



QAD Enterprise Applications
Standard Edition

Training Guide Consignment Inventory

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About This Course

Course Description

Course Objectives

By the end of this class, students will:

-

Audience

Prerequisites

Course Credit and Scheduling

QAD Web Resources

From QAD's main site, you can access QAD's Learning or Support sites.

<http://www.qad.com/>

Chapter 1

Customer Consignment Inventory

Course Overview



Our Passion. Your Advantage.

Customer Consignment Inventory

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

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As we discuss consignment inventory these are the topics we will cover. We begin with Customer Consignment then go on to Supplier Consignment.

We'll go through the introduction and talk about some of the compelling business reasons and basically do that in overview fashion.

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

We'll go to the setup functions and control files, and the most commonly used functionally.

We'll 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.

Customer Consignment Inventory



Customer Consignment Inventory

▲ Course Overview

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

Definition



Introduction

▲ What is Consignment inventory?

- Inventories, generally of finished goods, that are in the possession of customers ... 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)*

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In the simplest case customer consignment inventory is you, as the supplier, sending out material to your customers, and not expecting payment for that material until they use some of it. They don't have to use all of the material in order to pay for it; they can pay for the portion they've used.

Why Consignment Inventory?



Introduction

- ▲ Why consignment inventory?
 - Customers dictate new business agreements
 - Customers can lower their inventory levels and inventory investment
 - Less inventory obsolescence
 - More supplier responsiveness
 - Suppliers manage their own inventory

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There are specific reasons why customer consignment inventory is popular in today's business environment.

From a supplier's point-of-view, customers dictate that they want to do consignment inventory. A lot of the customers that we deal with in the automotive business are first tier and second tier suppliers whose customers have dictated that they're only going to pay for what they've used.

You ship the material to the customers based on a schedule, based on demand. But they do not pay for the material until they've actually used it or consumed it in their manufacturing environment.

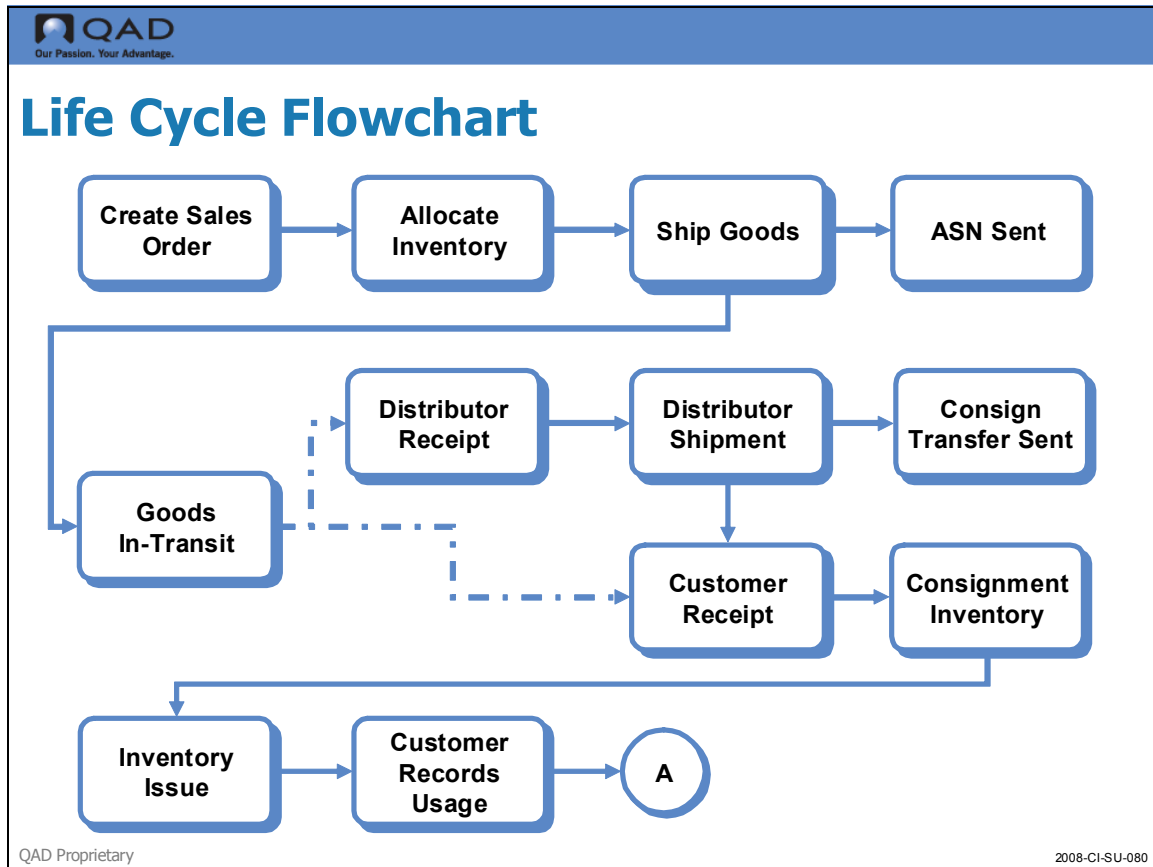
So the customer has a lot to do with what's driving customer consignment inventory and so from a supplier's point-of-view to really have the ability of a system to work with consignment inventory is a big plus. That means that you can work with a lot more of your customers.

Typically consignment is customer-driven. They drive it down to their suppliers. They don't want to pay for everything that's received. They only want to pay for what's used.

They want to lower their investment in the inventory. They want to reduce the obsolescence of having some materials that they've received and purchased that all of a sudden become obsolete. If they put the onus back on the supplier to supply the material and only buy what they use, they can quickly return the ones that are obsolete. They don't have to really buy it.

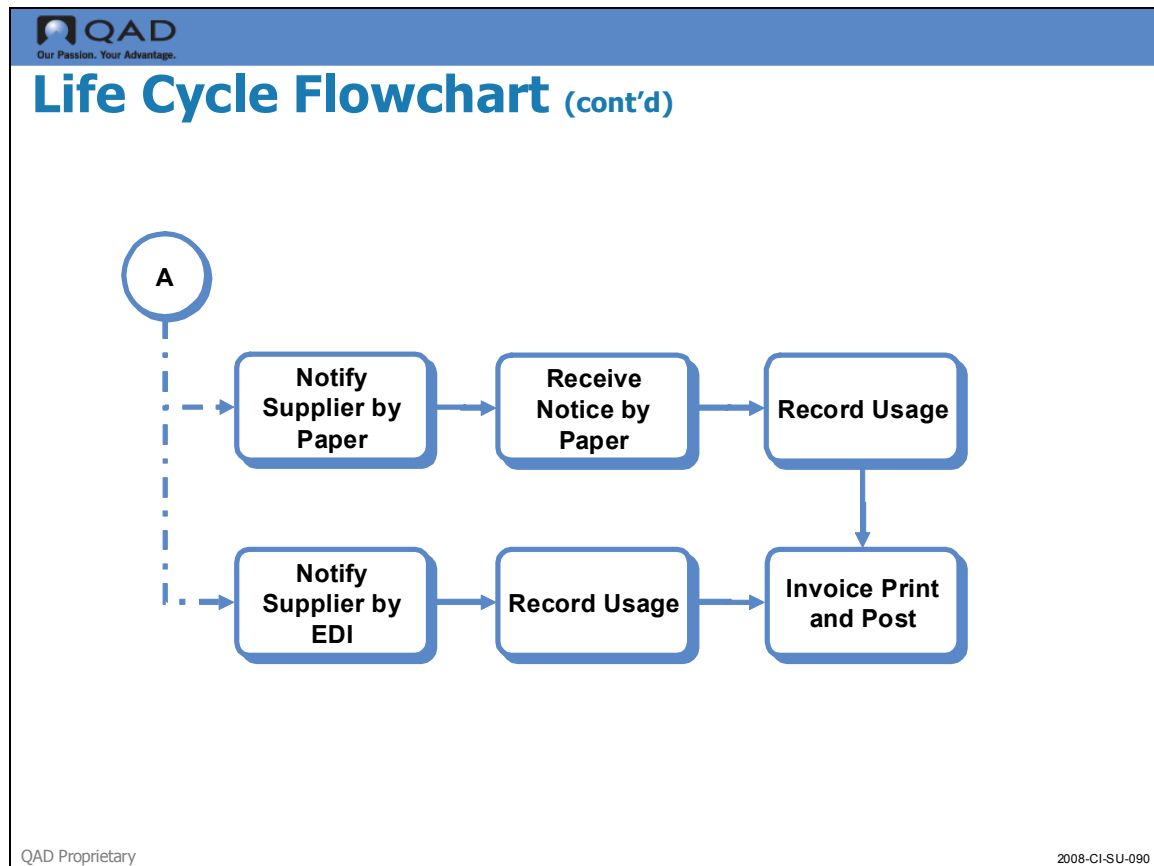
So it's to the supplier's benefit to have a system that works this way. It's the customer's benefit to really drive this process down to the suppliers and then they pick and choose. Because especially in the automotive you either do business with this customer or he'll go to your competitor.

Life Cycle Flow Chart



- 1 A contract is created between customer and supplier dictating the items to be sold on consignment. The contract is either a normal Sales Order or a Scheduled Order that includes clauses on deferring liability. The contract may also include a maximum number of days the customer is permitted to hold the material without liability of payment. This ensures that the material will be consumed in a timely manner.
- 2 Material is packed and shipped to the customer according to the requirement dates, times, and quantities. Traditional shipping documents are generated as normal and ASN information is transferred to the customer, as required. The consigned material is not yet available to be invoiced and must still be tracked until the customer has consumed it.
- 3 Physically, the shipped material has left the facility. Logically, the material is still tracked as either being in transit or residing at a customer's consignment location. MRP and allocations view the material as "non-nettable" and "unavailable", although customer schedules might want the material "nettable" if it defers updating the CUM shipped quantity until consumption. For reporting purposes the material is included in the system and can be viewed with inventory reports. Contract and shipper information is used to determine the age of each shipment and to distinguish between multiple shipments.

- 4 The shipped material arrives at its destination, either to the customer's receiving dock or to a nearby distribution warehouse. If the customer receives the material and notifies you of the receipt, then the material is "logically" moved from in-transit to consignment. Likewise, if the warehouse sends material to the customer, it could also send you the information to move the material from in-transit to consignment.
- 5 The consigned material is eventually issued from stock, backflushed, or otherwise consumed by the customer. This "consumption" activity triggers the transfer of liability and must be captured by some type of "log" for the customer to relay the information to the supplier.



- 6 The consumption log is transferred to the supplier periodically and contains dates, times, and quantities along with serial numbers, references and any other detail information needed to match the material being consumed to the material that was shipped. The consumed material is then available to be invoiced. At this point both the customer and the supplier are in sync with respect to shipments, inventory levels, and usage.
- 7 Once the invoice is generated, standard invoice printing and posting is done via A/R and sent to the customer, or payments are received for material used (a.k.a. Self-Billing).

Terminology


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Terminology

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



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

Consignment Inventory: The recognition that the customer has used part of your inventory. It's the transformation process from being your inventory to being their inventory or their billable charge for using that inventory. So customers tell you how much they 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 the customer says they've used something and we give that batch of information an audit ID or a batch ID. That allows you to do some research and reconciliation in the event there are any questions between you and your customer as to how much they've used, how much they're getting billed for, etc.

Maximum Aging Days. Maximum aging days helps keep track of the inventory at your customer's facility and how long it's been there without being used. This plays an important role in some industries more than others. But it became apparent to some of the customers that the ADG has talked to that, they would like to keep track of their inventory because of its turnover rate.

This could also be a potential liability if your customer holds inventory for a long period of time then wants to return it to you. Part of what you negotiate is effectively a shelf life expiration date of the agreement as to how long the customer can hold with without paying for it.

For example in Electronics Manufacturing businesses, items that have a really short life cycle like electronic components, processors that change over and over again that maybe if you ship some out to your customer he agrees to use them within some certain amount of days so that you make sure that they are used and they're not returned. And when they return they're obsolete and you can't use them anymore. So the maximum number of aging days is determined on each shipment that goes out to your customer.

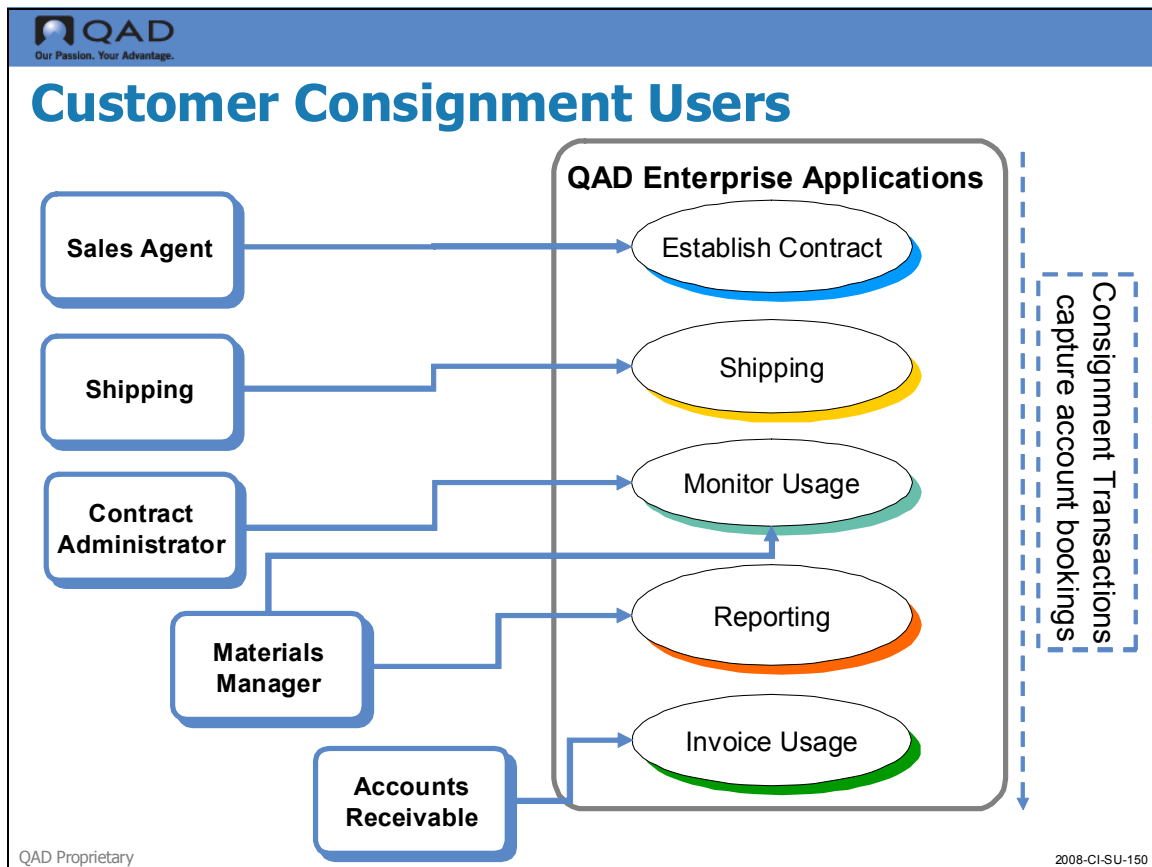
Age Date. The maximum aging days really leads into an age date. And the age date is calculated for the materials based on the ship date plus transportation days plus the maximum aging days. They give you an end date for the material to be aged to.

Just a note here, the aging date in customer consignment is an estimated date. You know what date you shipped it, you're not quite sure what day the customer has received the goods.

You estimate that date based on the transportation days so it's not a hard and fast number of days but it allows you to have visibility in the general terms of how long the materials is going to be at your customers facility.

And it's a tool for managing that inventory as it approaches what you consider to be a critical point.

Customer Consignment Users



Here is a chart where we are looking at who within an organization would occupy what role when it comes to the performance of customer consignment usage, this being just one model.

