete, you do not have a lot of this on-hand material that you need to get rid of or write off.

- More supplier responsiveness

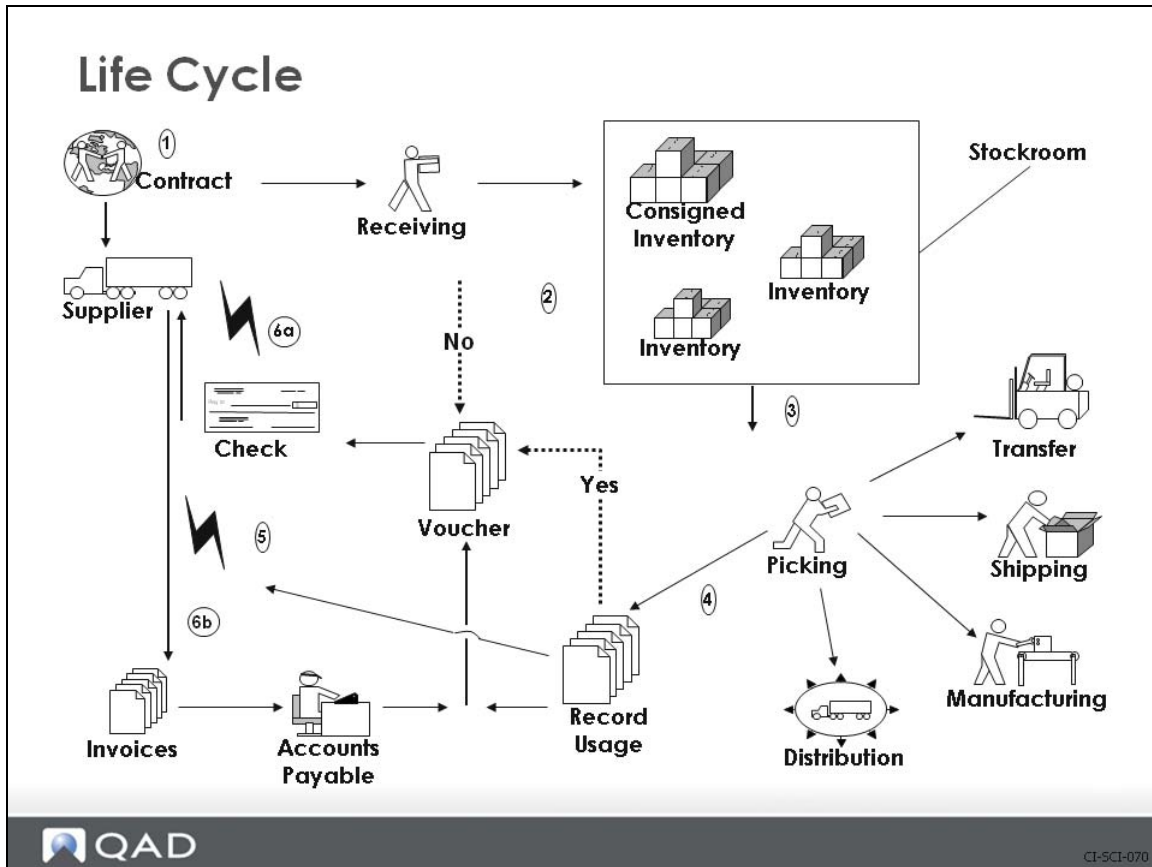
It leads to more supplier responsiveness. The supplier delivers materials according to your usage rates and your planning. It allows suppliers to manage their own inventory investments and leads to a more vendor-managed inventory scenario.

- Suppliers manage their own inventory

The difference between vendor-managed and consignment is the timing. Because you are really not going to pay for everything you have received. So there is a real visibility component to this in order to allow this process to happen.

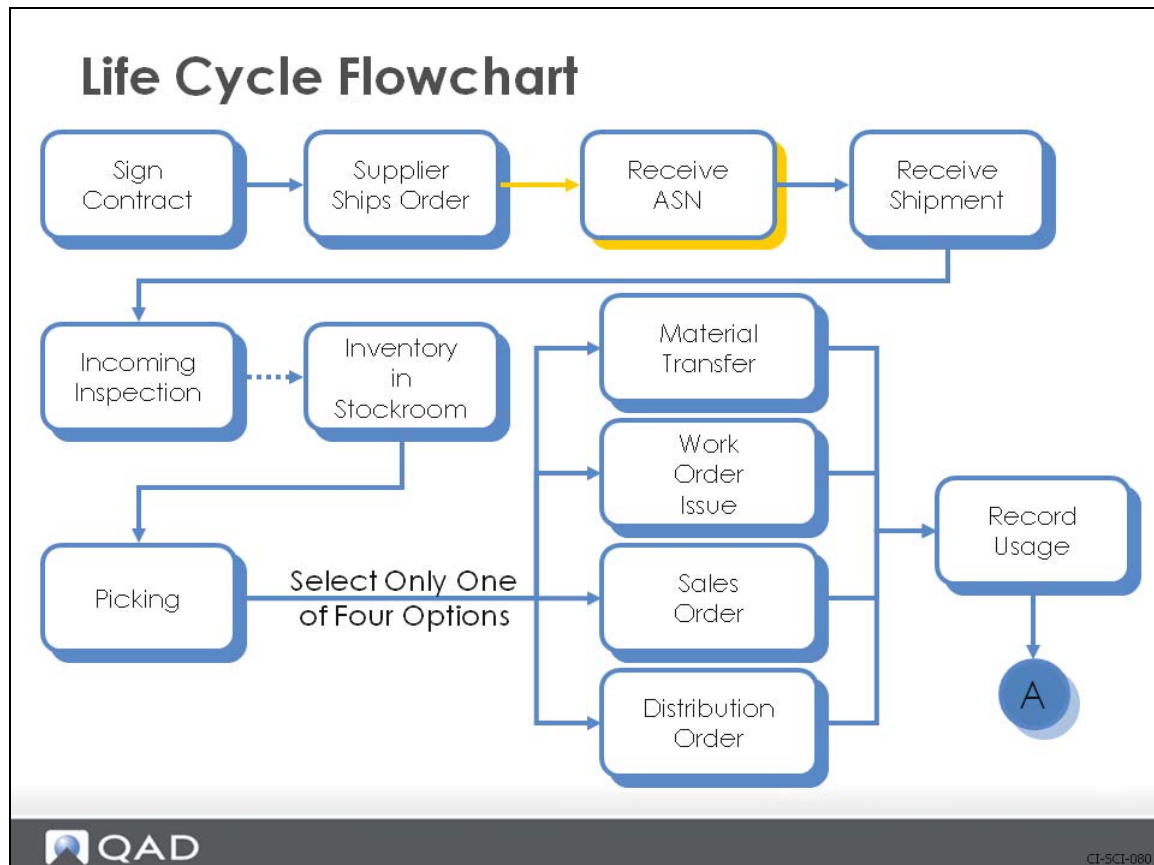
This process is not new. It has been around for a long time. You recognize consignment inventory every day in the antique business. Antique stores typically have material that they do not own but has been brought to them to sell on consignment. So, it is really still the property of the owner; the antique store sells it without owning it. Of course, now it is very popular in the automotive and consumer product industries as well.

Life Cycle and Flow



Here is a visual diagram of the life cycle of supplier consignment inventory. We can see the roles as they occur on both the supplier and the customer side.

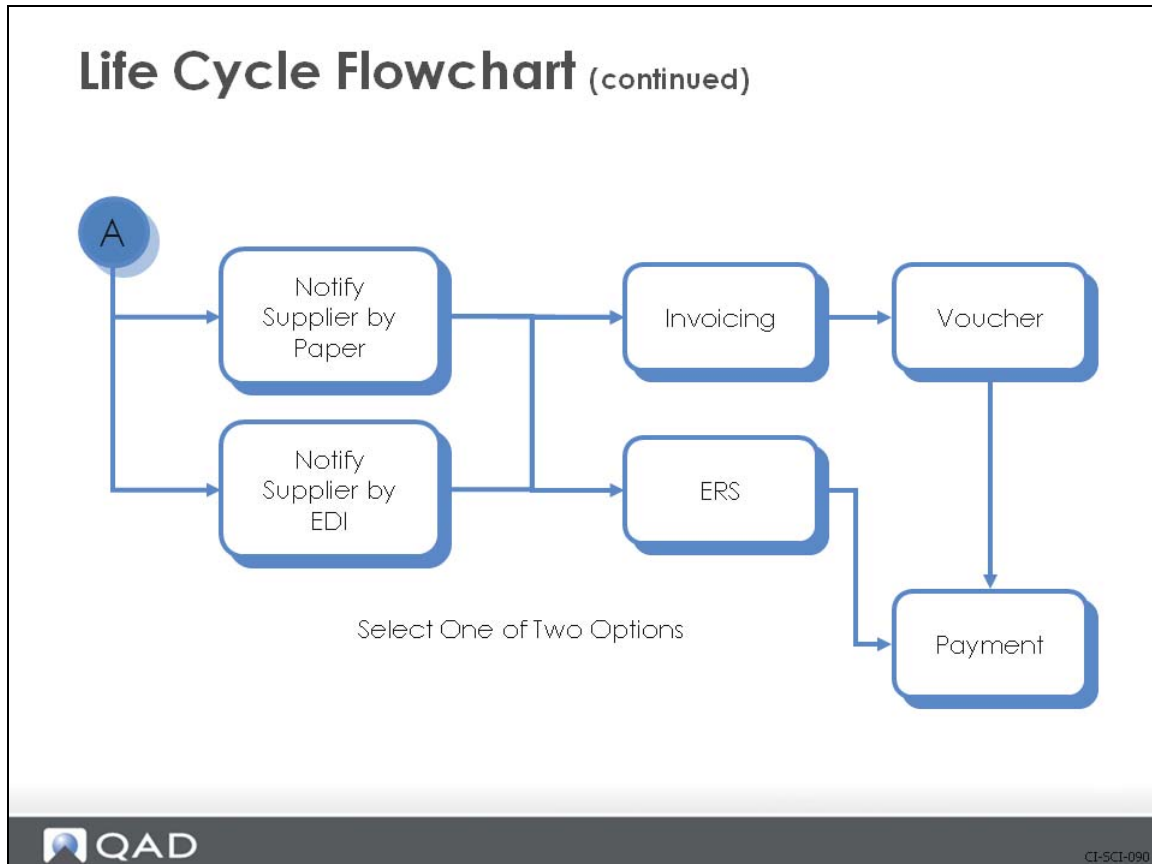
Life Cycle Flow Chart



- 1 A contract is created between a customer and a supplier that dictates the items to be sold on consignment. The contract is either a standard purchase order, a blanket purchase order, or a scheduled purchase order. It includes clauses on deferring liability. The contract may also include a maximum number of aging days that a customer is permitted to hold items without liability of payment. This ensures that inventory will be consumed in a timely manner.
- 2 As the consigned material arrives, it is handled via the normal receiving process and put into inventory. The consigned material is immediately *nettable* to MRP and *available* for allocations, according to the inventory status of the stock location. Cumulative receipt quantities are automatically updated for scheduled orders. The consigned material is not yet available for vouchering, per the contract. Any voucher process selecting open receipts will bypass receipts of consigned material until the material has been *consumed* by the customer.
- 3 Consumption of consigned material occurs when the customer has used the items. It could happen in a number of ways:
 - Issues to a Work Order, Distribution Order, Repetitive Order
 - Unplanned issues
 - Issues to a configured item Final Assembly Order
 - Transfers to another location or another site (optionally)
 - Shipment of pass through parts (Sales Order Shipments or Shipper Confirm)

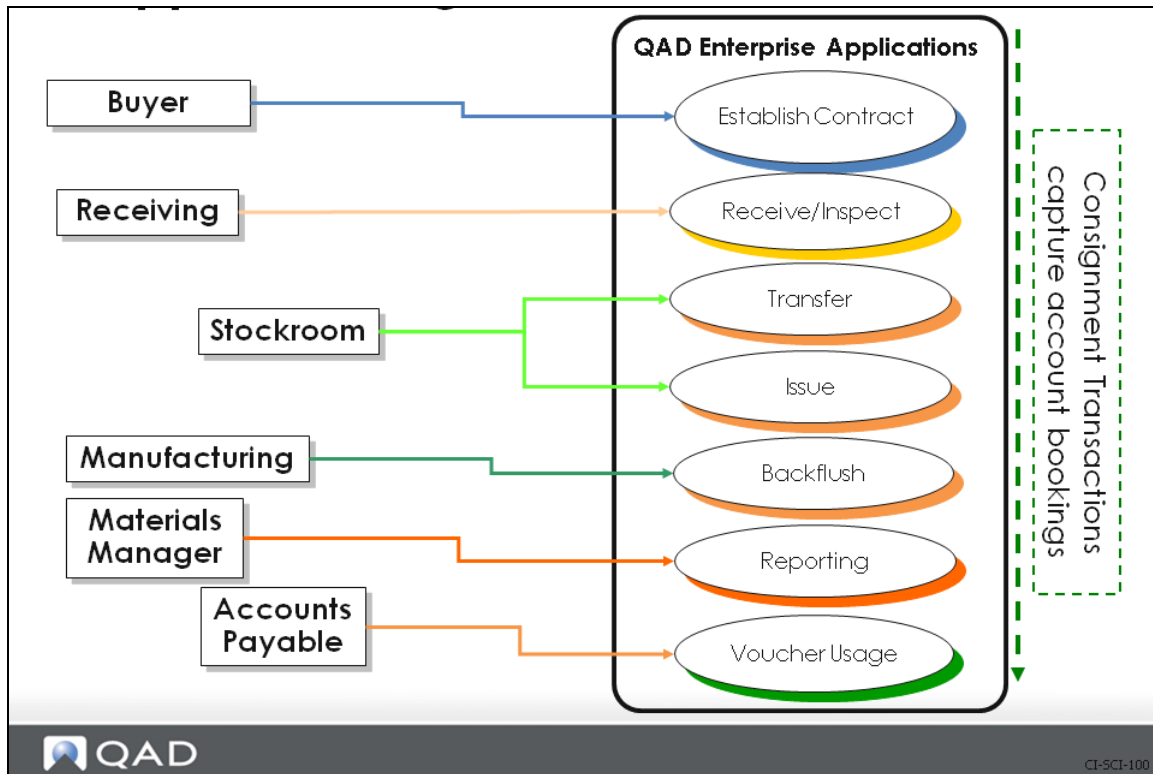
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- 4 Consumption activity is logged for audit purposes and for batch processing. Once the material has been consumed, the transfer of liability occurs. The receiver is now available for vouchering, but only for the amount consumed. This can be a partial amount and not always be the total amount on the receiver. The system needs to track how much of the receiver is available for vouchering. A cumulative quantity is kept to track the total material consumed on the contract.



- 5 Consumption is reported back to the supplier. It is the signal to the supplier to transfer the liability of the material on their system. It also provides visibility of material usage.
- 6 Vouchers are created manually or via ERS, each of which will recognize the difference between the consumed consignment and the non-consumed consignment. AP either sends payments based on consumption (self-bill model) or receives invoices from the supplier.
 - a ERS runs and creates vouchers for the material used. Checks can be created from the voucher to pay the supplier directly, or via EDI.
 - b Vouchers are created manually after receiving invoices from the customer based on the consumption data.

Supplier Consignment Users



Note Consignment Transactions capture account bookings

Here is an overview of the roles that would be played in the use of supplier consignment inventory. It is a generalization as to how the roles might be distributed and shows the responsibility of each person involved. Also, on the right-hand side, you get the indication that transaction bookings are all done behind the scenes. So, there is not any manual intervention on any of the transactions that occur.

Terminology

Terminology

- Usage
- Batch ID
- Maximum Aging Days
- Age Date



CI-SCI-110

Usage

Financial: Number of units or dollars of an inventory item consumed over a period of time.

Consignment Inventory: The recognition that you have used part of the supplier's inventory. It is the transformation process from being their inventory to being your inventory and the billable charge associated with the transformation. So you tell your supplier how much you have used by recording usage.

Batch Number/ID

Manufacturing: A number used for tracing groups of work orders through a batch-oriented process.

Technical: An ID for tracking a group of transactions processed together.

Consignment Inventory: Every time that you have used some of the consigned inventory, we give that batch of information an audit ID or a batch ID. It allows you to do some research and reconciliation when there are any questions between you and your supplier as to the used quantity and the billed quantity.

Maximum Aging Days

Maximum aging days help keep track of the consigned inventory and how long it can reside at your site without being used. It plays an important role in some industries more than others, especially for the products with short life cycle.

For example in Electronics Manufacturing businesses, items, like electronic components, change over and over again. If the customer did not use them within the agreed time and returned them to you, the returned items may be obsolete and you cannot use them any more. The number of maximum aging days enables you to monitor the inventory age and reduces the loss caused by obsolete inventory.

The maximum number of aging days is determined on each receipt and leads into an aging date. The system uses the following calculation to get the aging date:

$$\text{receipt date} + \text{maximum aging days} = \text{maximum aging date}$$

Business Objectives

Overview

- Business Objectives
 - Receive normally
 - Defer ownership of material
 - Defer voucher and A/P activity
 - Satisfy MRP requirements
 - Manage Consignment Inventory accounts
 - Recognize "usage"
 - Multiple points of usage (Issue, Transfer)
 - Create audit trail
 - Trigger Voucher, ERS



CI-SCI-160

The receipt process for consignment materials is the same as the process of receiving non-consignment materials. Your receiving dock does not have to remember to do new transactions to handle consignment receipts differently from their normal receipts. They might have to put it in a different location, but it is easily specified either inside the system or outside the system with some procedure.

The consigned material is still the property of the supplier. The ownership of the material does not transfer until after you used or sold the material.

The system will defer your vouchering and AP activity, so that normal receipts will be vouchered on the spot and consigned receipts will be vouchered when the material is used.

The consignment inventory can also satisfy MRP requirements. Even though you do not own the material, MRP is still going to see the material to fulfill the planning and re-planning of replenishments.

You can manage a set of consignment inventory accounts to view the value of the consigned inventory, even though it is not your inventory.

Finally, you can recognize usage as a trigger to trade. You can create an audit trail through doing research against the usage. Also, typically, working with a number of different companies, there are multiple points of usage, because everyone treats consignment material a little bit differently.

Summary of Business Considerations

Summary

- Course Overview
 - Introduction and Business Overview
 - Design Considerations
- Set Up and Controls
- Common Functionality
- Additional Functionality
- Summary



CI-SCI-170

Supplier consignment inventory is the process by which you receive inventory from your supplier, yet the payment is deferred until some point of usage in your system. It can be any point from once it passes incoming inspection and goes into component inventory, through some sub-assembly process, or all the way down to a final production line, or even a sales-order shipment.

Supplier consignment inventory is broad-based and can be used in any of the verticals today.

Design Considerations

Design Considerations

- Inventory Locations
- Accounting
- Deferring Voucher Processes
- Transaction History
- Added Features



CI-SCI-190

Now, we are going to look at the design considerations for supplier consignment inventory. We are going to cover the following points:

- Inventory locations: what is different in the use of inventory locations when the inventory is consigned?
- Accounting: what kind of account codes are required when the inventory is not mine yet physically in my possession?
- Deferring the vouching process. We will look at the variable trigger points based on what different business cases require.
- Transaction history: the detail we have always had in QAD Enterprise Applications to show the granular level of the transaction and the account codes and monetary values associated with it.
- Added features.

Inventory Locations

Inventory Locations

- Multiple Ownership Transfer Points
 - Component Issue/Backflush
 - Sales Order Issue/Final Assembly Issue
 - Transfer
 - Unplanned Issue
- New Location Attribute
 - Accept Consigned Material?
 - No, then transfer ownership



CI-SCI-200

We have talked about multiple ownership transfer points which involves four or five different places where the transfer of ownership takes place. You do an issue from your stockroom to your repetitive order or work order. You issue a sales order or do a final assembly type issue or an unplanned issue.

But what really comes into play with inventory locations is the transfer of material because you are going from one location to another location. So it is what really drove this little feature home, and that is, how to treat inventory locations. Do you say one is consigned and another one is not consigned? Does your stockroom clerk have to know which are the consigned inventories and which can only handle regular inventory material?

And what we have done to simplify that as a design approach is to add an attribute onto every inventory location to say whether this location can accept consigned material or not. So as you put material into that location, if it can handle consigned material, the system still regards it as being consigned and owned by the supplier. If it cannot handle consigned material, then the transfer of ownership occurs automatically as the material goes into that location. This is a very flexible trigger, effectively, for how each customer manages their business when they are using supplier consignment inventory.

Accounting

Accounting

- New Accounts
 - Consigned Inventory Account
 - Consigned Offset Account
- System/Account Control File
- Product Line Maintenance
- Purchase Account Maintenance (EIDG)



CI-SCI-210

You want to keep visibility of the value of the consigned material, and you do that with a set of consigned inventory accounts. Two accounts are defined to the system: an inventory account and an offsetting account. These accounts represent the value of the consigned material, but at the same time offset each other to have a zero effect on the balance sheet because the material is not yours. These two accounts can be specified in three different places. Of course, in the System Account control program where all accounts are defined, but then it flows down into the Product Line maintenance screen and then into the Purchase Account maintenance screen.

You have three tiers of granularity in the use of these account codes, and this allows you to differentiate between consigned material from one supplier type to another supplier type or one product line to another product line, so you can handle separation.

Vouchering

Vouchering

- Pending Voucher File
 - Contains open qty to voucher
 - Separates PO Receipt History and Vouchering
 - Required for consignment
- Simplifies ERS processing
 - Single source of data
- When do you create a Pending Voucher?
 - Receipt – non-consigned activity
 - Usage – consigned activity



CI-SCI-220

With consignment, you want to separate when receipts can be vouchered. Traditionally in QAD Enterprise Applications, vouchering is able to take place as soon as receipts occur. It was the whole reason for the ERS subsystem–evaluated receipts settlement–because as soon as receipts occur, ERS creates vouchers.

With non-consigned inventory, a pending voucher is automatically created after an order is received. For a consignment receipt, the system will create transaction history and receipt history, but no pending voucher is created until the usage transactions happen. So, we effectively separate the receipt functionality from the vouchering functionality. It is one of the features of supplier consignment.