Note Consignment Transactions capture account bookings

Business Objectives


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Overview

- ▲ **Business Objectives**
 - Ship normally
 - Retain ownership of material
 - Defer invoice and A/R activity
 - Maintain visibility of inventory
 - Manage Consignment Inventory accounts
 - Recognize “usage” by customer
 - Create audit trail
 - Trigger invoice or process Self-Bill

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Ship Normally

The business objectives of customer consignment are more or less the requirements that came down. They want to do the business normally. You, as a supplier, want to ship your material normally. The material that's going to your customer, the packing clerk, the shipping dock, don't have to know whether it's consigned material or not. It's all within the contract. The material doesn't take on any different look or feel, so the transactions don't have to be specific to be consigned or non-consigned

Retain ownership of material

We want to ship everything normally, but at the same time, we want to maintain ownership of that material. We want to show that ownership on the books.

Defer invoice and A/R activity

We want to defer invoicing and accounts receivable activity.

Maintain visibility of inventory

Again, you want to maintain visibility of the inventory, but you want to have visibility for that value of the consigned inventory. You may even want to have visibility of the inventory at one customer's versus another customer's location.

Manage Consignment Inventory accounts

You want to manage consignment accounts.

Recognize “usage” by customer

And finally, you want to recognize the usage portion that the customer is going to refer back to you and say, "OK, we've used so much of what you sent us."

- Create audit trail

You want to create an audit trail so you can refer back to this, do some research if need be.

- Trigger invoice or process Self-Bill

At that point, you want to trigger the invoicing and receivable process or even support soft billing.

The really important points of this process are

- You will ship to your customer and defer the customer paying you for the goods until some point of usage
- You can differentiate that inventory by account codes as in fact being consignment
- You can see there's future revenue here, but you don't realize it until some future point

Summary of Business Considerations



Summary

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

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We have touched on the business need of why someone would do consignment. And usually it's because they need to get a contract going with their customer, and their customer dictates that the consignment should be in place, meaning that they're only willing to pay for as much as they've used. They're not going to pay for everything that's shipped or everything that's been received.

And so it's important for the system and important for you as a supplier to be able win that business and be able to support that contract and be able to keep visibility of the inventory that's left your facility, but realistically you still own it.

So when we hear term "zero lead time," this is a business solution to accomplish exactly that.

Introduction and Business Overview



Customer Consignment Inventory

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

Design Considerations



Design Considerations

- ▲ Inventory Locations
- ▲ Accounting
- ▲ Transaction History
- ▲ Added Features

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Inventory Locations. How do we move this inventory? How do we differentiate consignment inventory from standard inventory?

Accounting. The account code structure. What had to be added in order to account for those goods that have been shipped, but for which we don't yet have revenue recognition?

Transaction History. What did we do to detail transactions? So when we look at transaction history, we can see what transactions are happening against consigned goods versus standard sold goods.

Added Features. And then there are some added features (visibility, accountability) associated with using this functionality.

Defining Locations



Inventory Locations

- ▲ Define Locations
 - Consignment, In-Transit
 - Consider Inventory Status
- ▲ Track Customer Consignment Balances
 - By Site
 - By Location
 - By Order
 - By Customer Sequence
- ▲ Maintain Consignment Accounts

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You've shipped goods to your customer, so physically they are not on your facility anymore. It's still your inventory. So the approach to take is to have a normal inventory location set up to represent the customer's facility, or the ship-to location.

We recommend that you refer to this location as your ship-to location so that whenever you look at it in some inventory report or anything else where you need to differentiate your normal inventory locations from consignment locations. These will stand out because they'll take on the value of your ship-to address. This is much the same way we prescribe that when people identify subcontracted work centers, we're able to distinguish the work centers representing subcontracted operations from standard shop-floor manufacturing.

In concept, we've built this system to represent consignment locations and in-transit locations. You can picture a virtual location to represent the goods that are in-transit or in a distribution warehouse. But they are somewhere between your facility and the customer's facility. And then a virtual location that represents the customer's facility or the consignment location.

But instead of creating something new, we've used standard inventory locations. We have recommended settings that we have for those locations so that they can appear to planning and issuing processes to be, more or less, hands-off, to be treated differently, like reject locations or scrap locations and things of that nature.

So we use normal inventory locations and inventory status codes in a certain way to have these locations take on the attributes of what we want them to be.

Using the accounts and inventory account maintenance, we are able to track the value of those consignment locations in separate accounts. So you can track the value of the consignment location or consignment material at one ship-to address, as opposed to a different ship-to address or different customers. That gives you the value of your investment at those locations or at those customers.

You're can track consignment balances by site, by location, or even by order or contract, and by sequence. A lot of customers, especially in the automotive that do sequence schedules, will know exactly what sequences are residing at the customer's facility that they haven't used yet.

Having the inventory account maintenance and having standard locations allows you to leverage what QAD Enterprise Applications already have and a lot of the built-in functionalities so that we didn't have to add much to this logic and create something new and different for consignment accounts and consignment inventory.

In short, you can see where the inventory is, its status, and know its value, all at the same time.

Accounting



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Accounting

- ▲ New Accounts
 - Consigned Inventory Account
 - Consigned In-Transit Account
 - Consigned Offset Account
- ▲ System/Account Control File
- ▲ Product Line Maintenance
- ▲ Inventory Account Maintenance

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Along with the inventory locations, we've introduced three new accounts:

- The consigned inventory account
- The consigned in-transit account (optional)
- The consigned offsetting account

The offsetting account and the two inventory and in-transit accounts offset each other, so that there's no effect on the balance sheet, yet it gives you the value of your investment.

We've introduced these as standard accounts in system account control file maintenance, product line maintenance, and inventory account maintenance, because every location can have a different set of accounts. This means that you can track your consigned inventory to many different customers at many different locations.

New Consignment Transactions


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Transaction History

- ▲ New Consignment Transactions
 - CN-SHIP - Shipment
 - CN-ISSTR - In-Transit Issue
 - CN-RCTTR - In-Transit Receipt
 - CN-USE - Usage
 - CN-CNT - Inventory Counts (Cycle, Physical)
 - CN-ADJ - Adjustments
- ▲ Appends to Existing Transactions

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These CN or consignment transactions keep track of the value of the consigned material. They control everything: inventory, value, a lot of different functionality, responding to the need to defer certain bookings to certain transactions. If you use in transit issue and receipt, and then the consignment usage, then the sum of those four transactions effectively is a shipment and a booking of costs to goods sold. The consignment accounts, the consignment adjustments, the ADJ, are for more obscure uses for consignment.

When you audit your customers and you find they've used some of your product and haven't reported it, then this adjustment also then triggers the same type of sales order in booking function.

This appends to existing transactions.



Transaction History con't

- ▲ Shipment (ISS-SO Deferred)
 - ISS-TR/RCT-TR
 - CN-SHIP
- ▲ In-Transit Receipt/Transfer (Optional)
 - ISS-TR/RCT-TR
 - CN-ISSTR/CN-RCTTR
- ▲ Usage
 - ISS-SO
 - CN-USE

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These transactions occur when you do a shipment and then later on when the customer reports using this material.

The first thing we do with a normal shipper confirm or sales order shipment is a standard inventory transfer. So we're going to transfer out of your stock location and transfer it into the consignment location or possibly transfer it into an in-transit location. That's a standard inventory transfer, and you also going do what we call a consigned ship, to differentiate it from a normal inventory transfer.

In transaction detail history, you'll see what we mean by augmenting the transactions with more information. When you ship, this decreases inventory and puts it into the consigned location.

If you're using in-transit locations, we take that inventory and put it into an in-transit location. Later on, at some certain acknowledgment, we'll take it from the in-transit location and then put it into consignment. That's why these are optional. It says you do a second standard ISS-TR and receipt TR standard transfer activity and then it's followed up by the CN issue transfer and CN receipt transfer. And that represents the material going from in-transit to consignment.

Then finally, at some point, when the customer says they've used so much of your material, now we're going to book the ISS-SO. It's an issue to a sales order. It's decreasing the inventory and it's also booking the sale to the cost of goods sold accounts and all of the accounts that are associated with it.

The consignment usage backs out the amount of consignment value that's at that location. So the consignment shipment and the consignment usage go hand in hand, and are used to work with the consignment accounts.



Transaction History con't

- ▲ Inventory Accounts
 - CYC-CNT, CYC-RCNT, TAG-CNT
 - CN-CNT (Negative Counts Only)
- ▲ Adjustments
 - ISS-UNP, RCT-UNP
 - CN-USE (Negative Adjustments Only)
- ▲ Consignment Inventory Adjustments
 - CST-ADJ
 - CN-ADJ

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Since we're looking at all of the transaction history, we just put out why the other consignment transactions would occur. They cycle counts would occur if the inventory is decreased. If you do a cycle count or a supplier audit and you find out there's less material than the system says there is, then consignment account will help book that as a cost of goods sold because they've taken ownership of that material that you can't find.

The adjustments are for an unplanned issue, or really an unplanned receipt with a negative quantity. And if it's an issue type transaction, again you'll get a CN use to transfer the ownership, and then any type of miscellaneous adjustment to the inventory will transfer ownership as well.

Added Features


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Added Features

- ▲ Establish Contract Defaults
- ▲ Usage Reporting from Customer
 - Via ECommerce
 - Manually (Phone, Fax, etc.)
- ▲ Aging
- ▲ Inventory Reporting
 - Include/Exclude/Only Consigned Material

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Establish Contract Defaults

If you're doing business with the same customer or the same customer item, you can set up these defaults so that they'll be carried over the sales order/scheduled order every time you create a new one.

Usage Reporting from Customer

- Via ECommerce
- Manually (Phone, Fax, etc.)

We have a gateway to allow you to receive usage information from the supplier. We also have a manual way that you can create usage records, based on whether you receive notification via paper or email or even by phone. So there's are two ways you can record usage of the material.

Aging

We'll go into detail a little bit about the aging later on.

Inventory Reporting

Include/Exclude/Only Consigned Material

You can either include or exclude or report only consigned material.

Summary of Design Considerations



Summary

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

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The system treats locations in a special way, representing inventory shipped to the customer but not yet booked to cost of goods. And we have account codes and transactions to account for that movement. So we have the visibility of what has happened, and eventually at point of usage, we get the normal booking that we would on a standard item issued on a sales order and everything showing up on cost of goods.

We've added a middle layer for the purposes of consignment.

Chapter 2

Set Up and Controls

Set Up and Controls

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Customer Consignment Inventory

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

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- Determine Business Processes
- Activate the System
- Create default settings

Now we're going to take a look at some of the setup and control options that we have for consignment.

Basically the first thing we want to do is determine your business processes. We understand that every company is run differently and there are a number of different ways that we need to setup or evaluate how we want to do consignment inventory. Before you get into the system we want to see what you do procedurally.

Next, we activate the system and then we create some default settings for things that happen over and over again.

So basically we're mapping out our business requirements and then when we turn on customer consignment there are certain behaviors that we want to see that best fit what we do.

Determine Business Processes



Determine Business Processes

- ▲ Accounts and Accounting Options
- ▲ Consignment Location Options
 - Inventory Status Settings
- ▲ Terms of the Contract
 - Maximum Aging Days
 - Customer Default Settings
 - Transport Days

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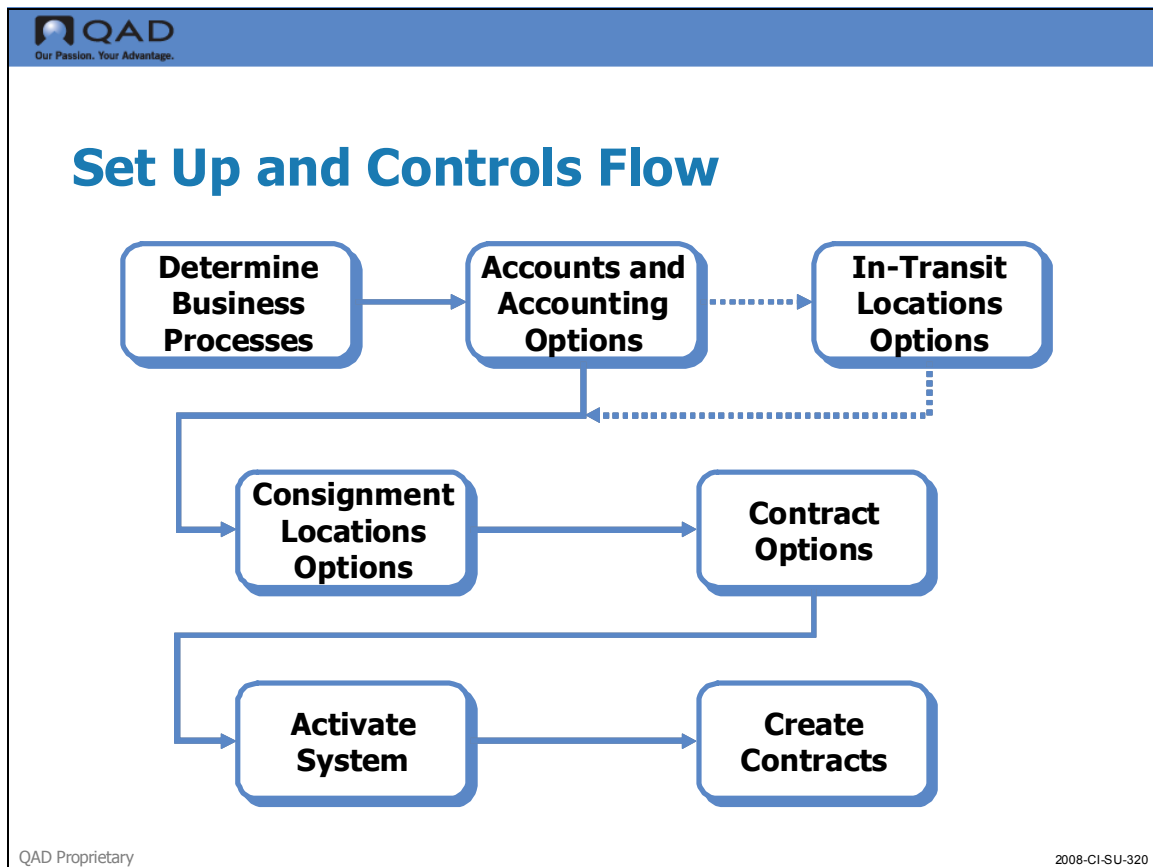
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Accounts and Accounting Options

There are new accounting options that allow your accountants to represent certain scenarios.

We'll take a look at consignment location options and inventory status settings

Set Up and Controls Flow



This is the setup involving our considerations, where we're going to go to build each of these pieces. And then finally we'll activate the system from the control file to turn on customer consignment.

Accounting Procedure



Accounts and Accounting Options

▲ Accounting Procedure

– Shipment

- Debit (+) Consigned Inventory Account, or Debit (+) Consigned In-Transit Account
- Credit (-) Consigned Offset Account

– Usage

- Debit (+) Consigned Offset Account
- Credit (-) Consigned Inventory Account, or Credit (-) Consigned In-Transit Account

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In this module, we've got inventory accounts and off-setting accounts. And what we want to make clear here is that at shipment time, at usage time, those accounts bounce against each other.

When you process a shipment the off-setting accounts go against your inventory or in-transit accounts to make a nil entry on your balance sheet. Although there's no effect to your balance sheet, they provide visibility to what inventory investments you have in consignment and at usage time you hit those accounts again to decrease their value to represent the usage of material.

Setup Options



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Accounting Set-up Options

- ▲ Consigned Offset Account
 - Create Contra-Asset account
 - Balances with Consigned Inventory
 - Net Zero-effect on Balance Sheet
- ▲ Include Consignment within Inventory
 - Consigned Offset = Inventory Acct
 - Reduce Inventory Acct
 - Balance Sheet displays Consignment Inventory

QAD Proprietary2008-CI-SU-340

These accounts have at least two different options.

The basic one is setting up the offset account as a contra-asset account. They both reside on the asset side of the balance sheet, but together they balance out.

If you want to represent your consignment inventory in your total inventory balance, you can take your consignment offsetting account and have that be your inventory account. So now total, your inventory account and your consignment inventory account together represent your entire inventory, the evaluation of all your inventory.

Account Effects

The screenshot displays two overlapping windows from the QAD software interface. The top window is titled "Account Code Maintenance" and shows details for "Account: 1501". Its description is "SO Con Inv Intransit", type is "A", currency is "USD", and format position is "11000". It is categorized under "CURRENT ASSETS" at Level 3, "ASSETS" at Level 2, and "ASSETS" at Level 1. The bottom window is titled "Product Line Maintenance" and shows details for "Product Line: 1501" with the description "Automotive Products". It includes checkboxes for "Taxable" and "Override", and fields for "Default Sub-Account" and "Default Cost Center". A red box highlights the "Consignment Accounts" section at the bottom of the Product Line Maintenance window, which lists three accounts: "SO Consigned In-Transit Acct: 1501", "SO Consigned Inventory Acct: 1502", and "SO Consigned Offset Acct: 1503". Each account entry has a magnifying glass icon to its right. A red arrow points from the "Account: 1501" field in the top window to the first entry in the "Consignment Accounts" list in the bottom window.

Account Code Maintenance

Account: 1501
 Description: SO Con Inv Intransit
 Type: A
 Currency: USD
 Format Position: 11000
 CURRENT ASSETS Level 3
 10100 Level 2
 10000 ASSETS Level 1

Product Line Maintenance

Product Line: 1501
 Description: Automotive Products
 Taxable: ☐
 Tax Class:
 Default Sub-Account: Override: ☐
 Default Cost Center: Override: ☐

Consignment Accounts

SO Consigned In-Transit Acct:	1501			
SO Consigned Inventory Acct:	1502			
SO Consigned Offset Acct:	1503			

Here's an example of those accounts and how we've structured this.

Product line maintenance contains those three accounts, and above you can see account code maintenance where you define the actual accounts being used. As a user of QAD Enterprise Applications, you define your general ledger. You define account numbers. And then in product line maintenance and in inventory account maintenance, you can indicate which accounts apply.

These consignment accounts also show up in the system account control file and therefore they would effectively cascade or default into product line maintenance where you can then adjust the money to the cost center, or that account. You take advantage of the standard setup for accounts and have it trickle down through the different maintenance screens. You start at system account control files and flow down from there.

Offsetting Effects

		
Balance Sheet		

CURRENT ASSETS		
1200	ACCOUNTS RECEIVABLE	870,640.26
1500	INVENTORY	13,148,173.18
1500-0100	INVENTORY	1,468,277.95
1500-0200	INVENTORY	13,051.30
1500-0300	INVENTORY	51,455.00
1500-0500	INVENTORY	43,387.46
1502-0100	CONSIGN SHIPMENT INV	7,985.25
1503-0100	CONSIGN SHIPMENT OFFSET	(7,985.25)
1550	COST REVALUE	(15.00)
1560	FLOOR STOCK	30,000.00
1600	WORK IN PROCESS	985,819.16
1600-0100	WORK IN PROCESS	36.00
TOTAL CURRENT ASSETS		22,119,734.69

Consignment Accounts Balance to Zero		
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2008-CI-SU-360		

Here's an example of a balance sheet where both of those inventory consignment accounts and offsetting accounts negate each other out. You can look at one and see what your consignment inventory investment is, but together they don't disrupt the balance sheet at all, so you don't get an overstatement of your inventory.

This completes our examination of the accounts.

Inventory Status


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Inventory Status

- ▲ Inventory Control
 - Available
 - Nettable
 - Overissue
 - Restricted Transactions
- ▲ Defined
 - Locations (if exists)
 - Site, for temporary locations

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Inventory status codes are a function of the inventory location maintenance. QAD Enterprise Applications recognizes these settings and treats those locations as standard.

Inventory Status Code Maintenance (1.1.1)

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Inventory Status Code Maintenance

Inventory Status Code Maintenance (1.1.1)

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2008-CI-SU-380

Field Definitions

Available. A code indicating whether inventory balances with this status code are available for allocations to sales orders and work orders. This does not affect the available-to-promise calculations.

If Yes, then on hand inventory balances with this status are considered to be available. When allocating inventory, the system calculates the quantity available to allocate as the total quantity on hand at all inventory locations marked Available Yes. Any locations marked Available No are not considered by this calculation.

Most inventory will be assigned available status codes. Unavailable inventory status codes identify inventory not to be shipped to customers or used in the manufacturing process at the current time--inventory waiting for inspection or defective material to be reworked.

Nettable. A code indicating whether MRP considers inventory balances with this status code as quantity on hand.

During the planning process, MRP calculates the net quantity on hand as the sum of the quantity in all locations marked Nettable Yes. Locations marked Nettable No are not considered by this calculation.

Most inventory will be assigned nettable status codes. Non-nettable inventory status codes identify inventory not to be shipped to customers or used in the manufacturing process--inventory which is defective or reserved for some other use.

For multisite implementations, any in transit locations must be set to Nettable = No, otherwise MRP will use supply in that location twice, once from the scheduled receipt, then from the nettable quantity in the location.

Set up inspection locations as nettable since you do not want MRP to plan to order more when you already have inventory on hand. Inspection locations are controlled by restricting issue transactions.

Overissue. A code indicating whether inventory balances with this status code are allowed to go negative.

If Yes, then inventory may be issued from a location even if that issue results in a negative balance on hand: with only 5 items in stock at a particular location, the system would allow you to issue a quantity of 7, resulting in an on hand balance of -2. To prevent this, set the Overissue field to No. This stops overissues in all Inventory transactions. However, in the case of 2 or more users simultaneously committing transactions to ship the same stock, it is possible that due to this close timing the balance will go negative despite a No setting.

Why allow overissues? If the inventory is physically available, the operator should be able to record the issue transaction, even if the data entry for inventory receipt is delayed, as often happens when information is batched for data entry.

In a well-controlled stockroom, most items can safely be allowed overissues. As transactions are processed, balances may temporarily be driven negative, but will be resolved when all transactions are entered.

However in a regulatory environment or where items are lot/serial controlled, you may want to set the Overissue field to No and develop data entry procedures which assure the timely entry of inventory transactions.

Overissue should always be set to No when using Average Costing.

We recommend setting these fields to no because in the case of an in-transit location, we clearly don't want the system to count it twice. In the same way that we manage in-transit for distribution requirements planning, we're managing in-transit for consignment shipments.

Location Maintenance

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Location Maintenance

Location Maintenance X

Go To Actions Copy Print Preview

Site: 10000

US Engine Valve

Location: 00050001

Description: Consignment Inventory

Inventory Status: sconsign

Project: Blank

Date Created: 10/22/2002

Permanent: ☒

Type:

Single Item: ☐

Single Lot/Ref: ☐

Capacity: 0.0

UM:

Reserved Locations: ☐

Transfer Ownership: ☐

Location Maintenance (1.1.18)

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Here is the location maintenance where the inventory status code comes in.

Inventory Status: Available


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Inventory Status

- ▲ Available
 - Material “available” for allocations
 - Recommended setting
 - Available = No
 - Warning message
 - Sales Orders
 - Schedules Orders

QAD Proprietary 2008-CI-SU-400

Available means material is available for allocations. We recommend that you set this available to no for your in-transit location and your consignment location.

If you physically ship material and you've transferred it into one of these locations, and if it's available by the system to be allocated to somebody else, that could lead to trouble. In that case, you've overstated what is available to allocate.

Those two locations should be hands-off regarding allocations.

Scheduled Order Maintenance (7.3.13)

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Scheduled Order Maintenance

Scheduled Order Maintenance X

Go To Actions Copy Print Preview

Ship-From: 10000 Order: S010033
Ship-To: 1012000 Products Warehouse

Consignment Order Data
Consignment Location: 100 Automatic Replenishment: ☐
In-Transit Location:
Maximum Aging Days: 0

WARNING: Inventory Status is "available". Location: 100 Continue? "

Scheduled Order Maintenance (7.3.13)

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This Scheduled Order Maintenance shows how the system warns you that the consignment location that you've indicated that you want to use has an available status. It allows you to continue, but only by overriding the setting.

Inventory Status: Nettable



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Inventory Status (more)

- ▲ Nettable
 - Material included in MRP planning logic
 - Recommended setting
 - Nettable = No
 - Warning message
 - Sales Orders
 - Schedules Orders

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The same type of mechanism holds with nettable. Certainly you don't want MRP to consider that inventory when it goes to net replenishment schedules.

If you had zero inventory in your four walls but you had 100 pieces at a consignment location and you run MRP with a demand for another 100, you don't want the 100 that you have at the consignment location to be netted against the demand.

You need to keep the consignment inventory invisible to MRP.

Overissue



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Inventory Status (more)

- ▲ Overissue
 - Allow inventory balance to be negative
 - Recommended setting
 - Overissue = No
 - Restricted Transactions
 - Cycle Count
 - Unplanned Issues/Receipts

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We recommend setting overissue to no: It doesn't make sense to overissue on a consignment location.

As for restricted transactions, some customers use them for the inventory status associated with the consignment location, for example a cycle count or an unplanned issue.

Inventory Status Code Maintenance (1.1.1)

Inventory Status Code Maint

Go To Actions Copy Print Preview

Status Code: consign

Available: ☐
 Nettable: ☐
 Overissue: ☐

Restricted Transactions

Restricted Transaction	CIM Allowed	Comments
CYC-CNT	☐	Cycle Count
CYC-ERR	☐	Cycle Count (Error)
CYC-RCNT	☐	Cycle Count (Recount)

Restricted Transaction CIM Allowed Comments
 CYC-CNT ☐ Cycle Count

Inventory Status Code Maintenance (1.1.1)

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Field Definitions:

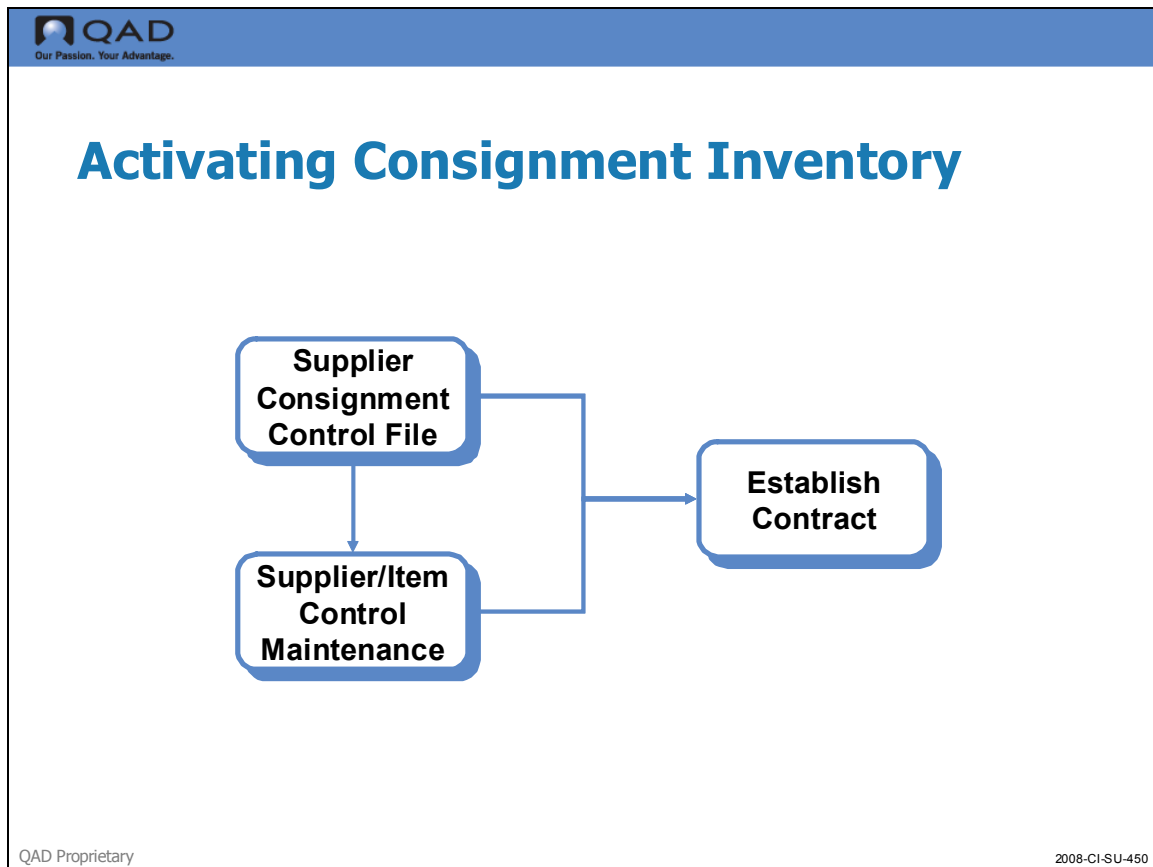
CIM Allowed. Default No.

If Yes, system allows data to be imported using the Computer Integrated Manufacturing (CIM) interface.

Records affected by this field are not limited to the locations associated with a warehouse. This field affects all records in Location Detail, Location Master, and Site Master which are assigned this status.

To prevent a stock room clerk from doing an unplanned issue from a location, use the restricted transactions part of the inventory status.

Activating Consignment Inventory



Here's how we're going to activate the system. We're going into the Customer Consignment control file and then set up some default settings and then we have a Ship-to Item control file so that specific ship-to customers or items that are different and that require different settings in the control item can be reflected in any contract you establish.

Customer Consignment Control (7.18.24)

Customer Consignment Control

Go To Actions Copy Print Preview

Using Consignment Inventory: ☒

Consignment Orders: ☐

Consignment Location: 00010002

In-Transit Location:

Maximum Aging Days: 60

Automatic Replenishment: ☒

Customer Consignment Control (7.18.24)

QAD Proprietary 2008-CI-SU-460

In addition to activating the system, you can set a default for a system preference for consignment or not. Of course you can override it; this is just the default setting.

You have default settings for locations, consignment locations, and in-transit locations. The optional In-transit location is blank here. When you do a shipment the material is going to be transferred from your stock location into the consignment location and skip right over the in-transit.

You can use In-transit for locations in, for example, a warehouse.

You have a maximum number of aging days to default in all the contracts. This transfers ownership to the customer of any items left on-site beyond that number of days.

Automatic replenishment allows you to set up schedules with your customer. When they reply with how much they've used, this functionality creates a new entry in the schedule for that amount of replenishment. This a useful feature for those that aren't really heavily scheduled or EDI-dependent.

Ship-To/Item Controls Maintenance (7.18.1)

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Supplier/Item Controls Maintenance

Ship-To/Item Controls Maint X

Go To Actions Copy Print Preview

Ship-To: NSE201 Honda Mfg of Alabama
Item Number: 0300001 Axle, Integral Arm Steel

Consignment Orders: ☒
Consignment Location: 00010002
In-Transit Location:
Maximum Aging Days: 60
Automatic Replenishment: ☒

Supplier/Item Controls Maintenance (7.18.1)

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These fields override the settings in the control file.

Field Definitions

Consignment Orders. Specify the default value for the Consignment Orders field in the header of new sales orders and new scheduled orders.

No: Enter No if the majority of shipments are standard orders.

Yes: Sets the Consignment Orders field on the header of all new sales orders and scheduled orders to Yes. This, in turn, sets the Consignment field on the order line to Yes by default.

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

This value defaults from Customer Consignment Control.

Consignment Location. Enter the location representing consignment inventory that resides at the customer facility for the specified ship-to/item combinations.

When you enter a value for a consignment location but not for an in-transit location, shipment transfers inventory from the stocking location directly to the location representing the customer facility. When you enter an in-transit value, inventory is transferred from the inventory stocking location to the in-transit location.

Enter only valid locations set up in Location Maintenance. This value defaults to Sales Order Maintenance and Scheduled Order Maintenance.

Important: Assign in-transit and consignment locations an inventory status code with Available and Nettable set to No. Otherwise, items may be used for other orders and MRP considers items in these locations as available to net against open requirements. This understates real demand. Do not use locations defined for customer reserved inventory since this may prevent shipping from occurring.

This value defaults from Customer Consignment Control.

Maximum Aging Days. Optionally enter the maximum number of days consigned inventory is allowed to reside at or be in-transit to a customer facility for this specified ship-to/item combination. This value defaults from Customer Consignment Control. Enter 0 (zero) to indicate that no scheduled aging deadline exists.

The system automatically adds the number of days entered here to the transit days in Delivery Transit Time Maintenance. It adds this sum to the shipment date in Sales Order Shipments or Pre-Shipper/Shipper Confirm to arrive at a new maximum aging date shown in Aging Inventory Update. The calculated date is used by reports to determine how long inventory has been at the customer facility.