Transaction History

Transaction History

- New Consignment Transactions
 - CN-RCT - Receipt
 - CN-ISS - Issue
 - CN-CNT - Inventory Counts (Cycle, Physical)
 - CN-ADJ - Adjustments
- Appends to Existing Transactions



CI-SCI-230

We have looked at the consignment accounts. These consignment transactions handle the debits and credits to those consigned accounts. It will become clearer to you as we go further on through the presentation.

With consignment, what you really want to do is to hold off doing a receipt. When you process receiving transactions, you can do a partial receipt or do the normal issue to the work order, the distributed order, and so on. Here, we leverage the existing QAD Enterprise Applications transactions so that the consignment transactions deal only with the consignment accounts.

Transaction History (continued)

- Receipt (RCT-PO Deferred)
 - CN-RCT
- Usage
 - RCT-PO
 - CN-ISS
 - ISS-WO, or ISS-DO, or ISS-SO, or ISS-TR
- Aging
 - CN-ADJ
 - RCT-PO



CI-SCI-240

Here is a short flow of what happens and the transactions you see when you use supplier consignment.

The first step in the flow is the material receipt, but we defer creating the RCT-PO transaction. Instead, we create a CN-RCT (consigned receipt), because we are going to capture the consigned value of the books and not the inventory value of the books.

When we do a usage, we consider that we are going to do a mini-PO receipt. That is where the RCT-PO comes in. We are doing that because we are going to leverage all of the other functionalities that a RCT-PO does, especially in the average costing scenario, where your item cost will be updated by the average of your inventory at that time.

Whether you are in an average costing or standard costing environment, this functionality is still going to work to the performance of how a cost accountant would want to view the inventory. You are just deferring things here and there, and you are leveraging the existing transactions and transaction history. So, when usage occurs, you are going to do a mini-receipt, issue out of the consigned accounts, and do the normal inventory issue transactions that occur.

Finally, we have transaction history that is part of this aging functionality that we have built. So, it is basically an adjustment. It represents material that just sits at our location, and we just change ownership to it. We are going to adjust the consignment valuation of it, and then we are going to do a mini-receipt on it. The material does not physically move anywhere; it is an ownership-in-place transfer.

Added Features

Added Features

- Establish Contract Defaults
- Usage Reporting to Supplier
 - Via eCommerce
 - Manually (Phone, Fax, etc.)
- Aging
- Inventory Reporting
 - Include/Exclude/Only Consigned Material
- Unconfirmed PO Shipper Report
 - ASN's received but not arrived



CI-SCI-250

Finally, we are going to talk about the added features that we have in consignment.

We can establish contract defaults for suppliers themselves or for specific supplier items, so that you can configure your system to set up common suppliers and supplier items to work in your desired way. We have usage reporting back to the supplier via e-commerce. You can also manually record the usage status.

We will go into details about inventory aging later.

We also give you a view through inventory reporting that includes, excludes, or only displays consigned material. You can view your inventory and the supplier consigned inventory. Finally, we have added something that is not consignment-specific, an unconfirmed PO shipment report. It represents ASNs that have been imported, but the shipment has not arrived yet.

Summary

Summary

- Course Overview
 - Introduction and Business Overview
 - Design Considerations
- Set Up and Controls
- Common Functionality
- Additional Functionality
- Summary



CI-SCI-260

We have explained the business objectives of what consignment is, and why certain businesses do consignment and what is involved, and in supporting the business on a system like QAD Enterprise Applications, there are certain design considerations that we wanted to apply. We want to make sure that we can handle the inventory and that we have an inventory transfer evident. We want to make sure that the transaction history specifically states and displays the information that is occurring or the transactions that are occurring.

You are using the inventory transactions in the account code structure, adding only the minimum required to include the proper management of consignment inventory.

Chapter 2

Setup and Controls

Set Up and Controls

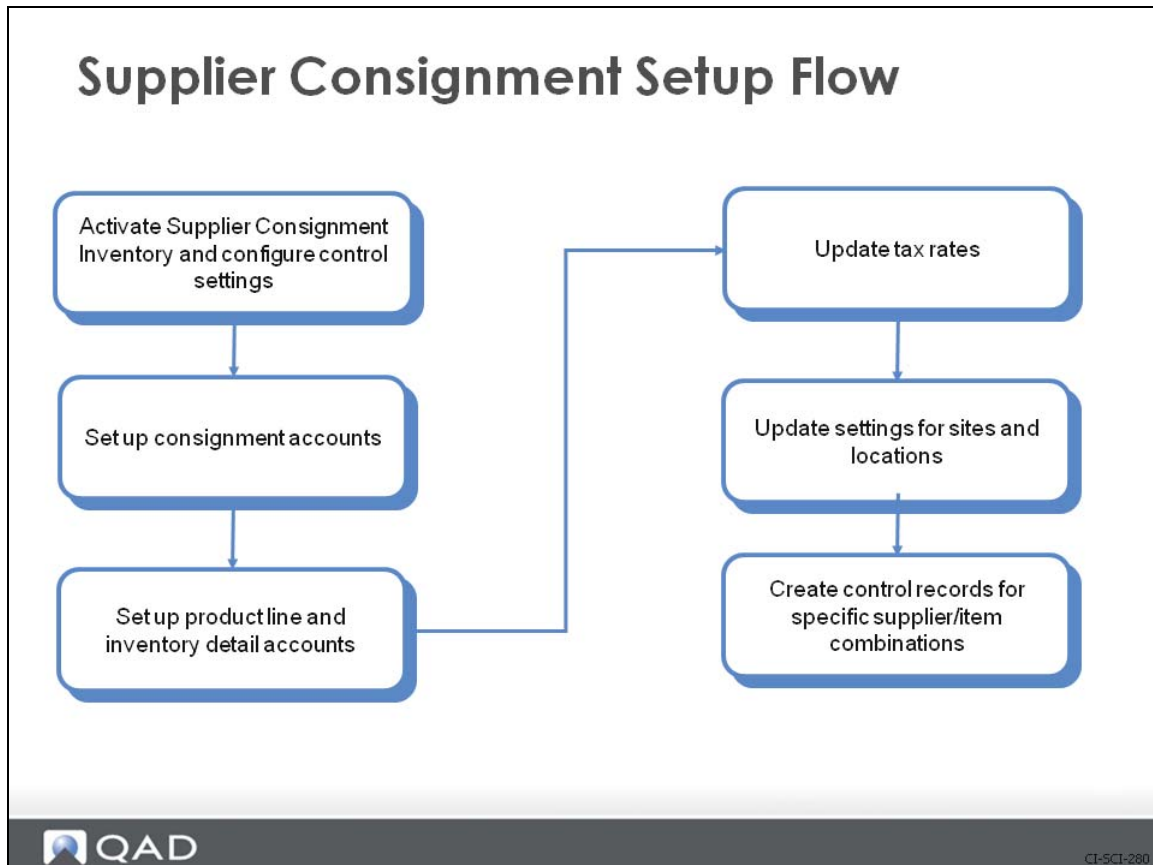
Supplier Consignment Inventory

- Course Overview
 - Introduction and Business Overview
 - Design Considerations
- **Set Up and Controls**
- Common Functionality
- Additional Functionality
- Summary Topic



CI-SCI-270

Supplier Consignment Setup Flow



We are going to cover each topic in the sequence shown here.

Configure Control Settings

Configure Control Settings

- Activate Supplier Consignment Inventory

Supplier Consignment C... x

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Using Consignment Inventory:

Consignment Orders:

Maximum Aging Days: 90

Use Consigned First: Yes

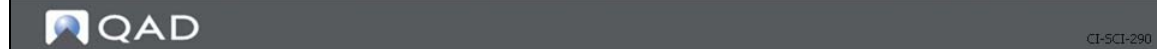
- Specify operational settings

Supplier Consignment A... x

Go To Actions Copy Print Preview

Transfer Ownership: Issue

PO Cost Point: Usage PO Cost at Usage



First use Supplier Consignment Control (5.18.24) to activate supplier consignment inventory. Some of the required fields in the preceding settings may not be shown unless you set Using Consignment Inventory field to Yes.

There are other operational settings in Supplier Consignment Control menu. These settings default to the Supplier/Item Controls Maintenance.

Operational Fields on Supplier Consignment Control:

Consignment Orders. Specify the default value for the Consignment Orders field in the header of new purchase orders, scheduled orders, and blanket purchase orders:

No: Enter No if most of your inventory transactions are for non-consigned items.

Yes: The Consignment Orders field on the header of new orders is Yes.

In either case, you can combine lines for both consigned and non-consigned inventory on one order.

The value defined here is used on new orders only if the system does not find a more specific match in Supplier/Item Controls Maintenance.

Maximum Aging Days. Enter the maximum number of days consigned inventory is allowed to reside at your facility.

The default value is 0 (zero), which indicates no scheduled aging deadline exists.

Use Consigned First. When a location contains both consigned and non-consigned inventory, this field determines which inventory is processed first:

No: Use non-consigned inventory first.

Yes: Use consigned inventory first.

Default: Let the system select inventory based on the picking logic specified in Inventory Control.

Use Supplier Consignment Acct Ctrl (26.9.4) to specify operational settings that have an impact on financial activities, such as the PO cost point.

Fields on Supplier Consignment Accounting Control:

Transfer Ownership. Specify Issue/Backflush. Transfer of ownership (consumption) is allowed only at the time items are issued or backflushed. No other value is currently supported.

PO Cost Point. Specify which purchase order cost you want the system to use to calculate the purchase price variance. This is the cost at which the usage is paid/invoiced.

Usage: Use purchase order cost at time of usage.

Receipt: Use purchase order cost at time of physical receipt.

The value in this field defaults to Supplier/Item Controls Maintenance. When no record for a supplier exists, the field defaults to PO Maintenance (5.7).

Supplier/Item Controls Maintenance

Supplier/Item Controls Maint

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Supplier: 002 Toronto Computer Services
Item Number: 01

Consignment Orders:
Maximum Aging Days: 90
PO Cost Point: Usage

Supercedes Control File Settings

QAD CI-SCI-300

Use Supplier/Item Controls Maintenance (5.18.1) to define specific default values for suppliers or for combinations of suppliers and items. The values entered here override the settings in Supplier Consignment Control or Supplier Consignment Accounting Control only for the specified supplier. When new orders are created for a specific supplier, the system looks for the most specific record first to determine the defaults to use. Orders previously entered into the system remain unchanged.

The settings in this program apply either to the supplier alone or to the supplier/item number combination specified in the header frame. Only the supplier is required.

Set Up Consignment Accounts

Set up Consignment Accounts

- Accounting Procedure
 - Receipt
 - Debit (+) Consigned Inventory Account
 - Credit (-) Consigned Offset Account
 - Usage
 - Debit (+) Consigned Offset Account
 - Credit (-) Consigned Inventory Account



CI-SCI-310

First we will look at the accounts and accounting options.

We have two accounts here: consigned inventory accounts and consigned off-setting accounts. The purpose of setting up the accounts is to balance them together and have a net effect on your balance sheet. So in general, the procedure of debiting and crediting these accounts when we do our material receipt is that we will debit the consigned inventory account and credit the offset account. As we use the material, we deduct it from the consigned inventory account and offset it with the off-setting account.