You can extend the maximum aging date as many times as required using Aging Inventory Update or Aging Inventory Batch Update. An extension automatically updates each shipment. The value entered here defaults to Sales Order Maintenance and Scheduled Order Maintenance. Here you define specific default values for combinations of ship-to addresses and item numbers. The values entered here override the settings in Consignment Control.

When new orders are created for a specific ship-to address, the system looks for the most specific record first to determine the defaults to use.

Transport Days



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Transport Days

- ▲ New Maintenance Transaction
 - Define Destinations by Region
 - Created by ATP
 - Utilized by Consignment
 - Aging Date Calculation

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Transport Days maintenance supports the available to promise project or the ATP enforcement project.

It's a way to designate transport days by destination and by region.

Delivery Transit Time Maintenance (2.16.1)

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Delivery Transit Time Maintenance

Delivery Transit Time Maint X

Go To Actions Copy Print Preview

From Site: 10000
To Country: USA United States of America
To State: PA
To City: Philadelphia
Transit Days: 10

Defaults to Sales Orders and Scheduled Orders

Delivery Transit Time Maintenance (2.16.1)

QAD Proprietary 2008-CI-SU-490

Note Transit Days defaults into Sales Orders and Scheduled Orders

Field Definitions

Transit Days. Enter an integer representing a number of calendar days. How the system uses this value depends on the value of Usage.

Inbound: Transit Days represents the number of calendar days it takes to transport goods to the selected system site from the specified combination of country, state, and city.

Outbound: Transit Days represents the number of calendar days it takes to transport goods from the selected system site to the specified combination of country, state, and city.

All (the default): Transit Days has the same value for inbound and outbound usage.

You use this maintenance screen to set up the transit delivery time maintenance. You can set this up for multiple regions and available to promise uses this in sales orders to calculate the promise date.

This data is plugged into scheduled orders so that anytime you deal with that customer in that region from this site, transport days will always default in and then customer consignment will just leverage off that.

Set Up and Controls: Summary


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Summary

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

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In summarizing the setup in controls, what we've really seen is that there is not a large requirement for additional control files. You take advantage of the use of status codes and locations in your order processing with your new transaction codes and account codes as a way of saying, "I now have visibility and accountability for what's happening with inventory no longer in my possession but not yet booked to cost of goods." It's still your inventory; you still own it, but it resides at the customer's facility.

Chapter 3

Common Functionality

Common Functionality



Customer Consignment Inventory

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

Establish Contracts



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Common Functionality

- ▲ Establish Contracts
 - Sales Orders
 - Scheduled Orders
- ▲ Shipping
- ▲ Usage
- ▲ Reporting
- ▲ Invoicing
 - Self-Billing

QAD Proprietary 2008-CI-SU-530

Now we walk through how customer consignment functionality actually works.

We establish the contract, we look at both sales orders and scheduled orders, go through the shipping process at the point at which usage is recorded, what happens then, the reporting that we have to track, the visibility of standard inventory versus consignment inventory.

Finally we look at the invoicing process.

Sales Order Maintenance (7.1.1)

Sales Order Maintenance

Go To Actions Copy Print Preview Attach

Attachments

Header Lines Trailer

Header Details Tax Info **Freight Data** Salesperson Delivery Consignment Comments

Header

Order: S033534 Sold-To: wana Bill To: 01000000 Ship-To: 01000000

Sold-To **Ship-To**

World Auto North America Colossal Conglomerates LTD
Suite 1000 Colossal Building
Colossal Industrial Park

Detroit MI 48201 Evanston IL 090876
United States United States of America

Freight Data

Salesperson 1: W.L.INC Freight List: T01-NTAX KG
Multiple: ☒ Fit Min Wgt: 1
Commission 1: 33.00% Freight Terms: add
Calculate Freight: ☐ Display Weights: ☒
Consignment: ☒ Consume Forecast: ☒
Detail Allocations: ☐ Allocate Days: 10
Comments: ☐ Import/Export: ☐

QAD Proprietary Sales Order Maintenance (7.1.1) 2008-CI-SU-540

Here's the sales order maintenance screen, showing the consignment flag in the freight data screen. It allows you to set the default for the lines in this order.

Consignment Orders

Enter Yes if most items on this order are shipped to the customer as consigned inventory. This field has an effect only if you are using the optional Customer Consignment Inventory module. Otherwise, it is for reference only.

When Customer Consignment Inventory is being used and this field is Yes, an additional frame displays for update of order-level consignment defaults.

Consignment Orders defaults from Ship-To/Item Controls Maintenance, if a record exists for the order customer. Otherwise, it defaults from Customer Consignment Control. It sets the default for the same field associated with each line item on the order. You can change it at the line-item level if needed.

Maintaining Orders

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Sales Order Maintenance

Sales Order Maintenance x

Go To Actions Copy Print Preview Attach

Attachments

Header Lines Trailer

Lines Line Details Freight Data Tax Info Comments

Order: **SO33534** Sold-To: 1004000 Ln Format S/M: Single

Sales Order Line

Ln	Item Number	Qty Ordered	UM	List Price	Discount	Net Price
1	1 01	100.0	EA	230.00	0.0	230.00

Desc: Loc: 100 Site: csd USD Cost: 0.00 Lot/Serial: Qty Allocated: 0.0 Qty Picked: 0.0 **Qty Shipped: 100.0** Qty to Invoice: 0.0 Salesperson 1: WL INC Commission 1: 33.00% Category: Fixed Price: ☒

Sales Acct: 3000 10000 1500 Disc Acct: 3900 10000 1500 Confirmed: ☒ Required: Promised: Due Date: 10/23/2002 Perform Date: 10/22/2002 Pricing Date: 10/22/2002 Multiple: Credit Terms Int: 0.00 Ship Type: UM Conversion: 1.0000 Consume Fost: ☒ Detail Alloc: Taxable: Freight List: R01-NTAX Comments:

QAD Proprietary Sales Order Maintenance (7.1.1) 2008-CI-SU-550

Sales Order Maintenance (7.1.1)

The previous slides talked about setting up a contract and specifically with schedules.

However, there is nothing different in the visible shipping process itself; you're still going to use normal sales order shipments, or use pre-shipper shippers and the shipper confirm process. There's no visible means that you're shipping anything consignment. What the system does is all under the covers, so the personnel doesn't have to go to any different screens to trigger that functionality.

And the same goes for schedules. When you receive schedules from your customer, there's nothing on there that really dictates it's consignment.

After you set up the contract and you work with your schedules and you do some shipping, then you come to this screen to see what's shipped and what's been invoiced. Here we're representing that the material has been shipped. The shipped quantity is 100, but you notice that the quantity of the invoice is zero. And we shipped it out to our customer and it's just sitting there. In other words, in consignment we've severed the tie between things being shipped and things being available to invoice.

Transactions Detail Inquiry (3.21.1)

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Transactions Detail Inquiry

Transactions Detail Inquiry
12/20/07

Transaction: 17526 Display E-Signature Details: No Output: page

Tran Nbr: 17526
 Order: S033534
 406019

Trans Type: ISS-TR
 Revision: 0

Date: 12/20/07 Item Number: 55-110

Time: 20:39 Description: EVAPORATOR, SERIES 1000

Effective Date: 12/20/07 Unit of Measure: EA

Remarks: Consigned Address: ford001

User ID: pjr Name: FORD Plant 001

Program: sosois.p Sales/Job: S033534

Currency: USD Ship Type:

Qty Change: -100.0 Price: 100.00

Shipper Number: Inv Mov:

Ship Date: 12/20/07

Site: 10000

Location: 100

Lot/Serial:

Inv Status:

Supplier Lot:

Grade/Assay:

Reference:

Inventory Data

Begin Balance: 595.0

Quantity Change: -100.0

Qty Short: 0.0

Begin Loc Bal: 595.0

Loc Qty Change: -100.0

Expire Date:

Batch:

Material: 100.00

Labor: 0.00

Burden: 0.00

Cost Data

Overhead: 0.00

Subcontract: 0.00

Cost Total: 100.00

ISS-TR

Dr Acct: 5030

Cr Account: 1500 10000 1500

Amount: 10,000.00

GL Reference: IC071220000002

3.21.1
Transactions Detail Inquiry
ictriq.p

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2008-CI-SU-560

Having shipped product, let's step through some of the transaction history to show that physically we've shipped material, but internally we've transferred it.

This first inquiry shows the ISS-TR, the standard inventory transfer. This will record the issue transfer out of the stock location. You can see that it is marked as consigned and the consigned order is placed in the transaction history. The shipper number is in this transaction too.

It is the standard transaction for an inventory transfer, augmented with consignment information.

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Transactions Detail Inquiry

Transactions Detail Inquiry 12/20/07

Transaction: 17526 Display E-Signature Details: No Output: page

Tran Nbr: 17526	Order: S033534	406019
Trans Type: ISS-TR	Revision: 0	
Date: 12/20/07	Item Number: 55-110	
Time: 20:39	Description: EVAPORATOR, SERIES 1000	
Effective Date: 12/20/07	Unit of Measure: EA	
Remarks: Consigned	Address: Ford001	
User ID: pjr	Name: FORD Plant 001	
Program: sosois.p	Sales/Job: S033534	
Currency: USD	Ship Type:	
Qty Change: -100.0	Price: 100.00	
Shipper Number:	Inv Mov:	
Ship Date: 12/20/07		

Site: 10000 Location: 100 Lot/Serial: Inv Status: Supplier Lot: Grade/Assay: Reference:	Inventory Data Begin Balance: 595.0 Quantity Change: -100.0 Qty Short: 0.0 Begin Loc Bal: 595.0 Loc Qty Change: -100.0 Expire Date: Batch:
---	--

Material: 100.00 Labor: 0.00 Burden: 0.00	Cost Data Overhead: 0.00 Subcontract: 0.00 Cost Total: 100.00
---	---

Dr Acct: 5030 Cr Account: 1500 Amount: 10,000.00	ISS-TR 10000 1500 GL Reference: IC071220000002
--	---

3.21.1 Transactions Detail Inquiry ictriq.p

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The inventory location and the quantity and the accounts that are used are your standard inventory accounts. That quantity has been taken out of the stock location.

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Transactions Detail Inquiry

Transactions Detail Inquiry
12/20/07

Transaction: 17527 Display E-Signature Details: No Output: page

Tran Nbr: 17527
 Order: 5033534
 406019

Trans Type: RCT-TR
 Revision: 0
 Item Number: 55-110

Date: 12/20/07
 Description: EVAPORATOR, SERIES 1000

Time: 20:39
 Unit of Measure: EA

Effective Date: 12/20/07
 Address: Ford001

Remarks: Consigned
 Name: FORD Plant 001

User ID: pjr
 Sales/Job: 5033534

Program: ssois.p
 Ship Type:

Currency: USD
 Price: 100.00

Qty Change: 0.0
 Inv Mov:

Shipper Number:

Ship Date: 12/20/07

Site: 10000

Location: FORD001

Lot/Serial:

Inv Status: consign

Supplier Lot:

Grade/Assay:

Reference:

Inventory Data

Begin Balance: 495.0

Quantity Change: 0.0

Qty Short: 0.0

Begin Loc Bal: 0.0

Loc Qty Change: 100.0

Expire Date:

Batch:

Cost Data

Material: 100.00

Labor: 0.00

Burden: 0.00

Overhead: 0.00

Subcontract: 0.00

Cost Total: 100.00

RCT-TR

Dr Acct: 1500 10000 1500

Cr Account: 5030

Amount: 10,000.00

GL Reference: IC071220000003

3.21.1
Transactions Detail Inquiry
ictriq.p

QAD Proprietary

2008-CI-SU-580

Now here's the other half of the normal inventory transfer and that's the receipt into a new location. Again, you have the ISS-TR, you've got the consigned order and consigned remarks and the shipper and everything else that differentiates it between a normal inventory transfer and this consigned shipment.

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Transactions Detail Inquiry

Transactions Detail Inquiry
12/20/07

Transaction: 17527 Display E-Signature Details: No Output: page
 Tran Nbr: 17527 Order: S033534 406019
 Trans Type: RCT-TR Revision: 0
 Date: 12/20/07 Item Number: S5-110
 Time: 20:39 Description: EVAPORATOR, SERIES 1000
 Effective Date: 12/20/07 Unit of Measure: EA
 Remarks: Consigned Address: Ford001
 User ID: pjr Name: FORD Plant 001
 Program: sosois.p Sales/Job: S033534
 Currency: USD Ship Type:
 Qty Change: 0.0 Price: 100.00
 Shipper Number: Inv Mov:
 Ship Date: 12/20/07

Site: 10000
 Location: FORD001
 Lot/Serial:
 Inv Status: consign
 Supplier Lot:
 Grade/Assay:
 Reference:

Inventory Data
 Begin Balance: 495.0
 Quantity Change: 0.0
 Qty Short: 0.0
 Begin Loc Bal: 0.0
 Loc Qty Change: 100.0
 EXPIRE Date:
 Batch:

Material: 100.00
 Labor: 0.00
 Burden: 0.00

Cost Data
 Overhead: 0.00
 Subcontract: 0.00
 Cost Total: 100.00

RCT-TR
 Dr Acct: 1500 10000 1500
 Cr Account: 5030
 Amount: 10,000.00
 GL Reference: IC071220000003

3.21.1
Transactions Detail Inquiry
ictrinq.p

Again, we're hitting the normal inventory accounts. And of course our location is the one that we've described in our sales order. So when we say we're going to ship to our customer, it transfers it to our consignment location.

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Transactions Detail Inquiry

12/20/07

Transaction: 17528 Display E-Signature Details: No Output: page

Tran Nbr: 17528 Order: S033534 406019

Trans Type: CN-SHIP Revision: 0

Date: 12/20/07 Item Number: 55-110

Time: 20:39 Description: EVAPORATOR, SERIES 1000

Effective Date: 12/20/07 Unit of Measure: EA

Remarks: 17527 Address: Ford001

User ID: pjr Name: FORD Plant 001

Program: sosois.p Sales/Job: S033534

Currency: USD Ship Type:

Qty Change: 0.0 Price: 10.00

Shipper Number: Inv Mov:

Ship Date: 12/20/07

Inventory Data

Site: 10000 Begin Balance: 595.0

Location: FORD001 Quantity Change: 0.0

Lot/Serial: Qty Short: 0.0

Inv Status: consign Begin Loc Bal: 100.0

Supplier Lot: Loc Qty Change: 0.0

Grade/Assay: Expire Date:

Reference: Batch:

Cost Data

Material: 100.00 Overhead: 0.00

Labor: 0.00 Subcontract: 0.00

Burden: 0.00 Cost Total: 100.00

CN-SHIP

Dr Acct: 1502

Cr Account: 1503

Amount: 10,000.00

GL Reference: IC071220000004

3.21.1 Transactions Detail Inquiry ictriq.p

QAD Proprietary 2008-CI-SU-600

But then we also get a third transaction which represents the consigned ship, our CN ship.

It also includes the consigned item and the consigned line and the shipper number, but it also contains -- in the remarks field -- the transaction number of the transaction that initiated this request. So now we've got separate transaction history records, but they're linked together.

Doing some types of reports and queries on the system, you can tell the difference between a normal inventory transfer and an inventory transfer that's really a shipment of consigned goods.

This particular inventory transfer, in which we see the actual transaction number in the remarks field, causes a cascade of transaction detail to account for what we're doing in this customer consignment management of the movement and the money associated with it.

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Transactions Detail Inquiry

Transactions Detail Inquiry 12/20/07

QAD

Transaction: 17528 Display E-Signature Details: No Output: page

Tran Nbr: 17528	Order: S033534	406019
Trans Type: CN-SHIP	Revision: 0	
Date: 12/20/07	Item Number: 55-110	
Time: 20:39	Description: EVAPORATOR, SERIES 1000	
Effective Date: 12/20/07	Unit of Measure: EA	
Remarks: 17527	Address: Ford001	
User ID: pjr	Name: FORD Plant 001	
Program: sosois.p	Sales/Job: S033534	
Currency: USD	Ship Type:	
Qty Change: 0.0	Price: 10.00	
Shipper Number:	Inv Mov:	
Ship Date: 12/20/07		

Site: 10000	Inventory Data
Location: FORD001	Begin Balance: 595.0
Lot/Serial:	Quantity Change: 0.0
Inv Status: consign	Qty Short: 0.0
Supplier Lot:	Begin Loc Bal: 100.0
Grade/Assay:	Loc Qty Change: 0.0
Reference:	Expire Date:
	Batch:

Material: 100.00	Cost Data
Labor: 0.00	Overhead: 0.00
Burden: 0.00	Subcontract: 0.00
	Cost Total: 100.00

Dr Acct: 1502
Cr Account: 1503
 Amount: 10,000.00

CN-SHIP

GL Reference: IC071220000004

3.21.1 Transactions Detail Inquiry ictrig.p

QAD Proprietary 2008-CI-SU-610

And here you see that we've updated the consignment accounts associated with either that location or that product line, that material.