So, this is right back to the general ledger and how we set up the whole account code structure for reporting purposes. You define the accounts that are going to be represented there and define where they are going to occur on the balance sheet.

Accounting Option #1

Accounting Option #1

- Include Consignment within Inventory
 - Set Consigned Inventory Account = Inventory Account
 - Set Consigned Offset Account = new asset account
- Benefits?
 - Inventory Account Balance contains consignment
 - Offset account ensures 0 effect on Balance Sheet
 - Inventory Account Balance = Inventory Valuation, when "Include Supplier Consignment: Yes"



CI-SCI-320

The first option is to include consignment within inventory, essentially setting the consignment inventory account as your own inventory account. This approach mixes or represents consignment inventory within your own inventory value. The off-setting account is a negative of what your consigned inventory value represents. It still includes the caveat that the balances have a null effect on your balance sheet. However, it gives you the flexibility of having your inventory represent the entire inventory in your facility.

On things like the Inventory Valuation Report, where you are looking at your inventory valuation, you would include supplier consignment. You can include those locations that have supplier consignment, and that way your inventory account balance matches your inventory valuation.

Accounting Option #2

Accounting Option #2

- Define Consignment within Total Assets, but not Inventory
 - Set Consigned Inventory Account = new asset account
 - Set Consigned Offset Account = new asset account
- Benefits?
 - Inventory Account does not contain consignment, Total Assets contains Inventory and Consignment
 - Offset account ensures 0 effect on Balance Sheet
 - Inventory Account Balance = Inventory Valuation, when "Include Supplier Consignment: No"



CI-SCI-330

This second option is a little bit more popular, which separates consigned inventory from your normal inventory. With this approach, under your assets accounts, you will see consigned inventory and your own inventory separately. To do so, define two new accounts, one for the inventory and the other for the offset.

The two accounts balance each other out, so if you look at the balance sheet, the total of your assets will only be the inventory that you own. To not include the consignment inventory in the valuation report, go to the inventory valuation report and set "consignment inventory" to "exclude". So you do not include it with your valuation report and your inventory balance will match the balance from your valuation report.

Accounting Option #3

Accounting Option #3

- Define Consignment within Total Assets, but not Inventory
 - Set Consigned Inventory Account = new asset account
- Define Offset within Liabilities
 - Set Consigned Offset Account = new liability account
 - Benefits?
 - Total Assets contains Inventory and Consignment
 - Total Liabilities contains Payables and Consignment
 - Offset account ensures 0 effect on Balance Sheet



CI-SCI-340

Another accounting option is to define the off-setting account as a liability account instead of a consignment account. It will represent consigned inventory as separate for your inventory, but it also gives a clear indication of your payables, or liabilities.

Programs for Consignment Accounting

Domain/Account Control


Domain/Account Control X
Go To Actions Copy Print Preview

Service Accounts

Service Labor: 6900	Mech
Service Overhead: 6905	Mech
Service Expense: 6910	Mech
Expense Due: 6915	Mech
Service Returns: 6920	Mech
Deferred Revenue: 2450	Mech
Accrued Revenue: 1450	Mech

Consignment Accounts

SO Consigned In-Transit Acct:	<input type="text" value="1650"/>	<input type="text" value="Mech"/>	<input type="text"/>	<input type="text"/>
SO Consigned Inventory Acct:	<input type="text" value="1655"/>	<input type="text" value="Mech"/>	<input type="text"/>	<input type="text"/>
SO Consigned Offset Acct:	<input type="text" value="2455"/>	<input type="text" value="Mech"/>	<input type="text"/>	<input type="text"/>
PO Consigned Inventory Acct:	<input type="text" value="1660"/>	<input type="text" value="Mech"/>	<input type="text"/>	<input type="text"/>
PO Consigned Offset Acct:	<input type="text" value="2460"/>	<input type="text" value="Mech"/>	<input type="text"/>	<input type="text"/>


CI-SCI-350

Use Domain/Account Control (36.9.24) to set up default values for the consignment accounts. If you need a new account for the consignment inventory, create an account using Account Create (25.3.13.1). Codes entered in Domain/Account Control default to Product Line Maintenance. Product Line Maintenance accounts default to Purchasing Account Maintenance.

PO Consigned Inventory Acct. Enter the GL account, sub-account, and cost center codes used to track consigned inventory that has been received into inventory.

PO Consigned Offset Acct. Enter the GL account, sub-account, and cost center codes used to track deferred payable amounts for consigned receipts.

The PO Consigned Inventory and PO Consigned Offset accounts are updated simultaneously to record consigned activity and do not affect the balance sheet. Other accounts are not updated until inventory is used.

The remaining account fields in this frame are used by the Customer Consignment Inventory module.

Product Line Maintenance

The screenshot displays two windows from the QAD software. The 'Account Code Maintenance' window on the left shows details for Account 1520, described as 'PO Consigned Inventory'. It lists format positions 10100 (CURRENT ASSETS) and 10000 (ASSETS). The 'Product Line Maintenance' window on the right shows Product Line 1500, described as 'AUTOMOTIVE PRODUCTS'. It includes a 'Consignment Accounts' table with the following entries:

Account Code	Description	Account Code	Description
SO Consigned In-Transit Acct:	1501		
SO Consigned Inventory Acct:	1502		
SO Consigned Offset Acct:	1503		
PO Consigned Inventory Acct:	1520		
PO Consigned Offset Acct:	1521		

A callout box labeled 'Define Accounts' has arrows pointing to the 'PO Consigned Inventory' account in the Account Code Maintenance window and the 'PO Consigned Inventory Acct: 1520' and 'PO Consigned Offset Acct: 1521' entries in the Product Line Maintenance window.

Define Accounts

QAD CI-SCI-360

The screenshot of Product Line Maintenance (1.2.1) shows where these accounts are defined. In the product line, you can see the PO, the consigned inventory account, and the off-setting account. In account code maintenance, you can define what the account is and where it is going to reside on the balance sheet.

You can set these account codes in the system account control program as a default that would cascade to the product line. By product line, you can define them even further for a finer level when you get down to the purchase account.

Tax Options

Tax Options (Global Tax Management)

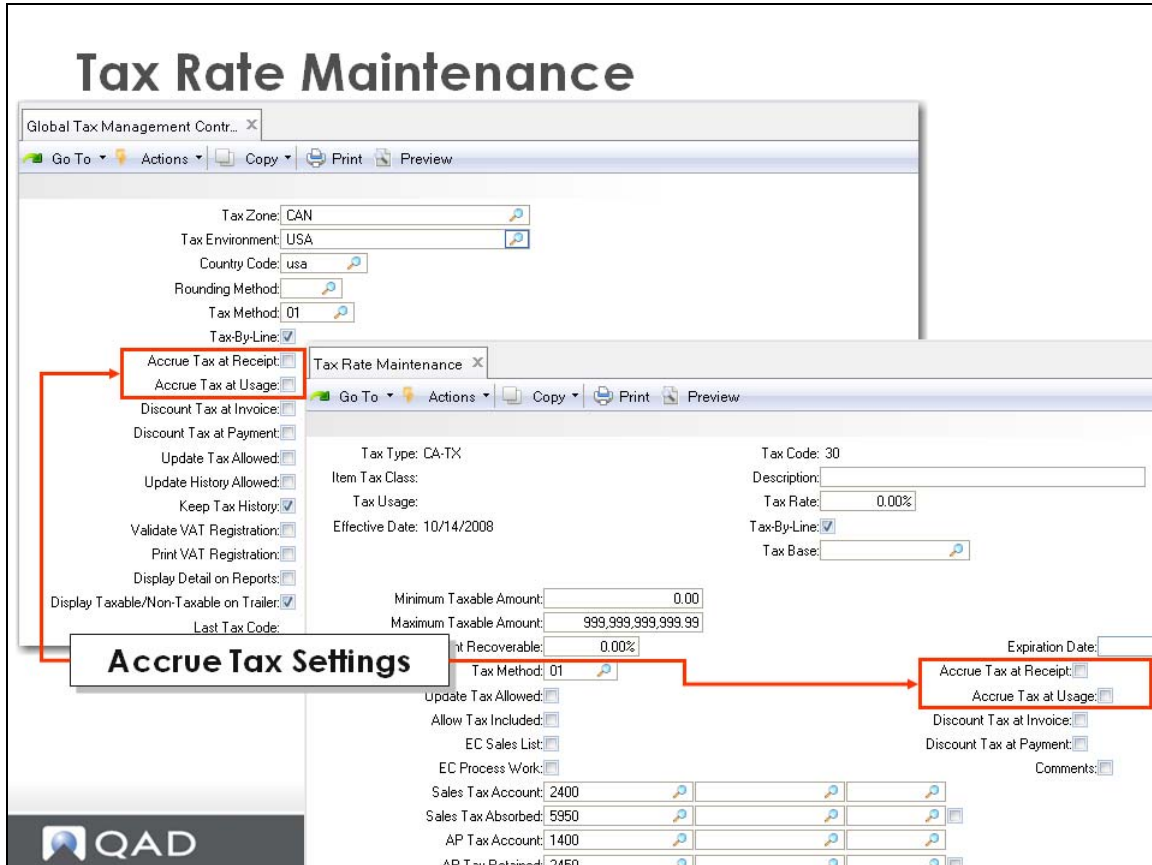
- Tax Accrual
 - Accrue Tax at Receipt
 - Yes = Accrue Tax @ Receipt
 - No = Accrue Tax @ Voucher
- New Option for Consignment
 - Accrue Tax at Usage
 - Yes = Accrue Tax @ Usage
 - No = (Refer to Accrue Tax at Receipt)



CI-5CI-370

This is a simple parameter for a tax accrual.

Normally, the tax is accrued at usage rather than at receipt, you can set your desired option in Global Tax Management Create (2.13.24) and Tax Rate Maintenance (2.13.13.1).



You can see that these parameters reside side by side. You can define how you are going to accrue tax for your normal purchases and for your consignment.

The way of accruing tax varies with countries, choose your option according to your business process.