We use standard transactions to book the accounts that we want and the locations that we want, and we leverage all of the standard QAD Enterprise Applications functionality that we can, but then we augment that with some consigned activity, and we link it all together.

Reports


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Consignment Inventory Report

Consignment Inventory Report
x

Go To Actions Copy Print Preview

Prod Line:

Item Number:

Lot/Serial:

ABC Class:

Site:

Grade:

Assay Percentage:

Inventory Status:

Expiration Date:

To:

To:

To:

To:

To:

To:

To:

To:

Summary/Detail:

Display Consignment Detail: ☐

Output page

Batch ID:

Consignment Inventory Report (7.18.4.1)

QAD Proprietary
2008-CI-SU-620

We also give you visibility of your consigned inventory in some consignment reports.

Consignment Inventory Report (7.18.4.1)

 Consignment Inventory Report 10/09/08 10:10 AM											
United States											
Line Item Number	Site	ABC UM	Qty on Hand	Avail Qty On Hand	Status QOH Non-nettable	Customer Consignment	Supplier Consignment				
2000 capacitor capacitor	10000	EA	99,434.0	99,434.0	0.0	0.0	48,000.0				
Location Lot/Serial	Reference	Qty on Hand	Customer Consignment	Supplier Consignment	Created Expire	Grade Assay %	Status	Avail	Net	Ovr	Is
00050000		13,000.0	0.0	15,000.0	11/15/02	0.00%	sconsign	Yes	Yes	No	
00050001		20,000.0	0.0	20,000.0	11/15/02	0.00%	sconsign	Yes	Yes	No	
Line Item Number	Site	ABC UM	Qty on Hand	Avail Qty On Hand	Status QOH Non-nettable	Customer Consignment	Supplier Consignment				
2000 icb100-45 Circuit Board	10000	EA	198,115.0	197,840.0	275.0	275.0	0.0				
Location Lot/Serial	Reference	Qty on Hand	Customer Consignment	Supplier Consignment	Created Expire	Grade Assay %	Status	Avail	Net	Ovr	Is
00010002		125.0	125.0	0.0	10/22/02	0.00%	consign	No	No	No	
00010005		135.0	60.0	0.0	10/22/02	0.00%	consign	No	No	No	
int10005		15.0	90.0	0.0	10/22/02	0.00%	consign	No	No	No	

QAD Proprietary

2008-CI-SU-630

This consigned inventory report shows the items themselves, and what locations they're in, and then you can infer what consigned locations they belong to or what customers they represent. We show consignment balances at the site records and at the location records to say how much of customer consignment inventory is in either this site or in this location.

You can see that the customer consignment detail supports what's found in that inventory location. You look in your inventory location of your customer, and in there you can see the shipments that make up that value. So you have visibility of the entire inventory that's there and what shipments support that.

And because this is still consignment, things like commissions still have not occurred because you have completed the shipment process, but certainly not the invoicing process. Many of those additional functional areas are done as a result of the sales order being booked, costs of goods sold and commissions and things like that. Another area is taxes; you get taxed on what's been sold. So they're all deferred and they come back into play when the usage occurs.

Consignment Inventory by Order (7.18.4.3)

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Consignment Inventory By Order

Consignment Inventory by Ord... X

Go To Actions Copy Print Preview

Ship-From: 100
Sold-To: 00010005
Ship-To: 10040001
Item Number: 0300002
PO Number:
Order: S033531
Date Created: 10/9/2008

To:
To:
To:
To:
To:
To: S033531
To: 10/9/2008

Show Amounts: ☐

Sort Option: 1
1 - By Ship-From, Customer, Ship-To, Order, Item, PO
2 - By Ship-From, Item, Customer, Ship-To, Order, PO

Output:
Batch ID:

Consignment Inventory By Order (7.18.4.3)

QAD Proprietary
2008-CI-SU-640

Another view of the same consignment inventory is by order. This report shows you the consignment inventory by order, not necessarily by specific location.

This report allows you to see, "How much have I shipped to that customer?" How much -- based on this contract -- is still in stock, what's the aging factor of those shipments.

So we've got two reports: one is parts-centric and the other is order-centric, and this is the kind of visibility that we typically need to see in managing any inventory. So for consignment inventory, it makes sense that we have this way of managing as well. This allows your contract administrator or materials manager who just wants to zero in on consignment to look at those specifics and have the normal inventory reports just deal with the four-walled inventory.

Consuming Inventory

Up to now, we've talked about creating a contract, shipping material, and getting visibility of that material at customers' consignment locations.

Now we're going to play the role of the customer coming back to you and saying they've used some of the inventory. We provide two mechanisms of doing that. One is the ecommerce gateway, and the other mechanism is to manually go in and say how much the customer has used.

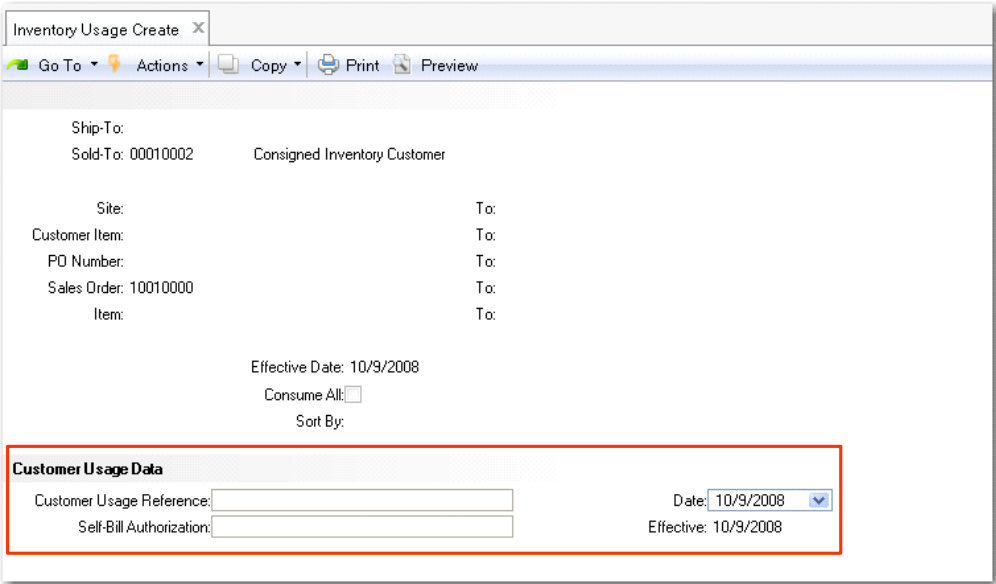
We're going to play the part of someone receiving a report or getting a phone call from the customer, periodically saying, "OK, we've used so much of the inventory." We've got a number of different usage creation transactions. A standard usage create transaction is for your everyday, normal inventory, probably 90% of the population.

We also have a usage create based on authorization. So if you're doing your customer schedule netting, the customer is sending you shipping authorizations that you're shipping to, that he can reply in what authorizations and quantities based on those authorizations have been used. You would use authorization usage create or reconcile his usage with what you've shipped out.

You can also do usage by sequence. If you're using customer sequence schedules, and a lot of automotive customers do use sequence data and sequence schedules, you can come in here by sequence and tell the system how many sequences have been used. So there are a number of different ways.

We're going to go through the normal inventory usage create.

Inventory Usage Create (7.18.13)



Inventory Usage Create

Go To Actions Copy Print Preview

Ship-To:
Sold-To: 00010002 Consigned Inventory Customer

Site: To:
Customer Item: To:
PO Number: To:
Sales Order: 10010000 To:
Item: To:

Effective Date: 10/9/2008
Consume All: ☐
Sort By:

Customer Usage Data

Customer Usage Reference: Date: 10/9/2008
Self-Bill Authorization: Effective: 10/9/2008

Inventory Usage Create (7.18.13)

QAD Proprietary 2008-CI-SU-650

This is a workbench type of screen. You work with one ship-to customer at a time. And the first piece of information that you specify to the system is the customer's usage information, usage reference, or audit ID.

This allows you and your customer to stay in synch with each other.

As with most QAD workbench screens and order entry screens, you have more or less heading information that defaults to the lines and you can change it at the line level.


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Inventory Usage Create

Inventory Usage Create x

Go To
Actions
Copy
Print
Preview

Ship-To:
Sold-To: 00010002 Consigned Inventory Customer

Consignment Selection							
Item Number	Order	Line	Qty on Hand	UM	Usage Qty	UM	Location
icb100-45	S020322	1	10.0	EA	0.0	EA	00010002
icb100-45	S020323	1	25.0	EA	0.0	EA	00010002
icb100-45	S020325	1	50.0	EA	0.0	EA	00010002
icb200-45	S020323	2	50.0	EA	0.0	EA	00010002
icb200-45	S020325	2	50.0	EA	0.0	EA	00010002

Consignment Details

Item: icb100-45 Site: 10000 Location: 00010002
Order: S020322 Ln: 1 Consumed Qty: 0.0 UM: EA
PD Number: Lot/Serial:
Customer Item: icb100-45 Ref: Multi Entry: ☐

Inventory Usage Create (7.18.13)

QAD Proprietary
2008-CI-SU-660

Essentially you can select those orders for the ship-to location that you're on the phone with. You get a selection list and can verify it as you work. In this scenario, there's a quantity on hand of 100 and we're going to say that we've consumed 10 pieces.

This functionality works only for a legitimate consignment inventory associated with the customer sales order or schedule. Because there is a bridge between what you've shipped out and what's in any consignment location, only that customer can take ownership of that inventory.

Through these transactions and a number of the usage transactions, the system won't allow you to cross-inventory, to ship to the wrong customer. All the inventory is marked by which customer it's shipped to and the contract it was shipped against.

So you have to come in with that contract and say how much you've used. The system keeps track and keeps the integrity of what you've shipped to that contract in synch. So every time you're in this screen, it's validating.


Our Passion. Your Advantage.

Inventory Usage Create

Inventory Usage Create
X

Go To Actions Copy Print Preview

Ship-To:

Sold-To: 00010002 Consigned Inventory Customer

Consignment Selection

Item Number	Order	Line	Qty on Hand	UM	Usage Qty	UM	Location
icb100-45	SO20322	1	10.0	EA	0.0	EA	00010002
icb100-45	SO20323	1	25.0	EA	0.0	EA	00010002
icb100-45	SO20325	1	50.0	EA	0.0	EA	00010002
icb200-45	SO20323	2	50.0	EA	0.0	EA	00010002
icb200-45	SO20325	2	50.0	EA	0.0	EA	00010002

Customer Usage Data

Customer Usage Reference:

Self-Bill Authorization:

Date: ▼

Effective: ▼

Inventory Usage Create (7.18.13)

QAD Proprietary
2008-CI-SU-670

After you put in how much you've used, you've got an opportunity to put in usage data for that specific part. So for here, we've plugged in some information.



Our Passion. Your Advantage.

Inventory Usage Create

Inventory Usage Create

Go To

Actions

Copy

Print

Preview

Ship-To:

Sold-To: 00010002

Consigned Inventory Customer

Consignment Selection

Item Number	Order	Line	Qty on Hand	UM	Usage Qty	UM	Location
icb100-45	S020322	1	10.0	EA	10.0	EA	00010002
icb100-45	S020323	1	25.0	EA	0.0	EA	00010002
icb100-45	S020325	1	50.0	EA	0.0	EA	00010002
icb200-45	S020323	2	50.0	EA	0.0	EA	00010002
icb200-45	S020325	2	50.0	EA	0.0	EA	00010002

Consignment Details

Item: icb100-45

Order: S020322

PO Number:

Customer Item: icb100-45

Ln: 1

Consumed Qty: 10.0

Ref:

Site: 10000

Location: 00010002

UM: EA

Multi Entry:

Inventory Usage Create (7.18.13)

QAD Proprietary

2008-CI-SU-680

Going through the workflow of the screens, after you've said how much you've consumed, you go through a confirmation process. And when you deal with serialized items, you get the individual serial numbers. This is all serialized and lot-compliant. So it has the standard: you can put in one serial number or you can go and do multi-entry and select which serial numbers to apply

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Inventory Usage Create

Inventory Usage Create X

Go To Actions Copy Print Preview

Ship-To:
Sold-To: 00010002 Consigned Inventory Customer

Site:
Customer Item:
PO Number:
Sales Order: 10010000
Item:

To:
To:
To:
To:
To:

Effective Date: 10/9/2008
Consume All: ☐
Sort By:

Process complete
Batch created: 9, Invoice created: IV20316

Inventory Usage Create (7.18.13)

QAD Proprietary 2008-CI-SU-690

Then finally the system generates a batch id for audit purposes. Every time you come in through here and you've been on the phone with the customer and they've said they've used so much material and they've used so much of parts A, B, C, and D, you go ahead and create this usage transaction. You get an audit ID, so now you can reconcile any questions to a particular batch number.

Consuming Inventory: Reporting and Posting



Transactions Detail Inquiry
12/21/07

Transaction: 17533 Display E-Signature Details: No Output: page

Tran Nbr: 17533 Trans Type: ISS-SO Date: 12/21/07 Time: 09:29 Effective Date: 12/21/07 Remarks: User ID: pjr Program: socnuac.p Currency: USD Qty Change: 0.0 Shipper Number: Ship Date: 12/20/07	Order: S033534 Revision: 0 Item Number: 55-110 Description: EVAPORATOR, SERIES 1000 Unit of Measure: EA Address: Ford001 Name: FORD Plant 001 Sales/Job: S033534 Ship Type: Price: 10.00 Inv Mov:
---	---

Site: 10000
 Location: FORD001
 Lot/Serial:
 Inv Status: consign
 Supplier Lot:
 Grade/Assay:
 Reference:

Inventory Data
 Begin Balance: 595.0
 Quantity Change: 0.0
 Qty Short: 0.0
 Begin Loc Bal: 100.0
 Loc Qty Change: -10.0
 Expire Date:
 Batch:

QAD Proprietary
2008-CI-SU-700

Now that you've recorded that the customer has used a portion of your shipment -- 10 pieces out of 100 that were shipped -- you come through a transaction history with these screens and see what the system has booked.

The first thing you notice is that now you get a sales order issue for those pieces. We've documented the consignment item and the consignment order. We've left the invoice blank; in QAD Enterprise Applications, that Remarks field is reserved for the invoice. So we do the standard sales order issue transaction.

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Transactions Detail Inquiry

Site: 10000
Location: FORD001
Lot/serial:
Inv Status: consign
Supplier Lot:
Grade/Assay:
Reference:

Inventory Data
Begin Balance: 595.0
Quantity Change: 0.0
Qty Short: 0.0
Begin Loc Bal: 100.0
Loc Qty Change: -10.0
Expire Date:
Batch:

Material: 100.00
Labor: 0.00
Burden: 0.00

Cost Data
Overhead: 0.00
Subcontract: 0.00
Cost Total: 100.00

		ISS-SO		
Dr Acct: 5070	10000	1500		
Cr Account: 1500	10000	1500		GL Reference:
Amount: 0.00				
ISS-SO				
Dr Acct: 6480	10000	1500		
Cr Account: 1500	10000	1500		GL Reference:
Amount: 0.00				
ISS-SO				
Dr Acct: 6495	10000	1500		
Cr Account: 1500	10000	1500		GL Reference:
Amount: 0.00				
ISS-SO				
Dr Acct: 6860	10000	1500		
Cr Account: 1500	10000	1500		GL Reference:
Amount: 0.00				
ISS-SO				
Dr Acct: 5050	10000	1500		
Cr Account: 1500	10000	1500		GL Reference: IC071221000005
Amount: 1,000.00				

3.21.1 Transactions Detail Inquiry ictriq.p

QAD Proprietary 2008-CI-SU-710

You've decreased the inventory portion of the books, because that's your inventory that you've used.

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Transaction Detail Inquiry


Transactions Detail Inquiry
12/21/07

Transaction: 17534 Display E-Signature Details: No Output: page

Tran Nbr: 17534	Order: S033534
Trans Type: CN-USE	Revision: 0
Date: 12/21/07	Item Number: 55-110
Time: 09:29	Description: EVAPORATOR, SERIES 1000
Effective Date: 12/21/07	Unit of Measure: EA
Remarks: 17533	Address: ford001
User ID: PJR	Name: FORD Plant 001
Program: socnuac.p	Sales/Job: S033534
Currency: USD	Ship Type:
Qty Change: 0.0	Price: 10.00
Shipper Number:	Inv Mov:
Ship Date: 12/20/07	

Site: 10000	Inventory Data
Location: FORD001	Begin Balance: 585.0
Lot/Serial:	Quantity Change: 0.0
Inv Status: consign	Qty Short: 0.0
Supplier Lot:	Begin Loc Bal: 90.0
Grade/Assay:	Loc Qty Change: 0.0
Reference:	Expire Date:
	Batch:

Material: 100.00	Cost Data
Labor: 0.00	Overhead: 0.00
Burden: 0.00	Subcontract: 0.00
	Cost Total: 100.00

Dr Acct: 1503
Cr Account: 1502
Amount: 1,000.00

CN-USE

GL Reference: IC071221000006

3.21.1 Transactions Detail Inquiry ictrinq.p

QAD Proprietary 2008-CI-SU-720

Here is a consigned use transaction. This contains the remarks from the inventory transactions of the previous sales order issue, so that the two are linked together. And as you can see, this deals with just the consignment accounts. So the end result of this is, they said they've used 10, you've booked 10 in the cost of goods sold, you reduced your inventory by 10, and you reduced your consigned value by 10.

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Usage Report by Order

Usage Report by Order ✕

Go To ⬇ Actions ⬇ Copy ⬇ Print ⬇ Preview

Ship-From:	To:
Sold-To:	To:
Ship-To:	To:
Item Number:	To:
PO Number:	To:
Order: 10010000	To:
Effective Date: 10/9/2008	To: 10/9/2008
Batch:	To:
Cust Usage Ref:	To:
Customer Usage Date:	To:

Sort Option: 1
Display Shipment Details: ☐

1 - By Ship-From, Customer, Ship-To, Order, Item, PO
 2 - By Ship-From, Item, Customer, Ship-To, Order, PO

Output: ⬇
 Batch ID: ⬇

Usage Report by Order (7.18.4.16)

QAD Proprietary
2008-CI-SU-730

Here's a report that shows usage for any of the orders. And again, you've got usage reports by different selection criteria: by authorization, by sequence, and so forth.



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Usage Report by Order



Usage Report by Order

QAD 302 QP

Site: 10000
Sold-To: ford001
Ship-To: ford001
Item: 55-110
Cust PO Nbr:

Main Plant Site
FORD Plant 001
FORD Plant 001
EVAPORATOR, SERIES 1000

Sales Order: 5033534 Line: 1

Effective	Batch ID
12/21/07	11

Cust Usage Date	Trans Nbr	Lot/Serial	Authorization	Usage Qty	UM
Cust Usage Ref	Invoice	Ref	Self-Bill Authorization	Cum Qty	
12/21/07	17533			10.0	EA
FORD001-12/2007				10.0	

End of Report

QAD Proprietary

2008-CI-SU-740

This is a usage report by order . Per the batch ID, you have the details of what's been used. The usage data, the customer's usage data, so you can see their references. The self-billing number, the transaction number and the usage quantity. We also provide an accumulative usage quantity for that contract.

Sales Order Maintenance

Go To Actions Copy Print Preview Attach

Attachments

Header Lines Trailer

Header Details Tax Info Freight Data Salesperson Delivery Consignment Comments

Header

Order: SQ33534 Sold-To: 01000000 Bill To: 01000000 Ship-To: 01000000

Sold-To **Ship-To**

Details

Order Date: Line Pricing: ☐ Confirmed: ☐
 Required Date: Manual: Currency: Language:
 Promise Date: Site: Taxable: ☐
 Due Date: Channel: Fixed Price: ☐
 Perform Date: Project: Credit Terms:
 Pricing Date: Credit Terms Interest %:
 Purchase Order: Reprice: ☐
 Remarks: Entered By:

Back Next

QAD Proprietary Sales Order Maintenance (7.1.1) 2008-CI-SU-750

And finally, if we go back into Sales Order Maintenance (7.1.1), you can see that there is a quantity available to invoice. Out of the 100 that we've initially shipped, we have 10 to be invoiced. And this our standard mechanism to initiate the invoice process.

Only when we had the usage notification from the customer did the sales order issue trigger as a result of that processes. This is what we would see normally following a successful shipment, again deferred because of the fact that we've introduced this consignment element on the customer side.

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Transaction Detail Inquiry

Transactions Detail Inquiry X

Go To Actions Copy Print Preview

Transaction: 17630
Output: page

Tran Nbr: 17630	Order: S020322
Trans Type: CN-USE	Revision:
Date: 10/9/2008	Item Number: icb100-45
Time: 11:14	Description: Circuit Board
Effective Date: 10/9/2008	Unit of Measure: EA
Remarks: 17629	Address: 00010002
User ID: mfg	Name: Consigned Inventory
Program: socnuac.p	Sales/Job: S020322
Currency: USD	Ship Type:
Qty Change: 0.0	Price: 100.00
Shipper Number:	Inventory M:
Ship Date: 10/15/2004	

Transaction Detail Inquiry (3.21.1)

QAD Proprietary 2008-CI-SU-760

Here's what you see after you've printed the invoice print posted. You can see that the invoice number is now in the remarks field. That was the reason that we didn't put "consigned" or any other term in that field, because it's really a trigger in the invoicing process.

QAD
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Customer Schedules Control

Customer Schedules Control x

Go To Actions Copy Print Preview

Next Container: 10

Pre-Shipper Sequence ID: 00000000 Preshipper - Document Type 01

Shipper Sequence ID: 00000001 Shipper - Document Type 01

Master Bill Sequence ID: 00000002 Master Bill of Lading - Type 0

Shipper Document Format: 01 Created automatically

Master Bill Document Format:

Max Lines on a Pre-Shipper: 0

Shipping Label Templates

Mixed Load Label:

Master Load Label:

Single Load Label:

Use Shipper Number for Invoice: ☒ Auto Invoice Post: ☒

Consolidate Invoices: ☒ Print Invoice: ☐

Require Inventory Movement Codes: ☐ Sum History - Items: ☐

Maintain Trailer Amounts: ☐ Sum History - Containers: ☐

Shipment Info For Receipts: ☐ Automatic Cum Pegging: ☒

Use Ship/Plan PCR: ☐ Customer Ref Is Customer Item: ☐

Customer Schedules Control (7.3.24)

QAD Proprietary 2008-CI-SU-770

Finally, one of the features that we've taken advantage of is an automatic invoice post option. We imagine a lot of ecommerce transmission of inventory usage from your customers, so we took advantage of this setting in the shipper container control file. Otherwise, you would end up doing a lot of manual processing.


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Inventory Usage Create

Inventory Usage Create X

Go To Actions Copy Print Preview

Ship-To:

Sold-To: Consigned Inventory Customer

Site:

Customer Item:

PO Number:

Sales Order: 10010000

Item:

To:

To:

To:

To:

To:

Effective Date: 10/9/2008

Consume All: ☐

Sort By:

Process complete

Batch created: 9, Invoice created: IV20316

Inventory Usage Create (7.18.13)

QAD Proprietary

2008-CI-SU-780

And so this is set to "yes", then you'll see in the inventory usage auto create and all the other auto creates, that not only does it create a batch ID, but it also creates an invoice and confirms that invoice has been created.

Summary


Our Passion. Your Advantage.

Summary

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

QAD Proprietary2008-CI-SU-870

We've come full-circle. We've set up a contract, we've shipped to that contract, they've responded and said how much they've used inventory, and we've gone through the billing cycle.

For the people who are managing sales order, actual physical shipment, and even those people on the invoicing end, it's pretty much business as usual. And those people who are responsible for managing, "What inventory do I own at my customer, what is consignment, " can monitor the age of that, watching it reach its limits, and can contact the customer with what the consequences are going to be of its reaching that aging date.

Chapter 4

Additional Functionality



Customer Consignment Inventory

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

Additional Functionality



Additional Functionality

- ▲ Inventory Reports
- ▲ Returns and Corrections
- ▲ Adjustments
 - Cycle Counts
 - Physical Counts
 - Cost Adjustments
 - Consignment Balance
- ▲ Aging

QAD Proprietary

2008-CI-SU-890

Now we're going to look at some additional functionality. We're going to look at some inventory reports again geared towards customer consignment, some returns, and corrections.

We'll look at what happens when we conduct audits, and then come the adjustments from physical counts.

We'll examine any cost adjustments we may want to make associated with the value of inventory and dealing with consignment balances.

And finally we'll look at aging in a bit more detail.

Inventory Reports



Inventory Reports

- ▲ Valuation Reports
- ▲ Cycle Count Worksheet
- ▲ Physical Tag Create
- ▲ New Options
 - Exclude Consigned Shipments
 - Include Consigned Shipments
 - Only Consigned Shipments

Inventory Valuation Report (1.5.21)

Inventory Valuation Report

Prod Line: To:
 Item Number: To:
 Supplier: To:
 ABC Class: To:
 Site: To:
 Group: To:
 Item Type: To:

Include Negative Inventory: ☒
 Include Non-nettable Inventory: ☒
 Include Zero Quantity: ☐
 Customer Consigned: **Exclude**

Search (1)
 Value starts at Exclude - + X Search Clear All
 Records per page: 100

Value	Description	Code
Exclude	Consigned Shipments 1	
Include	Consigned Shipments 2	
Only	Consigned Shipments 3	

If you want to balance between your inventory accounts then you exclude your customer consignment inventory because they're not physically represented in your four walls.

Cycle Count Worksheet Print (3.13)

Cycle Count Worksheet Print

Go To Actions Copy Print Preview Attach

Attachments

Item Number: To: Product Line: To: Type: To: Site: To: Location: To: Last Count: To: ABC Class: To:

Number of Items: 99999999 A: 0% B: 0% C: 0% Other: 0%

Sort by Item or Site: Item

Customer Consigned: Exclude

Randomize Selection: Supplier Consigned: Exclude

Past Due Only: New Page on Site: New Page on Location: Print Bar Code: Print Quantity OH: Include Zero Quantity: Include Negative Inventory: Include Phantom Items: Output: Batch ID:

Cycle Count Worksheet Print (3.13)

QAD Proprietary 2008-CI-SU-800

Field Definitions

Customer Consigned. This field has an effect only when you are using the Customer Consignment Inventory module.

Select Exclude (the default), Include, or Only to indicate how consigned inventory should display on this report or inquiry.

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

You do not typically include customer consigned inventory in physical inventory functions since this inventory does not actually reside at your site. It is physically located at the customer site and only tracked in the system until used by the customer.

Here's the Cycle Count Worksheet. You have the option for the consigned inventory.

You can use this for a customer audit where you're counting the inventory on-site and anything unreported in the adjustment goes to billing.

Item Tag Create (3.16.1)

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Item Tag Create

Item Tag Create x

Go To Actions Copy Print Preview

Site:
Location:
Product Line:
Item Number:
ABC Class:

To:
To:
To:
To:
To:

Starting Tag Number: 99999999 Tags Available)

Include Zero Quantity: ☐
Include Negative Quantity: ☐

Customer Consigned:
Supplier Consigned:

Sort Option:

- 1 - Item, Site, Location, Lot/Serial
- 2 - Site, Location, Item, Lot/Serial
- 3 - Item, Lot/Serial, Site, Location

Item Tag Create (3.16.1)

QAD Proprietary 2008-CI-SU-810

Tag creation offers the same options for consignment inventory.

Returns and Corrections


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Returns and Corrections

- ▲ Sales Order Shipments
 - Negative Shipments
 - Yes/No Prompts
 - Correction?
 - Return to Stores?
 - Customer Credit
- ▲ Shippers
 - Unconfirm (Reversal)
 - Negative Shipments (Customer Credit)

QAD Proprietary2008-CI-SU-990

For returns and corrections, consignment prompts you specify whether the transaction is a return or a correction.

With shippers, we've taken a basic approach. If you do a shipper unconfirmed it's going to reverse out any of the consignment booking and any of the consignment transfers that have occurred. And if you do a negative shipment, a negative shipper, you are crediting the customer.

Sales Order Shipments (7.9.15)

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Sales Order Shipments

Sales Order Shipments X

Go To Actions Copy Print Preview Attach

Attachments

Order: 10010000 Ship Allocated: ☐ Sold-To: 00010005 Site:
Effective: 10/9/2008 Ship Picked: ☒ Consigned Inventory Customer

Sales Order Line Items

Ln	Item Number	T	Qty Alloc	Qty Picked	To Ship	Backorder Site
1	icb100-45		100.0	0.0	0.0	100.0 10000

WARNING: Negative quantity entered for a Consigned Line Item.

Are you correcting an earlier shipment?
Yes No

Line: 1 Cancel B/O: ☐ Site: 10000 Loc: 200
Quantity: -25.0 Lot/Serial:
Item Number: icb100-45 UM: EA Reference:
Description: Circuit Board Multi Entry: ☐

Sales Order Shipments (7.9.15)

QAD Proprietary 2008-CI-SU-820

In sales order shipments we have prompts to recognize that this is a negative quantity on a consigned line item. And we just want to clarify what's going on. And if the response is yes, it does the transfer back into stock.

Sales Order Shipments

Order: 10010000 Ship Allocated: ☐ Sold-To: 00010005 Site:

Effective: 10/9/2008 Ship Picked: ☒ Consigned Inventory Customer

Ln	Item Number	T	Qty Alloc	Qty Picked	To Ship	Backorder Site
1	icb100-45	T	100.0	0.0	0.0	100.0 10000

Are you returning material from a consignment location?

Yes No

Line: 1 Cancel B/O: ☐ Site: 10000 Loc: 200

Quantity: -25.0

Item Number: icb100-45 UM: EA Lot/Serial

Description: Circuit Board Reference: Multi Entry: ☐

Sales Order Shipments (7.9.15)

QAD Proprietary 2008-CI-SU-830

If it is not a correction, if you are physically returning material from a consigned location, then the customer is saying, "Just take back the material." They're not going to buy it, they just need to bring it back into your location.

And so the end result is the same: we're going to do an inventory transfer, but we want to clarify that action from a customer credit action. And we only see these prompts if these were sales order or scheduled lines that were initially designated as consignment. Otherwise we would never see these products.

Finally, if you say that it's not a correction, if you say you're not returning material, the system respondent says, "OK, it's a customer credit." And it'll do the ISS-SO for the negative amount instead of any of the consigned transfer. And then this will then do the reversal of the commissions.