Transfer Ownership Options

Transfer Ownership Options

- Determined by "receipt" location
- Inventory Transfer
 - "To" Location
- Distributed Order Shipment
 - "GIT" Location
- Distributed Order Receipt
 - "ReceivingSite" Location

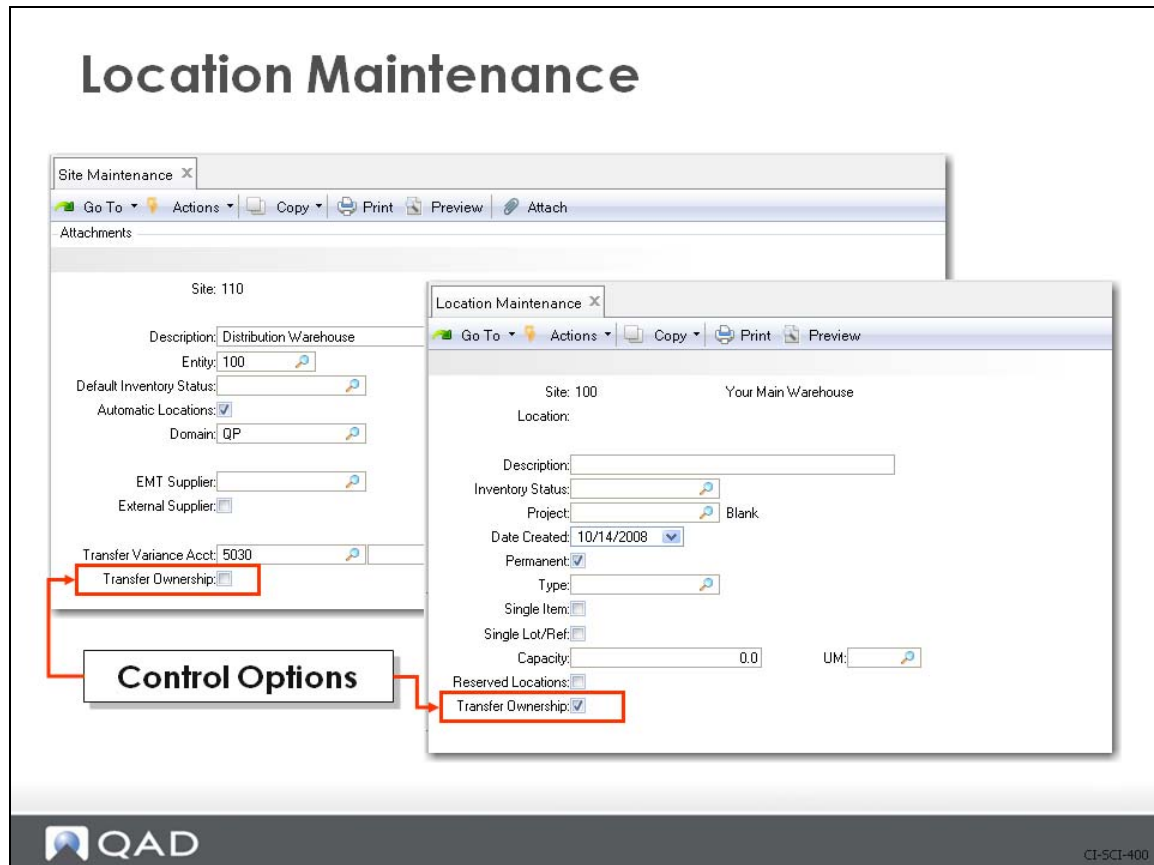


CI-SCI-390

You can transfer materials through a normal inventory transfer or through a distribution order. The system processes look at the receiving location. The attribute of the receiving location is going to specify whether this location can accept the consigned material or whether to transfer ownership before the material gets to its destination.

This is a single field setting, in location maintenance, specifying whether the location can receive consignment inventory. If the setting is "no", then it effectively becomes the transfer point. And so, it is the receiving location in a normal inventory transfer. In a distribution scenario, you have goods in the transit location and the receiving site location, so there are actually two locations to take into consideration.

Location Maintenance



These screens are for Site Maintenance (1.1.13) and Location Maintenance (1.1.18). The transfer of ownership is at the bottom. You can use the Transfer Ownership field to indicate how consigned inventory should be managed when it is transferred to a specific site.

The value you specify for a site determines the default value for new locations created in the site. This default applies both to locations created in Location Maintenance (1.1.18) and any locations created by the system when the Automatic Locations field is set to Yes. You can modify the default in Location Maintenance as needed.

The same field exists in Location Maintenance. At the location level, this field has the following effect:

No: Inventory received into the location retains its consigned status.

Yes: Receiving inventory into the location initiates a transfer of ownership (usage). To track the ownership change, RCT-PO and CN-ISS transactions occur in addition to the inventory transfer and receipt. The supplier can now invoice you for the inventory, and GL accounts are updated.

When the Supplier Consignment Inventory module is not active, the Transfer Ownership field is disabled.

Transfer of ownership occurs automatically when consigned inventory is issued to work orders, sales orders, or final assembly orders and when unplanned issues occur. Ownership transfer is optional only during inventory transfers and receipts.

Summary

Summary

- Course Overview
 - Introduction and Business Overview
 - Design Considerations
- Set Up and Controls
- Common Functionality
- Features and Options
- Summary



CI-SCI-410

Once you consider how you are going to do business and how the customer does business, you represent that in QAD Enterprise Applications, then you are ready to do your contracts with your supplier, receive the materials, and proceed.

Chapter 3

Common Functionality

Common Functionality

- Establish Contracts
 - Purchase Orders, Blanket Orders
 - Scheduled Orders
- Receiving
- Usage
- Reporting
- Vouchering



CT-5CT-430

Now let us look at the common functionality—the life cycle—of supplier consignment inventory.

Firstly, you establish the contracts. The contract could apply to either standard purchase orders, blanket orders, or scheduled orders.

Then you set up what happens at the point of receipt among the various points of usage that we can record and the reporting of consignment throughout the entire process. Finally, go to the vouchering and payment process.

Supplier Consignment: Receiving

The screenshot displays the 'Purchase Order Maintenance' window. The 'Header' section shows the following information:

- Purchase Order: PO60008
- Supplier: 10s1005
- Ship-To: 10-100

The 'Supplier' information is:

- Absolute Electronics Company
- 31 Billingsley Drive
- Livingston NJ 07039
- USA - TAX PURPOSE

The 'Ship To' information is:

- QMI -USA Division
- 30 Ridgedale Avenue
- East Hanover NJ 07950
- USA - TAX PURPOSE

The 'Details' section includes the following fields:

- Order Date: 3/20/2014
- Due Date: 3/20/2014
- Buyer: 2-02
- Bill To: 10-100
- Sales/Job: [Empty]
- Contract: [Empty]
- Price Tbl: [Empty]
- Disc Tbl: [Empty]
- Ln Disc: 0.00
- Site: [Empty]
- Daybook Set: 10PURCH
- Project: [Empty]
- Confirming:
- Imp/Exp:
- Currency: USD
- Language: us
- Taxable:
- Fixed Price:
- Credit Terms: CASH
- Entered By: mfg
- Requested By: [Empty]
- Consign: (highlighted with a red box)
- Comments:

The QAD logo is visible in the bottom left corner, and the code 'CI-SCI-440' is in the bottom right corner.

Specify Yes in the Consign field in the purchase order header to indicate that the order includes consigned items.

When you specify Yes in the header Consign field, a Supplier Consignment frame displays. Scheduled orders and blanket orders are processed the same way using similar fields and frames.

You can receive items purchased on consignment using either Purchase Order Receipts (5.13.1) or SO Shipper Receipts (5.13.20).


Instead of a standard RCT-PO, which makes the purchase order available for receiver matching, a CN-RCT transaction records the receipt of consigned inventory. The RCT-PO occurs when items are used, causing transfer of ownership from the supplier and making the items available for receiver matching.

Receiving consigned items creates the following GL transactions:

- Debits the PO Consigned Inventory account defined in Purchasing Account Maintenance for the product line, site, and supplier type, if available. Otherwise, the account from Product Line Maintenance is used.
- Credits the PO Consigned Offset account defined in Purchasing Account Maintenance for the product line, site, and supplier type, if available. Otherwise, the account from Product Line Maintenance is used.

Transaction Detail Inquiry

Transaction Detail Inquiry



Transactions Detail Inquiry

03/20/14

Transaction: 549877 Display E-Signature Details: No Output: PAGE


Tran Nbr: 549877 Trans Type: CN-RCT Date: 03/20/14 Time: 23:25 Effective Date: 03/20/14 Remarks: Consigned User ID: mfg Program: poporc.p Currency: USD Qty Change: 100.0 Shipper Number: Ship Date: 03/20/14	Order: P060008 R1011163 Revision: 0 Item Number: 60008 Description: Printer Unit of Measure: EA Address: 10s1005 Name: Absolute Electronics SO/Job: Ship Type: Price: 269.00 IMC:	
--	---	--

Site: 10-100 Location: 020 Lot/Serial: Inv Status: Y-Y-Y Supplier Lot: Grade/Assay: Reference:	Inventory Data Begin Balance: 315.0 Quantity Change: 100.0 Qty Short: 0.0 Begin Loc Bal: 315.0 Loc Qty Change: 100.0 Expire Date: Batch:	
---	---	--

Material: 269.00 Labor: 0.00 Burden: 0.00	Cost Data Overhead: 0.00 Subcontract: 0.00 Cost Total: 269.00	
--	--	--

Debit Acct: 1660 Mech Cr Account: 2460 Mech Amount: 26,900.00	CN-RCT	Reference ID: IC140320000002
--	---------------	-------------------------------------

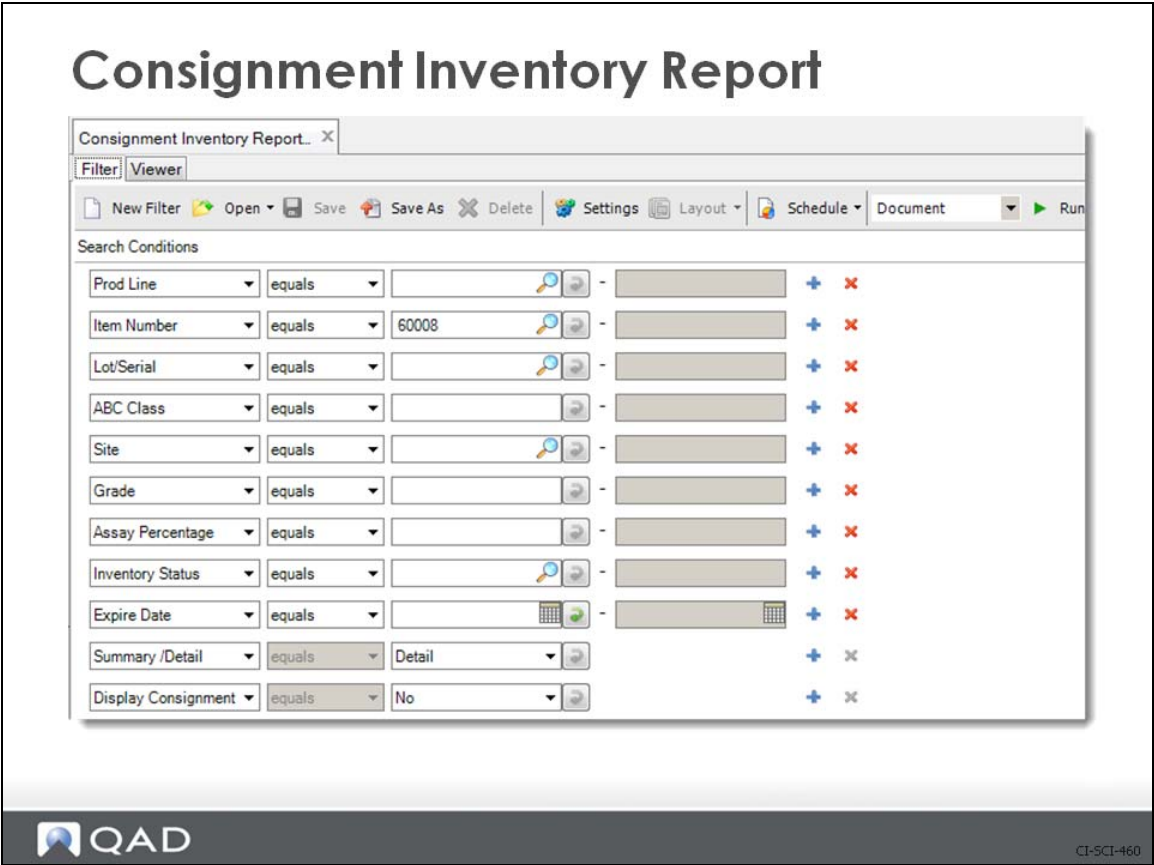
GL Reference: TMP20140320/00000002


CI-SCI-450

Now we will begin getting into the postings of what QAD Enterprise Applications do when consigned material has been received. What we have deferred here is the PO Receipt transaction and hitting the inventory accounts, replaced that with our consigned receipt, marked as “consigned”, with the consignment item and the consignment order specified. So this is transaction history.