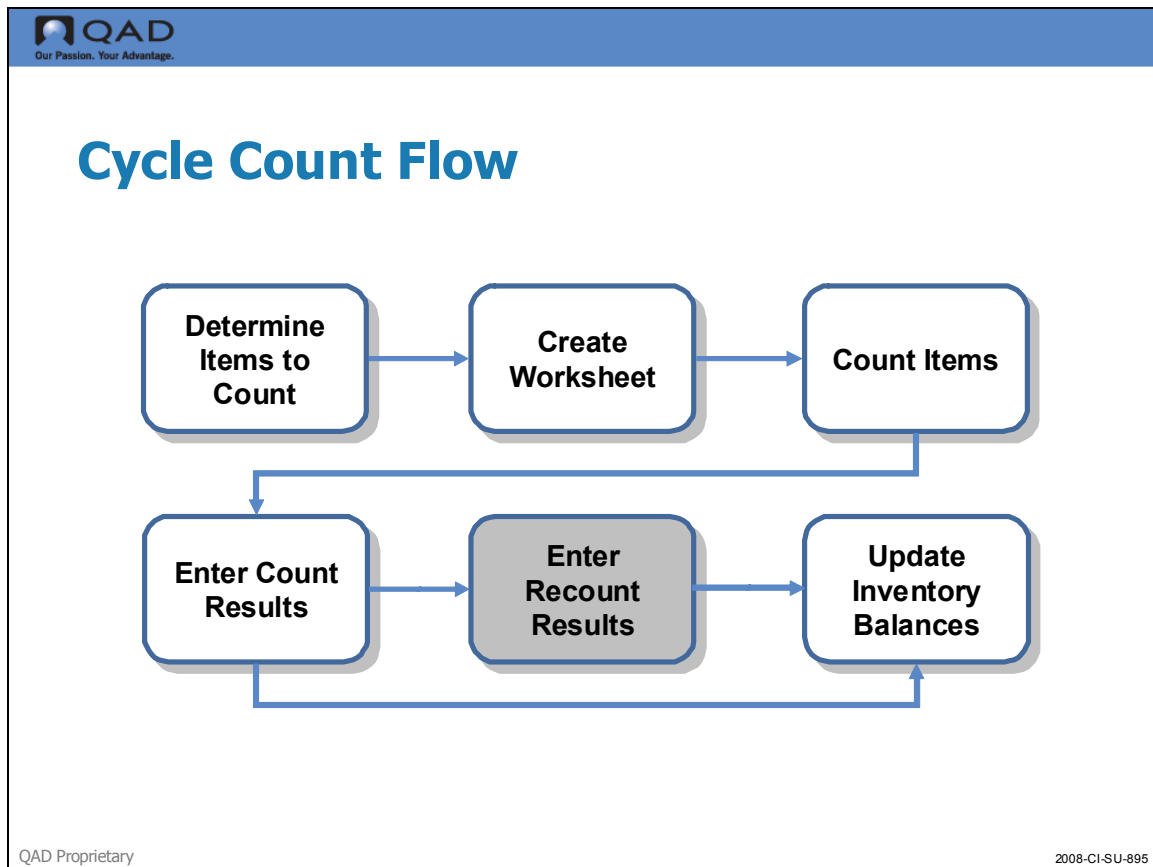
And if you sold it to the customer, they took it down to the shop floor, figured out there was a quality problem with it and they returned it, it is their material they're returning so they get a customer credit on that.



Additional Functionality

- ▲ Adjustments
 - Cycle Counts
 - Physical Counts
 - Cost Adjustments
 - Consignment Balance

Cycle Counts



Here's the cycle count flow. This represents essentially a supplier audit capability.

The normal cycle count flow is:

- 1 Determine what's to be counted
- 2 Create a worksheet
- 3 Count the items
- 4 Enter what the count is or initiate a recount
- 5 Update the balances

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Cycle Count Results Entry

Cycle Count Results Entry X

Go To Actions Copy Print Preview

Cycle Count Type (I/R): Initial

Item Number: PS-532
Site: 20000
Location:
Lot/Serial:
Reference:
Description: 5V Power Supply

Tolerance Method: Qoh
Tolerance Percent: 5.00%
Tolerance Amount: 500.00
GL Cost: 0.00
Last Count: 10/3/2004
Qty on Hand: 8,675.0

Quantity Counted: 8,665.0
Unit of Measure: EA
U.M. Conversion: 1.0000

Qty On Hand Variance: .12%
Annual Usage Variance:
Amount Variance: 0.00

Remarks:
Effective Date: 10/9/2008

Dr Acct: 1500	20000	2000	Cr Acct: 5900	20000	2000
Amount:	0.00				

Cycle Count Results Entry (3.14)

QAD Proprietary 2008-CI-SU-900

In this example, we're showing a discrepancy at a consignment site. The result will be that we reduce the balance and the customer takes ownership of the missing item.

Field Definitions

Location. Identifies this inventory quantity's location.

Location codes identify physical locations where inventory is stored.

Every item in inventory is associated with a location. A given item may be stored in multiple locations. The location code must be specified on every inventory transaction--issues, receipts, transfers, and counts.

Location code can be used to select specific information to appear on reports and inquiries.

Inventory characteristics -- Expire Date, Grade, Assay %, and Inventory Status -- can be changed in Inventory Detail Maintenance. Inventory Transfer can change Location and Site.

Qty Counted. The quantity counted for this item at this site and location. Only the items with the specified lot/serial and lot reference number are included in this count.

If the cycle count type is Initial, the quantity on hand is compared to the count quantity. If the difference is within the allowed error tolerance, the item quantity on hand is updated to the count amount. If the difference is more than the allowed error tolerance, an error displays and a recount is required.

If the cycle count type is Recount, the quantity on hand is updated to the count amount even if it is out of tolerance.

See Also

Cycle Count Results Entry [icccaj.p]

This inquiry shows

- The inventory transaction (CYC-CNT)
- The location (FORD001)
- The quantity change (-1.0)

As normal, the result is posted to a variance account.

Transaction Detail Inquiry


Transactions Detail Inquiry
12/21/07

Transaction: 17544 Display E-Signature Details: No Output: page

Tran Nbr: 17544 Order:

Trans Type: CN-CNT Revision: 0

Date: 12/21/07 Item Number: 55-110

Time: 11:42 Description: EVAPORATOR, SERIES 1000

Effective Date: 12/21/07 Unit of Measure: EA

Remarks: 17543 Address:

User ID: PJR Name:

Program: Tcccaj.p Sales/Job:

Currency: USD Ship Type:

Qty Change: 0.0 Price: 100.00

Shipper Number: Inv Mov:

Ship Date:

Site: 10000 Inventory Data

Location: FORD001 Begin Balance: 574.0

Lot/Serial: Quantity Change: 0.0

Inv Status: N-N-N Qty Short: 0.0

Supplier Lot: Begin Loc Bal: 79.0

Grade/Assay: Loc Qty Change: 1.0

Reference: EXPIRE Date:

 Batch:

Material: 100.00 Cost Data

Labor: 0.00 Overhead: 0.00

Burden: 0.00 Subcontract: 0.00

 Cost Total: 100.00

CN-CNT

Dr Acct: 1500 10000 1500

Cr Account: 5900 10000 1500

Amount: 100.00 GL Reference: IC071221000014

But we also recognize that this was a consignment location. So what we reverse the reduction in inventory for consignment purposes. We're going to add that item back in because we want to book it as a sale and reduce it as a sale.

This CN count actually adds inventory back into that location just for the purpose of selling it in the next transaction.

But what we do is to indicate the instigating transaction in the remarks. The remarks field shows the inventory transaction of the cycle count adjustment.

We made the cycle count adjustment to put it back in, but only so we could book a sales order transaction. All this happens at the same time. There's no deviation, there's no interruption, there's no manual intervention here.

It backs out what was previously booked.


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Transactions Detail Inquiry



Transactions Detail Inquiry
12/21/07

Transaction: 17545 Display E-Signature Details: No Output: page

Tran_Nbr: 17545 Trans Type: ISS-S0 Date: 12/21/07 Time: 11:42 Effective Date: 12/21/07 Remarks: User ID: pjr Program: icccaj.p Currency: USD Qty Change: 0.0 Shipper Number: Ship Date: 12/20/07	Order: S033534 Revision: 0 Item Number: 55-110 Description: EVAPORATOR, SERIES 1000 Unit of Measure: EA Address: ford001 Name: FORD Plant 001 Sales/Job: S033534 Ship Type: Price: 10.00 Inv Mov:
--	--

QAD Proprietary
2008-CI-SU-930

Now we can book it to the cost of goods sold. Instead of creating a new transaction we leverage the transactions that we need to and create consignment transactions to do only those things that will link the two. The main difference is that with abnormal cycle count reduction of inventory inside the four walls, you lose that money. But when it's a cycle count reduction at the customer's side the customer pays for it.

Item Cost Maintenance (1.4.9)

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Item Cost Maintenance

Item Cost Maintenance X

Go To Actions Copy Print Preview Attach

Attachments

Item Number: 55-110 Description: EVAPORATOR,SERIES 1000
Unit of Measure: EA

Totals							
Totals:	110.00	0.00	110.00	☐	02/22/08	☐	

GL Cost Data (Site: 15000 / Set: Standard)							
Element	This Level	Lower Level	Total	Pri	Category	A/D	
Material	110.00	0.00	110.00	☒	Material	☐	
Labor	0.00	0.00	0.00	☒	Labor	☐	
Burden	0.00	0.00	0.00	☒	Burden	☐	
Overhead	0.00	0.00	0.00	☒	Overhead	☐	
Subcontr	0.00	0.00	0.00	☒	Subcontr	☐	
				☐		☐	

Item Cost Maintenance (1.4.9)

QAD Proprietary
2008-CI-SU-940

Cost Adjustments

Typically when an item's cost changes, all of the inventory is revalued. The same principle applies to consignment inventory. Here's a situation where we've gone into item cost maintenance and increased material cost by \$5.00 to \$110.

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Transactions Detail Inquiry

Transactions Detail Inquiry

01/16/08

Transaction: 17567 Display E-Signature Details: No Output: page

Tran Nbr: 17567 Trans Type: CST-ADJ Date: 01/16/08 Time: 10:15 Effective Date: 01/16/08 Remarks: User ID: mfg Program: pptmt03.p Currency: AUD Qty Change: 0.0 Shipper Number: Ship Date:	Order: Revision: 0 Item Number: 55-110 Description: EVAPORATOR,SERIES 1000 Unit of Measure: EA Address: Name: Sales/Job: Ship Type: Price: 5.00 Inv Mov:
---	--

Site: 10000 Location: FORD001 Lot/Serial: Inv Status: Supplier Lot: Grade/Assay: Reference:	Inventory Data Begin Balance: 574.0 Quantity Change: 0.0 Qty Short: 0.0 Begin Loc Bal: 79.0 Loc Qty Change: 0.0 Expire Date: Batch:
---	---

Material: 110.00 Labor: 0.00 Burden: 0.00	Cost Data Overhead: 0.00 Subcontract: 0.00 Cost Total: 110.00
---	---

Dr Acct: 1500 Cr Account: 1550 Amount: 395.00	CST-ADJ <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">10000</td> <td style="width: 33%;">1500</td> <td style="width: 33%;"></td> </tr> <tr> <td>10000</td> <td>1500</td> <td></td> </tr> </table>	10000	1500		10000	1500	
10000	1500						
10000	1500						

GL Reference: IC080116000002

3.21.1
Transactions Detail Inquiry
ictrig.p

QAD Proprietary
2008-CI-SU-950

The normal booking of this transaction is a cost adjustment and that hits all of inventory for the difference: 89 pieces X \$0.75. So your inventory account has been updated.



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Transactions Detail Inquiry

01/16/08



Transactions Detail Inquiry

01/16/08

Transaction: 17568 Display E-Signature Details: No Output: page

Trans Nbr: 17568

Trans Type: CN-ADJ

Date: 01/16/08

Time: 10:15

Effective Date: 01/16/08

Remarks: 17567

User ID: mrg

Program: pptmt03.p

Currency: AUD

Qty Change: 0.0

Shipper Number:

Ship Date:

Order: S033534

Revision: 0

Item Number: 55-110

Description: EVAPORATOR,SERIES 1000

Unit of Measure: EA

Address:

Name:

Sales/Job:

Ship Type:

Price: 5.00

Inv Mov:

Site: 10000

Location: FORD001

Lot/Serial:

Inv Status: N-N-N

Supplier Lot:

Grade/Assay:

Reference:

Inventory Data

Begin Balance: 574.0

Quantity Change: 0.0

Qty Short: 0.0

Begin Loc Bal: 79.0

Loc Qty Change: 0.0

Expire Date:

Batch:

Cost Data

Material: 110.00 Overhead: 0.00

Labor: 0.00 Subcontract: 0.00

Burden: 0.00 Cost Total: 110.00

Dr Acct: 1502

Cr Account: 1503

Amount: 380.00

CN-ADJ

GL Reference: IC080116000003

3.21.1

Transactions Detail Inquiry

ictrinq.p

QAD Proprietary

2008-CI-SU-960

Now we update the consigned accounts as well, using remarks to link the two together.

Here are the consigned accounts being updated with the similar value.



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Transactions by Item Report

QAD 302 QP

01/16/08 15:14:54

Page:2

Date	Eff Date Sales/Job	Trans Remarks	Type Ship Date	Order Shipper Number	Address Inv Mov	Qty Required	Loc	Qty Change	Location	T	End Balance
12/21/07	12/21/07 SO33534	17545	7546 CN-USE 12/20/07	SO33534	ford001	0.0		0.0	FORD001		574.0
12/21/07	12/21/07		7541 CST-ADJ			495.0	0.0	100			574.0
12/21/07	12/21/07		7541 CST-ADJ			574.0	0.0	FORD001			574.0
12/21/07	12/21/07		7541 CN-ADJ	SO33534		0.0	0.0	FORD001			574.0
12/21/07	12/21/07	17548	7550 CN-ADJ	SO33534		0.0	-3.0	FORD001			76.0
11/16/08	01/16/08		7560 CST-ADJ			495.0	0.0	100			574.0
11/16/08	01/16/08		7561 CST-ADJ			574.0	0.0	FORD001			574.0
11/16/08	01/16/08		7560 CN-ADJ	SO33534		0.0	0.0	FORD001			574.0
11/16/08	01/16/08	17562									
NON-INVENTORY TRANSACTIONS											
11/22/00	11/22/00	1640 WO-CLOSE	03030014			0.0		0.0		M	
Item: 55-110 Site: 15000 EVAPORATOR, SERIES 1000 UM: EA											
14/23/06	04/23/06	13593 CST-ADJ				-525.0	0.0	100			-525.0
15/05/06	05/05/06	13924 RCT-UNP	05/05/06			0.0	1.0	100			-524.0
15/05/06	05/05/06	13925 RCT-UNP	05/05/06			0.0	500.0	100			-24.0
10/19/06	10/19/06	16788 RCT-UNP	10/19/06			0.0	124.0	100			100.0
NON-INVENTORY TRANSACTIONS											
11/22/00	11/22/00	1641 WO-CLOSE	03030015			0.0	0.0			M	
11/22/00	11/22/00	1759 WO-CLOSE	03100109			0.0	0.0			M	
11/22/00	11/22/00	1760 WO-CLOSE	03100110			0.0	0.0			M	
Item: 6543 Site: 10000 10mm ball bearing UM: ea											
15/19/01	05/19/01	2085 ISS-UNP				0.0	-1.0				-1.0
15/19/01	05/19/01	2086 RCT-UNP	05/19/01			0.0	100.0				99.0
15/20/01	05/20/01	2090 ISS-SO	200049	WANA		150.0	-150.0				-51.0
15/20/01	05/20/01	2091 RCT-UNP	IV300010			0.0	500.0				449.0
15/20/01	05/20/01	2092 RCT-UNP	05/20/01			0.0	-400.0				49.0
15/20/01	05/20/01	2094 ISS-SO	200050	WANA		150.0	-150.0				-101.0
15/20/01	05/20/01	2095 RCT-UNP	IV300018			0.0	101.0				0.0
15/21/01	05/21/01	2100 ISS-SO	200053	WANA		150.0	-150.0				-150.0
15/21/01	05/21/01	2102 RCT-UNP	IV300019			0.0	150.0				0.0

QAD Proprietary

2008-CI-SU-97

As a snapshot of all these transactions going on behind the scenes, this is a transactions by item report. And you can see in the columns of the remarks fields or the type fields the consignment activity going on, or you can see the difference between the consigned remarks or a transaction ID or an invoice for a sales order shipment.

You get a clear indication, when you do these reports, of what's linked together. Using this, you can research what activity has taken place through consignment history.

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Consignment Adjustment

Consignment Inventory Adjust... ✕

Go To ▾
Actions ▾
Copy ▾
Print
Preview
Attach

Attachments

Item Number: 10-20000-001 Description: NOMAD(TM) COOLING SYSTEM AUTOMOTIVE UNIT Quantity: 1.0 Unit of Measure: EA Conversion: 1.0000 Unit Cost: Order: Line: Remarks: Project: Effective Date:	Lot/Serial Control: UM: EA Site: 15000 Location: 200 Lot/Serial: Reference: Multi Entry: ☐ Total Qty: Total Cost:
Dr Acct:	Cr Acct:

Consignment Inventory Adjustment (7.18.25.1)

QAD Proprietary
2008-CI-SU-840

The consignment inventory adjustment is really a manager's screen, where someone who is perhaps the cost accounting manager or someone well-placed in inventory or materials management might do an adjustment, in much the same way someone on a general ledger side might do a journal entry. That's the sole purpose of this type of transaction. It's not for everybody, it's not for everyday use, but it's there to get you out of trouble and to reconcile things.