We see the actual PO Receipt inventory transaction later when we get to the actual usage point. We refer to that as a mini-PO receipt. So, if you initially received 100, and you issued ten or back-flushed ten, you will do a mini-receipt of that one. At the bottom of this screen, you see the transaction detail history, inventory information, and the receiving of that 100 into inventory. We have updated the consignment accounts. So MRP knows, and all of your inventory reports and inquiries know, that there is a quantity of 100 in that location, but it is booked as a different account.

Consignment Inventory Report



Here is the Consignment Inventory Report (5.18.6) screen. It takes a view of the inventory and the consignment portion of your inventory.

Consignment Inventory Report




Consignment Inventory Report

10USA USD

Page 1 / 1
3/21/2014
2:32:09 AM

Line	Item Number	Site	ABC	UM	Qty on Hand	Avail	Status	Qty	QOH Non-	Customer	Supplier	
20	60008 Printer	10-100	A	EA	415.00			415.00	0.00	0.00	100.00	
Location	Lot/Serial	Reference	Qty on Hand	Customer Consi	Supplier Consig	Created Ex	Grade	Assay %	St	Avail	Net	Ovrls
020			415.00	0.00	100.00	7/12/2010		0.00%	Y-Y-Y	Yes	Yes	Yes
Supplier Consignment Detail												
Supplier	Order	Line	Receiver	Receipt	Age Date	Receipt Qty	Qty on Hand	Non-Consiged				
10s1005	PO60008	1	R1011163	3/20/2014	6/18/2014	100.00	100.00					
Totals							100.00	315.00				

End of Report




CI-SCI-470

The report shows the item number and the site information, the location information, and even the supplier consignment detail receipt information. There are quantities at both the site and the site location. Some locations have zero supplier consignment; some locations will have only supplier consignment.

If you ask for details, it shows you the receipts that make up that information at that location. This triggers the aging. Because we pegged it to a receipt, we can determine the age of that material in that location.

Consignment Inventory by Order

Consignment Inventory by Order




Consignment Inventory by Order

10USA

Order: P060008	Absolute Electronics Company	
Supplier: 10s1005	Ultrasound Mfg Site	
Site: 10-100	Printer	
Item Number: 60008		Maximum Aging Days: 90
PO Line: 1		

Receipt	Receiver	Receipt Qty	UM	Tran Nbr	Lot/Serial Type Reference	Qty Consigned	UM	Age Date
03/20/14	R1011163	100.0	EA	549877		100.0	EA	06/18/14
						----- 100.0		

End of Report


CI-SCI-480

This is an order-centric view of the same information. Use this report to find out, by order, what receipts have come in and how much of that is still consigned or how much of that is unused.

Supplier Consignment: Usage, Reporting, Vouchering

Consignment Inventory Usage - SO

The screenshot displays two windows from the QAD software interface. The top window, titled "Sales Order Maintenance", shows a sales order header with Order: SO60008, Sold-To: 10C1002, Ln For: Single, and Org:. Below the header is a table for Sales Order Line items:

Ln	Item Number	Qty Ordered	UM	List Price	Discount	Net Price
1	60008	50.0	EA	310.00	0.0	310.00

The bottom window, titled "Sales Order Shipments", shows the same sales order line with additional shipping information: Order: SO60008, Ship Allocated: , Sold-To: 10C1002, Site: Houston Automotive Group, Effective: 3/20/2014, and Ship Picked: . Below this is another table for the shipment line items:

Ln	Item Number	Site	Location	Lot/Serial	Quantity	UM
1	60008	10-100	020		50.0	EA

The QAD logo is visible in the bottom left corner, and the text "CI-SCI-490" is in the bottom right corner.


The action that we are taking here is a sales order issue transaction using Sales Order Maintenance (7.1.1). We are issuing 50 pieces.

Here, we want to show the usage of the consigned inventory by selling some of them. To focus on the consigned inventory, we set to use consigned inventory first in Supplier Consignment Control. When you finish shipping the sales order through Sales Order Shipments (7.9.15), the quantity indicated in the order is consumed and deducted from the consigned inventory.

This process produces three records of transaction as the following three slides show.

Transactions Detail Inquiry

Transactions Detail Inquiry


Transactions Detail Inquiry
03/20/14


Transaction: 549879 Display E-Signature Details: No Output: PAGE

<p>Tran Nbr: 549879 Trans Type: ISS-SO Date: 03/20/14 Time: 23:47 Effective Date: 03/20/14 Remarks: User ID: mfg Program: sosois.p Currency: USD Qty Change: -50.0 Shipper Number: Ship Date: 03/20/14</p>	<p>Order: 5060008 2380989 Revision: 0 Item Number: 60008 Description: Printer Unit of Measure: EA Address: 10C1002 Name: Houston Automotive G SO/Job: 5060008 Ship Type: Price: 310.00 IMC:</p>
--	--

<p>Site: 10-100 Location: 020 Lot/Serial: Inv Status: Y-Y-Y Supplier Lot: Grade/Assay: Reference:</p>	<p>Inventory Data Begin Balance: 415.0 Quantity Change: -50.0 Qty Short: 0.0 Begin Loc Bal: 415.0 Loc Qty Change: -50.0 Expire Date: Batch:</p>
---	---


<p>Material: 269.00 Labor: 0.00 Burden: 0.00</p>	<p>Cost Data Overhead: 0.00 Subcontract: 0.00 Cost Total: 269.00</p>
--	---

Debit Acct: 5010 Mech ADM ISS-SO
Cr Account: 1500 Mech
 Amount: 13,450.00
 GL Reference: TMP20140320/00000003 Reference ID: IC140320000003


CI-SCI-500

So, the first thing that occurs is the sales order issue. We do this specifically first even though we are taking the value of that out of inventory. Even though it is in consigned inventory, we take it out of inventory. This is done by design and on purpose. We do this to capture the originating or instigating transaction, and then we back-fill what happens...

Transactions Detail Inquiry



Transactions Detail Inquiry

03/20/14

Transaction: 549880 Display E-Signature Details: No Output: PAGE


Tran Nbr: 549880 Trans Type: RCT-PO Date: 03/20/14 Time: 23:47 Effective Date: 03/20/14 Remarks: 549879 User ID: mrg Program: sosois.p Currency: USD Qty Change: 50.0 Shipper Number: Ship Date:	Order: P060008 R1011163 Revision: 0 Item Number: 60008 Description: Printer Unit of Measure: EA Address: 10s1005 Name: Absolute Electronics SO/Job: Ship Type: Price: 269.00 IMC:	
---	--	--

Site: 10-100 Location: 020 Lot/Serial: Inv Status: Y-Y-Y Supplier Lot: Grade/Assay: Reference:	Inventory Data Begin Balance: 365.0 Quantity Change: 50.0 Qty Short: 0.0 Begin Loc Bal: 365.0 Loc Qty Change: 50.0 Expire Date: Batch:	
--	--	--

Material: 269.00 Labor: 0.00 Burden: 0.00	Cost Data Overhead: 0.00 Subcontract: 0.00 Cost Total: 269.00	
---	---	--

Debit Acct: 1500 Mech Cr Account: 2520 Mech Amount: 13,450.00	RCT-PO	Reference ID: IC140320000004
---	--------	------------------------------


GL Reference: TMP20140320/00000004


CI-SCI-510

In this partial receipt, that we use the Remarks field to link these separate transactions together. What we have done here is created separate transactions--the ISS-SO, and now the receipt-PO without any link. They are independent, and it would be hard to make a trail of what occurred. We use the remarks field whenever we can to point to that originating or instigating transaction.

This is the receipt, and the goods is actually received into inventory, so now your issue transaction, pulling it from inventory, and your mini-receipt transaction, putting it into inventory, net out together. The example of what we call an instigating transaction, with a sales order issue, is actually in compliance with existing QAD Enterprise Applications architecture.

Transactions Detail Inquiry



Transactions Detail Inquiry

03/20/14

Transaction: 549881 Display E-Signature Details: No Output: PAGE


<p>Tran Nbr: 549881 Trans Type: CN-ISS Date: 03/20/14 Time: 23:47 Effective Date: 03/20/14 Remarks: 549879 User ID: mfg Program: sosis.p Currency: USD Qty Change: -50.0 Shipper Number: Ship Date:</p>	<p>Order: S060008 Revision: 0 Item Number: 60008 Description: Printer Unit of Measure: EA Address: Name: SO/Job: S060008 Ship Type: Price: 269.00 IMC:</p>
--	--

<p>Site: 10-100 Location: 020 Lot/Serial: Inv Status: Y-Y-Y Supplier Lot: Grade/Assay: Reference:</p>	<p style="text-align: center;">Inventory Data</p> <p>Begin Balance: 415.0 Quantity Change: -50.0 Qty Short: 0.0 Begin Loc Bal: 415.0 Loc Qty Change: -50.0 Expire Date: Batch:</p>
---	--

<p>Material: 269.00 Labor: 0.00 Burden: 0.00</p>	<p style="text-align: center;">Cost Data</p> <p>Overhead: 0.00 Subcontract: 0.00 Cost Total: 269.00</p>
--	---

<p>Debit Acct: 2460 Mech Cr Account: 1660 Mech Amount: 15,450.00</p>	<p style="text-align: center;">CN-ISS</p> <p>Reference ID: IC14032000005</p>
--	--

GL Reference: TMP20140320/00000005


CI-SCI-520

The third transaction that we get is the consignment issue transaction. Again, it is linked to the instigating transaction, issued to the sales order, and it contains a lot of the other information needed to book the transaction.

Finally, at the bottom of the page, you see that it nets out against the consigned accounts, so it is going to debit and credit the consignment and offsetting accounts. What it does is to deduct the account, so it really represents your consigned value.

Consignment Usage Report

Consignment Usage Report										
10USA										
QAD										
Purchase Order: P060008			Supplier: 10s1005			Absolute Electronics Company			03	
Site: 10-100			Item Number: 60008			Ultrasound Mfg Site				
Line: 1						Printer				
Batch	Tran Nbr	Usage Date	Trans	Lot/Serial Reference	Usage Qty	UM	Cum Usage	Receiver	Receiver Qty	
49	549879	03/20/14	ISS-50		50.0	EA	50.0	R1011163	50.0	
					50.0				50.0	
End of Report										
QAD										
CI-SCI-530										

We have reviewed the transactions that identify what has been used out of inventory. We would like a report on material usage. Earlier, we had a Consignment Inventory report; now we have a Consignment Usage report.

This report shows us the issue transaction that occurred, the usage quantity, and a subtotal of the usage quantity over some specified date.

It also shows a cumulative value of what has been used, and it pegs it back to the receiver that the quantity has been deducted from. So there is a little bit of pegging going on. It is more like a soft pegging. It is not a hard pegging, trapping. This receiver, actually, is on this order issue, but it is a soft pegging, netting out just the balances of what has been received versus what has been used.

It represents that mini-PO receipt that was mentioned earlier. What you see here is that the receiver quantity of 50 is a direct reflection of what has been used. The receiver quantity, in total, could have been 100, as stated before. You could receive 100 at the beginning of the week. Now you have just used 50. If the situation occurs where you have used, let's say, 150, that goes across two receivers, you would see that usage quantity of 150 would be bridged across two receivers.

If we were using a valuated receipt settlement, it would take it right through this vouchering process.

Also, if you are using lots and serialized parts, the receivers specific to those lots and serialized items would be the ones deducted. And you'd see that reflected here, so that the netting process - the first in first out process of using up the receivers - is further dependent on whether you are using serialized parts which will go after specific receivers.

The use of consignment does not, in any way, keep you from following the level of details in inventory, through traceability, that so many of our customers require at the lot and serial level.

Consignment Usage Export

At some point, you will want to summarize what has been used and notify your supplier of that information. You have two ways to do this. This is the first.

Use Consignment Usage Export (35.4.2) to notify your trading partners, defined in EDI eCommerce, of inventory transactions (RCT-PO, CN-ISS) initiating a transfer of ownership.

Enter ranges of selection criteria for purchase order, item number, supplier, site, and transaction usage dates that apply to the records you want to export. When your supplier imports this information, they can then invoice you for the items used.

See User Guide: QAD EDI eCommerce for information about EDI eCommerce.

Consignment Usage Export Report

If you are not using the e-commerce gateway, or if your suppliers do not have e-commerce, you can Consignment Usage Export Report (5.18.10) to notify your supplier about consigned items you have used.

When run in update mode, the system marks selected records as having been reported. These records are not included the next time the report is run.

So, you can generate the report and email it to your suppliers. Or, you can simply print out the report and fax it to your supplier.

Chapter 4

Additional Functionality

Additional Functionality

- Inventory Reports
- Adjustments
 - Cycle Counts
 - Physical Counts
 - Consignment Balance
- Aging



CI-SCI-580

Now we are going to look at some additional functionality. We will examine the inventory reports, what happens when we need to make adjustments for cycle counts or physical inventories, maintaining an accurate consignment balance, and how aging affects the overall functionality of supplier consignment.

Inventory Reports

Inventory Reports

- Valuation Reports
- Cycle Count Worksheet
- Physical Tag Create
- Options
 - Exclude Consigned Receipts
 - Include Consigned Receipts
 - Only Consigned Receipts



CI-5CI-590

Let's take a look at the inventory reports. And the big thing here is that you want to be able to segregate your inventory from your supplier inventory in a number of different areas, the valuation reports being one, as well as the cycle counts and physical tag counts. You may not want to count the material, depending on your agreement with your suppliers.

We include some options of how to either isolate or include the consigned location or the consigned material in those reports.

Inventory Valuation Report

Inventory Valuation Report

Inventory Valuation Report - Vi... X

Filter | Viewer

New Filter Open Save Save As Delete Settings Layout Schedule Document Run

Search Conditions

Prod Line	equals				+	x
Item Number	equals				+	x
Supplier	equals				+	x
ABC Class	equals				+	x
Site	equals				+	x
Group	equals				+	x
Item Type	equals				+	x
Include Negative Inve	equals	Yes			+	x
Include Non-nettable	equals	Yes			+	x
Include Zero Quantity	equals	No			+	x
Customer Consigned	equals	Exclude			+	x
Supplier Consigned	equals	Exclude			+	x
Cost Set	equals	Current			+	x
Report Currency	equals	USD			+	x

QAD CI-SCI-600

Inventory valuation report shows the value of inventory in a site by product line or item number. Includes total value of each item and a grand total for the product line.

Since you do not actually own the consigned inventory though it resides at your site, to balance between your inventory accounts, set it to exclude supplier consignment.

Cycle Count Worksheet Print

For the Supplier Consignment field, select Exclude (the default), Include, or Only to indicate how consigned inventory displays on this report or inquiry.

- Exclude: displays non-consigned inventory only.
- Include: displays both consigned and non-consigned inventory.
- Only: displays consigned inventory only.

Item Tag Create

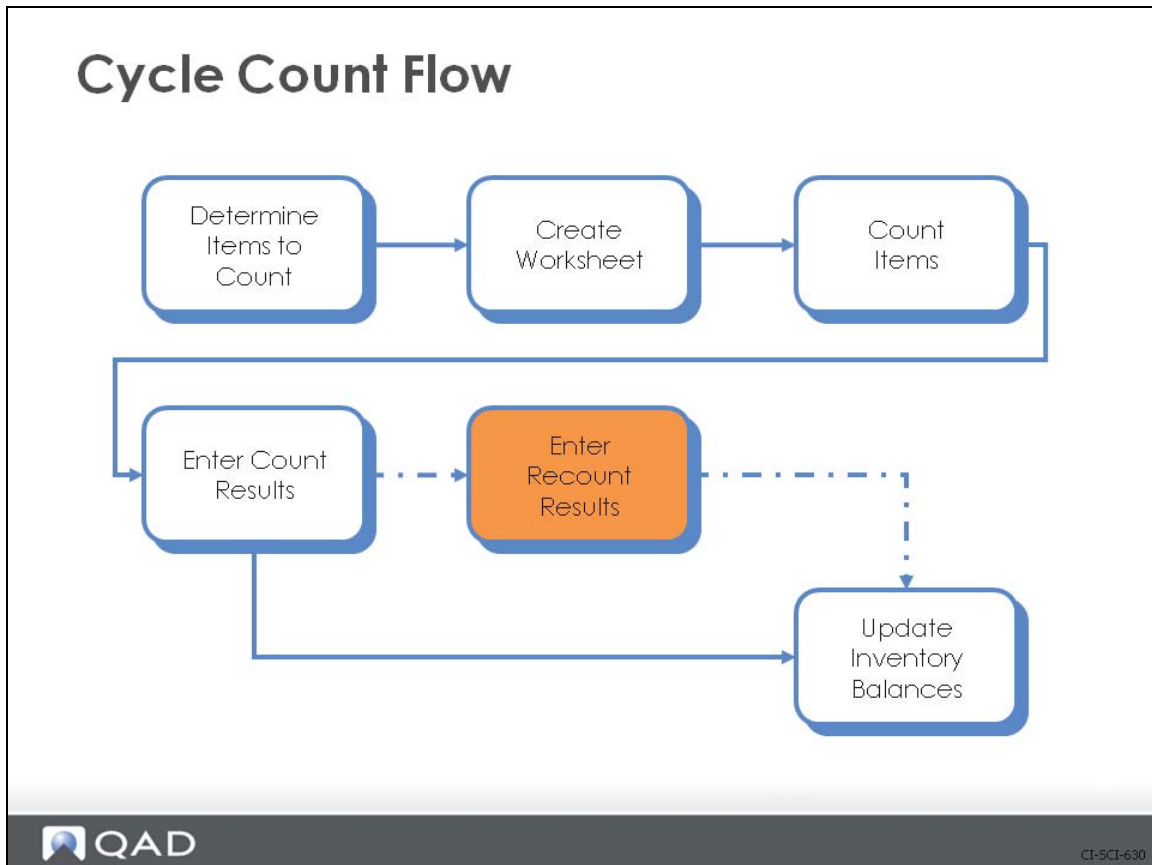
When you use Item Tag Create (3.16.1), you can choose to update tags for only consigned, only non-consigned, or both types of inventory.

When you exclude consigned inventory or include it with non-consigned inventory, any adjustments required by the count affect non-consigned inventory only. If you choose to count consigned inventory only, the system uses special transactions when adjusting inventory downward.

These transactions occur in Cycle Count Results Entry (3.13.2) and Inventory Balance Update (3.16.21).

When consigned and non-consigned supplier inventory are combined in a location, the system checks the value of Use Consigned First in Supplier Consignment Control to determine how to manage adjustments. Downward adjustments to supplier consigned inventory create the standard CYC-CNT or TAG-CNT transaction, followed by RCT-PO and CN-ISS transactions to track the inventory changes and transfer ownership of material.

Cycle Count



If you do have to do some type of cycle counting (physical inventory), there is a transaction to allow for a discrepancy between what the system says in the inventory location and what you physically count in that inventory location.

This flow shows the typical cycle count scenario, where you go ahead and determine what you are going to count, create worksheets, count the items, and enter the count results.

You can enter recount results based on discrepancy percentages. At some point, you are going to update your inventory balances.

Since you are responsible for managing the consignment inventory, you are responsible for the discrepancy.

Cycle Count Results Entry

Cycle Count Results Entry

Cycle Count Type (I/R): Initial

Item Number: 60008
 Site: 10-100
 Location: 020
 Lot/Serial:
 Reference:
 Description: Printer

Tolerance Method: Qoh
 Tolerance Percent: 4.00%
 Tolerance Amount: 1,000.00
 GL Cost: 269.00
 Last Count: 7/16/2010
 Qty on Hand: 370.0

Quantity Counted: 367.0
 Unit of Measure: EA
 UM Conversion: 1.0000

Amount Variance: 807.00
 Annual Usage Variance: 1.55%
 Qty On Hand Variance: .81%

Remarks:
 Effective Date: 3/24/2014
 Debit Account: 1500 Mech
 Amount: -807.00

Cr: 5900 Mech


QAD CI-SCI-640

Here is an example. We have done a normal cycle counts results entry. We found in this location, the system shows that there are 370.0, but what we counted is only 367.0.

After you confirmed the count result, the quantity on hand is automatically updated with the quantity you entered. See the following three slides for the transactions triggered by this process. If the variance is out of tolerance limit, the quantity cannot be updated. You can set the tolerance using Inventory Control (3.24).

Transactions Detail Inquiry: Trans Type CYC-CN

Transactions Detail Inquiry



Transactions Detail Inquiry

03/24/14

Transaction: 549902 Display E-Signature Details: No Output: PAGE


<p>Tran Nbr: 549902 Trans Type: CYC-CNT Date: 03/24/14 Time: 20:06 Effective Date: 03/24/14 Remarks: User ID: mfg Program: icccaj.p Currency: USD Qty Change: -3.0 Shipper Number: Ship Date:</p>	<p>Order: Revision: 0 Item Number: 60008 Description: Printer Unit of Measure: EA Address: Name: SO/Job: Ship Type: Price: 269.00 IMC:</p>
--	--

<p>Site: 10-100 Location: 020 Lot/Serial: Inv Status: Y-Y-Y Supplier Lot: Grade/Assay: Reference:</p>	<p>Inventory Data Begin Balance: 370.0 Quantity Change: -3.0 Qty Short: 0.0 Begin Loc Bal: 370.0 Loc Qty Change: -3.0 Expire Date: Batch:</p>
---	--

<p>Material: 269.00 Labor: 0.00 Burden: 0.00</p>	<p>Cost Data Overhead: 0.00 Subcontract: 0.00 Cost Total: 269.00</p>
--	---

Debit Acct: 1500 Mech
 Cr Account: 5900 Mech
 Amount: -807.00
 GL Reference: TMP20140324/00000014

CYC-CNT
 Reference ID: IC140324000001



CI-SCI-650

This is a transaction history that normally takes place when you do a cycle count. It is the same transaction in a consignment scenario.

The transaction type was a cycle count adjustment with the negative quantity. So it is going to deduct from your normal inventory.

Transactions Detail Inquiry: Trans Type RCT-PO

Transactions Detail Inquiry


Transactions Detail Inquiry
03/24/14


Transaction: 549903 Display E-Signature Details: No Output: PAGE

Tran Nbr: 549903	Order: P060008	R1011163
Trans Type: RCT-PO	Revision: 0	
Date: 03/24/14	Item Number: 60008	
Time: 20:06	Description: Printer	
Effective Date: 03/24/14	Unit of Measure: EA	
Remarks: 549902	Address: 10s1005	
User ID: mfg	Name: Absolute Electronics	
Program: icccaj.p	SO/Job:	
Currency: USD	Ship Type:	
Qty Change: 3.0	Price: 269.00	
Shipper Number:	IMC:	
Ship Date:		

Site: 10-100 Location: 020 Lot/Serial: Inv Status: Y-Y-Y Supplier Lot: Grade/Assay: Reference:	Inventory Data Begin Balance: 367.0 Quantity Change: 3.0 Qty Short: 0.0 Begin Loc Bal: 367.0 Loc Qty Change: 3.0 Expire Date: Batch:
--	--

Cost Data Material: 269.00 Labor: 0.00 Burden: 0.00	Overhead: 0.00 Subcontract: 0.00 Cost Total: 269.00
---	---


Debit Acct: 1500	Mech	RCT-PO
Cr Account: 2520	Mech	
Amount: 807.00		
GL Reference: TMP20140324/00000015		Reference ID: IC140324000002


CI-SCI-660

We follow up with a partial receipt of that inventory, essentially putting that inventory back so we can deduct it from consignment. And we have got in the remarks field again, the transaction that instigated the whole scenario, when finally we had a consigned issue. We issue that transaction out and we deduct it from consignment.

Transactions Detail Inquiry: Trans Type CN-ISS

Transactions Detail Inquiry



Transactions Detail Inquiry

03/24/14


Transaction: 549904 Display E-Signature Details: No Output: PAGE

<p>Tran Nbr: 549904 Trans Type: CN-ISS Date: 03/24/14 Time: 20:06 Effective Date: 03/24/14 Remarks: 549902 User ID: mfg Program: icccaj.p Currency: USD Qty Change: -3.0 Shipper Number: Ship Date:</p>	<p>Order: Revision: 0 Item Number: 60008 Description: Printer Unit of Measure: EA Address: Name: SO/Job: Ship Type: Price: 269.00 IMC:</p>
---	--

<p>Site: 10-100 Location: 020 Lot/Serial: Inv Status: Y-Y-Y Supplier Lot: Grade/Assay: Reference:</p>	<p>Inventory Data Begin Balance: 370.0 Quantity Change: -3.0 Qty Short: 0.0 Begin Loc Bal: 370.0 Loc Qty Change: -3.0 Expire Date: Batch:</p>
---	---

<p>Material: 269.00 Labor: 0.00 Burden: 0.00</p>	<p>Cost Data Overhead: 0.00 Subcontract: 0.00 Cost Total: 269.00</p>
--	--

<p>Debit Acct: 2460 Mech Cr Account: 1660 Mech Amount: 807.00 SL Reference: TMP20140324/00000016</p>	<p style="text-align: center;">CN-ISS</p> <p style="text-align: right;">Reference ID: IC140324000003</p>
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CI-SCI-670

What occurs on the first transaction is that you reduce it from inventory. The second transaction, you update inventory just to take effect of the booking of that value to flow down into vouchering. And the consignment issue is deducted from the inventory quantity but also from the consignment account.

The cycle count adjustment triggered the balance of these transactions basically to update the system.

All these transactions occurred at the same time.

Consignment Inventory Adjustment

Consignment Inventory Adjust..

Go To Actions Copy Print Preview Attach

Item Number: 60008 Lot/Serial Control: UM: EA
Description: Printer

Quantity: 1.000000000 Site: 10-100
Unit of Measure: EA Location: 020
Conversion: 1.0000 Lot/Serial:
Reference:
Multi Entry:

Unit Cost: Total Qty:
Order: Total Cost:
Line:
Remarks:
Project: DR Acct:
Effective Date: Cr Acct:

QAD CI-SCI-680

Use Consignment Inventory Adjustment (5.18.25.1) to manually modify consigned inventory information such as quantities and locations.

Purchase order and line number are required. The system validates that the items on the order line were consigned. A warning displays if there are no consigned items in the location specified.


You might use this program after doing a physical inventory to indicate that surplus items are consigned.

Important Consignment Inventory Adjustment is designed only to update the consignment quantity. It does not adjust any other elements of the regular consignment business cycle. Before using it, be aware that:

- This function does not make any changes to the quantity on hand. This can lead to possible discrepancies between inventory valuation reports and the inventory GL balance. You should make appropriate adjustments to quantity-on-hand balances, as needed.
- Pending supplier invoices are not updated based on this adjustment. Changes to the amount due to the supplier must be made manually.

Transactions Detail Inquiry: Trans Type CN-ADJ

Transactions Detail Inquiry



Transactions Detail Inquiry

03/23/14


Transaction: 549895 Display E-Signature Details: No Output: PAGE

<p>Tran Nbr: 549895 Trans Type: CN-ADJ Date: 03/23/14 Time: 19:51 Effective Date: 03/23/14 Remarks: User ID: mfg Program: socnadj.p Currency: USD Qty Change: 0.0 Shipper Number: Ship Date:</p>	<p>Order: S060008 Revision: 0 Item Number: 60008 Description: Printer Unit of Measure: EA Address: Name: SO/Job: Ship Type: Price: 269.00 IMC:</p>
--	--

<p>Site: 10-100 Location: 020 Lot/Serial: Inv Status: Y-Y-Y Supplier Lot: Grade/Assay: Reference:</p>	<p>Inventory Data Begin Balance: 1.0 Quantity Change: 0.0 Qty Short: 0.0 Begin Loc Bal: 1.0 Loc Qty Change: 0.0 Expire Date: Batch:</p>
---	---

<p>Material: 269.00 Labor: 0.00 Burden: 0.00</p>	<p>Cost Data Overhead: 0.00 Subcontract: 0.00 Cost Total: 269.00</p>
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<p>Debit Acct: 1655 Mech Cr Account: 2455 Mech Amount: 269.00 GL Reference: TMP20140323/00000013</p>	<p style="text-align: center;">CN-ADJ</p> <p style="text-align: right;">Reference ID: IC140323000002</p>
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CI-SCI-690

Adjustment generates records of type CN-ADJ to record consignment adjustment.

A negative quantity adjustment:

- Credits the PO Consigned Inventory account
- Debits the PO Consigned Offset account

A positive quantity adjustment:

- Debits the PO Consigned Inventory account
- Credits the PO Consigned Offset account

Consignment Inventory Aging

Aging

- Maintain Dates
 - # of Days
 - New Date
- Change ownership status
- Reporting



CI-SCI-700

The Supplier Consignment Inventory module provides the functionality of managing aging dates for the inventory. You can identify the aged inventory with the reports and extend the aging date by updating the aging days.

We also give you the option to change the ownership status. So, maybe at the end of the contract or at the end of the term, you may have a lot of this inventory. You may want to take ownership of it all. You have that option at this point too.

So you do not have to go in and do any type of adjustment, piece by piece. You can use this as a workbench tool to take ownership of the entire inventory.

Whenever there are matters of shelf-life, or expiration date, this is the functionality that would handle that.

Aging Inventory Update

Use Aging Inventory Update (5.18.13) to extend the allowed time of consignment by setting a new aging date or adding days to the existing date. You can extend the maximum aging date as many times as required. An extension automatically updates each shipment.

You can also optionally record inventory usage with this program. In this case, the same inventory and GL transactions occur as in other usage programs.

Field Definition

Use. Enter Yes to designate this inventory as used. Entering Yes generates transaction history records of type CN-ADJ to record the transfer of consigned inventory and RCT-PO to record receipt from the supplier.

New Date. Enter the new maximum age date you want to assign to this inventory, unless you enter the number of calendar days you want to add to the age date.

Days. If New Date is blank, enter the number of calendar days you want to add to the maximum age date. The system automatically calculates the new date.

Use Aging Inventory Batch Update (5.18.14) to revise aging dates for items received on multiple purchase orders. When you extend the aging date, the system automatically updates the age date on each PO receipt.

Aging Inventory Report by Order

Aging Inventory Report by Order

Start Date: 3/23/2014

Site:

Item Number:

Order:

Receiver:

To:

To:

To:

To:

Interval: Day

Intervals Per Column: 1

Details:

Output:

Batch ID:

QAD CI-SCI-720

Use Aging Inventory Report by Order (5.18.15) to determine how long unused inventory has been consigned for ranges of PO or scheduled order numbers. You can make daily, weekly, or monthly determinations for six periods, such as six calendar weeks.

Use Aging Inventory Report by Part (5.18.16) to identify consigned inventory by item number.

Summary

Summary

- Course Overview
 - Introduction and Business Overview
 - Design Considerations
- Set Up and Controls
- Common Functionality
- Additional Functionality
- Summary



CI-5CI-730

From a consignment point of view, what we want to do is to have visibility of the suppliers' material, have a certain value visibility of the potential liability or the inventory investment, separate it, and also defer the vouchering. We want to defer the payment process.

Those three things rolled up into one is really consignment, and what happens is, with the umbrella saying, "We want the business to proceed normally, we want certain functions to proceed without having to do things differently because we are doing consigned inventory or non-consigned inventory," so essentially the business subject is listed here.

We do our normal schedules or schedule updates, we want to defer ownership of the material, defer the vouchering, and the payment activity. We also want to satisfy all the inventory and MRP requirements. We want these stockroom guys to pick out the consigned material or use the material that's available, and issue transactions to work normally, and not have anything added to it. But we also want to manage consignment inventory accounts, and we want those to occur without any intervention.

At the end of the reporting period, we want to be able to provide visibility of what is what as far as valuation and accounting are concerned, but we also know we need to turn over and recognize what is usage, and different customers, different corporations have different points of view, and that's just the nature of the business. But we need to provide audit trails, and we need to trigger vouchering in our ERS or our Valued Receipt Settlement really comes in to evaluate a receipt and usage settlement.

Product Information Resources

QAD offers a number of online resources to help you get more information about using QAD products.

[QAD Forums \(community.qad.com\)](http://community.qad.com)

Ask questions and share information with other members of the user community, including QAD experts.

[QAD Knowledgebase \(knowledgebase.qad.com\)*](http://knowledgebase.qad.com)

Search for answers, tips, or solutions related to any QAD product or topic.

[QAD Document Library \(www.qad.com/documentlibrary\)](http://www.qad.com/documentlibrary)

Get browser-based access to user guides, release notes, training guides, and so on; use powerful search features to find the document you want, then read online, or download and print PDF.

[QAD Learning Center \(learning.qad.com\)*](http://learning.qad.com)

Visit QAD's one-stop destination for all courses and training materials.

*Log-in required