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Consignment Adjustment

Transactions Detail Inquiry 12/21/07

Transaction: 17550 Display E-Signature Details: No Output: page

Tran Nbr: 17550 Trans Type: CN-ADJ Date: 12/21/07 Time: 12:00 Effective Date: 12/21/07 Remarks: User ID: pjr Program: socnadj.p Currency: USD Qty Change: -3.0 Shipper Number: Ship Date:	Order: S033534 Revision: 0 Item Number: 55-110 Description: EVAPORATOR, SERIES 1000 Unit of Measure: EA Address: Name: Sales/Job: Ship Type: Price: 105.00 Inv Mov:
--	---

Site: 10000 Location: FORD001 Lot/Serial: Inv Status: N-N-N Supplier Lot: Grade/Assay: Reference:	Inventory Data Begin Balance: 79.0 Quantity Change: -3.0 Qty Short: 0.0 Begin Loc Bal: 79.0 Loc Qty Change: -3.0 Expire Date: Batch:
--	--

Material: 105.00 Labor: 0.00 Burden: 0.00	Cost Data Overhead: 0.00 Subcontract: 0.00 Cost Total: 105.00
--	--

Dr Acct: 1502 Cr Account: 1503 Amount: -315.00	CN-ADJ GL Reference: IC071221000020
--	---

QAD Proprietary 2008-CI-SU-850

And here's a view of the consignment adjustment being created.

Aging


Our Passion. Your Advantage.

Aging

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

QAD Proprietary2008-CI-SU-1010

As a supplier, you use this functionality when you ship material to your customer and you want to record how long they've kept your material.

We've shown in the past how you ship the material out and how an aging day is calculated. It's calculated into the future. We give you reports so you can maintain and have visibility of those dates. And we have maintenance screens that allow you to manage those dates. We imagine you and your customer being on a phone when these dates start to arrive, and they say, "Oh, can we have another three months?" Or, "Can you give us till the end of the week before we use this material?" We also give you the ability to change ownership status at any time, so if you and your customer come to an agreement and say, "Let's just change ownership of it," you both can do it at the same time.

Aging Inventory Update (7.18.10)

Aging Inventory Update

Sold-To: 1006000
 Ship-To:
 Ship-From:
 Item Number:
 PO Number:
 Order:
 Ship Date: 10/13/2008
 Aged Date:
 Effective Date: 10/13/2008

To:
 To:
 To:
 To:
 To: 10/13/2008
 To:

Aging Inventory Update (7.18.10)

QAD Proprietary 2008-CI-SU-1015

This is an aging inventory update screen. It's a workbench that allows you to go into each shipment and change the date.

If you've renegotiated this with your customer, you can go in here and update it, and you can go give it a new date or add additional days.

There is also a batch update allowing you to enter a date for an entire order and it updates all the dates or adds, as you specify.

Aging Inventory Report by Order (7.18.4.7)

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Aging Inventory Report by Order

Aging Inventory Report by Order X

Go To Actions Copy Print Preview

Start Date: 10/13/2008

Sold-To:

Ship-To:

Ship-From:

Item Number:

PO Number:

Sales Order:

To:

To:

To:

To:

To:

To:

Interval: Day

Intervals Per Column: 1

Details: ☐

Output: page

Batch ID:

Aging Inventory Report By Order (7.18.4.7)

QAD Proprietary
2008-CI-SU-1020

As for reporting, there is a variable amount of information or how you want to review the reports for aging. You might want to see things in monthly buckets and then in weekly buckets or daily buckets.

This report is configurable.

You have a set number of columns, seven or eight columns, and you decide what those columns represent. They can represent two weeks, they can represent one month, they can represent five months.

You can enhance that by displaying the details, and if it finds quantities in those months, it shows what shipments make up those quantities.



Customer Consignment Inventory

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

Customer Consignment: Summary


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Customer Consignment: Summary

- ▲ Business Objectives
 - Ship normally
 - Retain ownership of material
 - Defer invoice and A/R activity
 - Maintain visibility of inventory
 - Manage Consignment Inventory accounts
 - Recognize “usage” by customer
 - Create audit trail
 - Trigger invoice or process Self-Bill

QAD Proprietary2008-CI-SU-1040

The main objective here is that you need to keep track of your inventory, you need to keep track of your inventory value, but you want to defer you AR, your invoicing and billing. So you want to be able to ship normally, maintain ownership, but maintain visibility of that consignment. You want to maintain visibility of the accounts and the value of that consignment inventory.

You also want to recognize usage when it comes in from the customer, keep an audit trail of that, use that for any type of reconciliation. And then let your billing process go through as it normally does.

This allows you to ship in a normal fashion. Your CUMs are all taken care of, and now you and your customer are in sync all the time.

Chapter 5

Supplier Consignment Inventory



Supplier Consignment Inventory

- ▲ Course Overview
- ▲ Introduction and Business Overview
- ▲ Design Considerations
- ▲ Set Up and Controls
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- ▲ Summary

Supplier Consignment Inventory



- ▲ Course Overview
- ▲ Introduction and Business Overview
- ▲ Design Considerations
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- ▲ Summary Topic



Introduction

- ▲ What is Consignment Inventory?
 - Inventories, generally of finished goods, that are in the possession of customers ... 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)

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2008-CI-SCI-050

Now specifically we're looking at supplier consignment, where you're in the role of the customer. In the supply chain, you're a customer and you're ordering material from your supplier that you will receive but you won't pay for until you've used it. It adds a step between the receipt and vouchering process, a timing mechanism.

Why Consignment Inventory



Why consignment inventory?

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

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2008-CI-SCI-060

Pay only for what's been used

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

Less inventory obsolescence

It also lessens your inventory obsolescence because you haven't bought all of the material. If the material becomes obsolete for one reason or another, then you don't 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. Because of the rate at which you use material, their deliveries match your usage rates and your planning. And it allows suppliers to manage their own inventory investments, and leads to a more vendor-managed inventory scenario.

Suppliers manage their own inventory

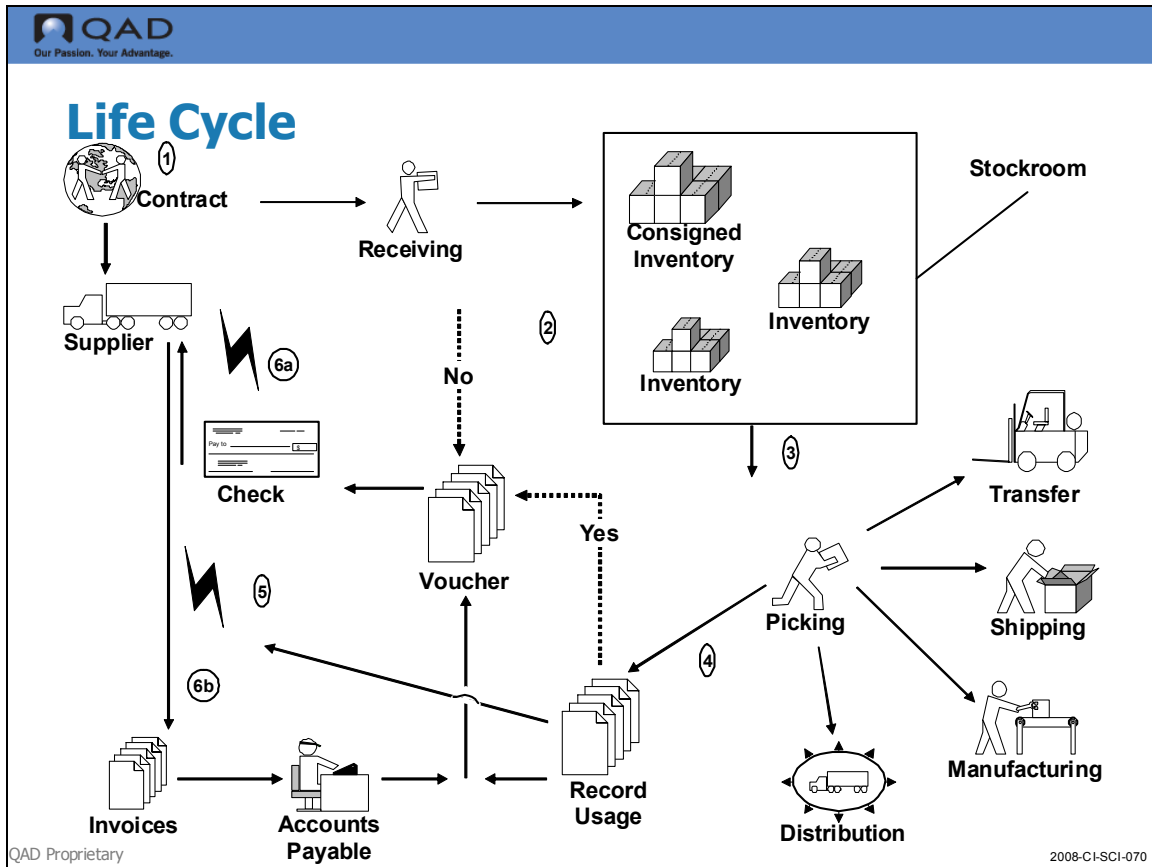
The difference between vendor-managed and consignment, again is the timing. Because you're really not going to pay for everything you've received. So there's a real visibility component to this in order to allow this process to happen.

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

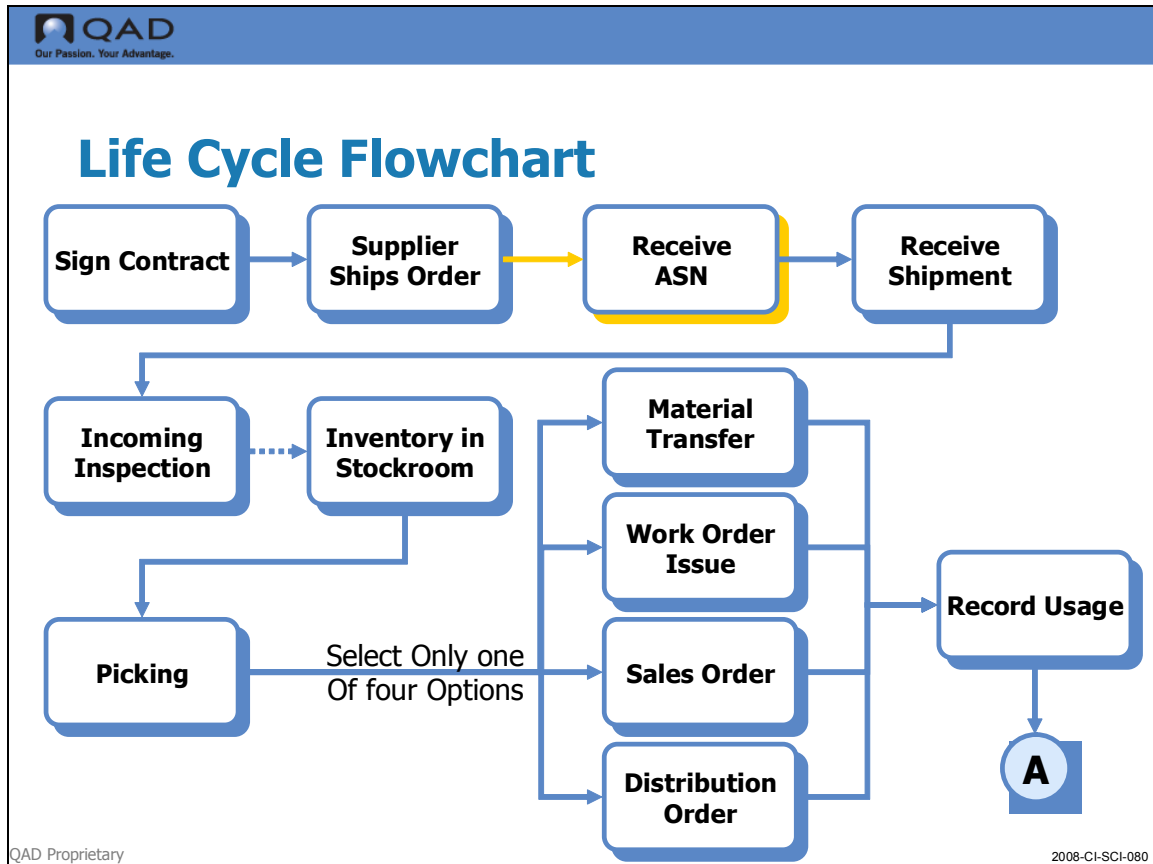


Supplier Consignment Inventory

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- ▲ Summary Topic

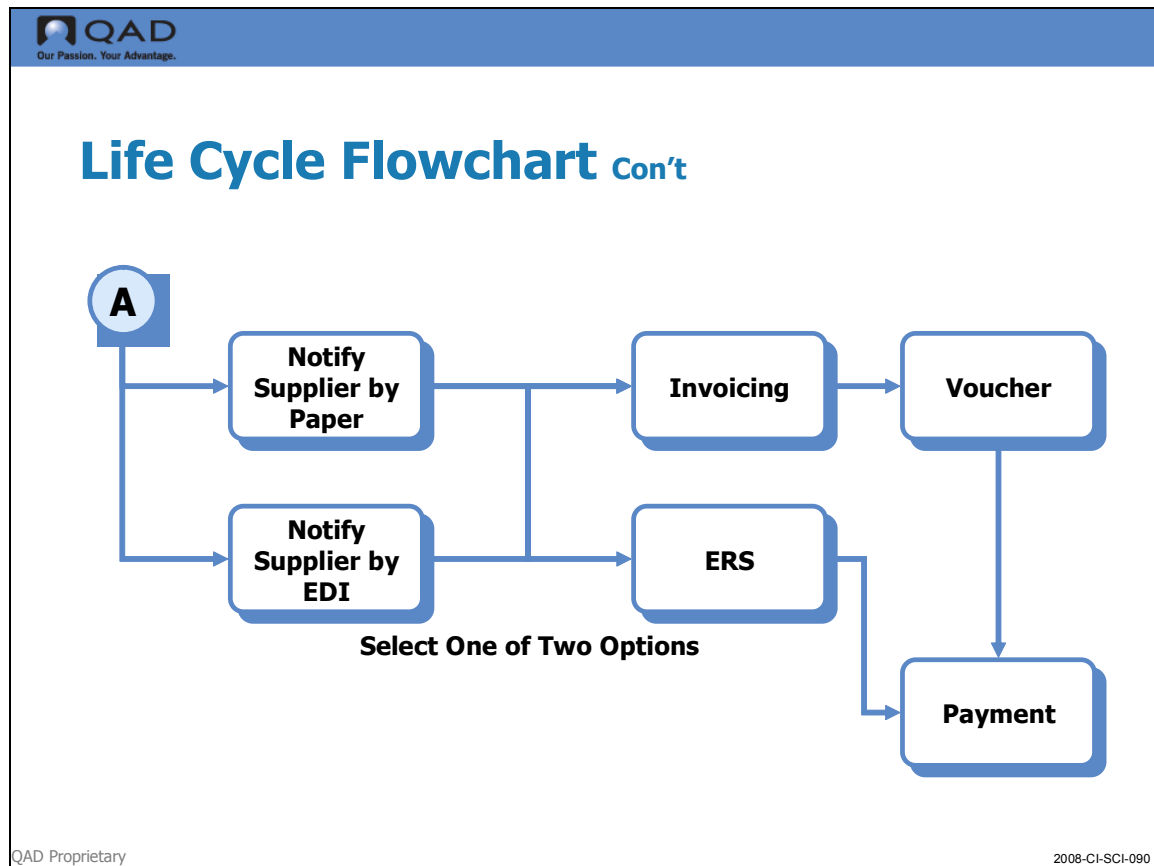


This is a pictorial representation of what happens in supplier consignment. We see, by the icons, the roles as they occur on both the supplier and the customer side.

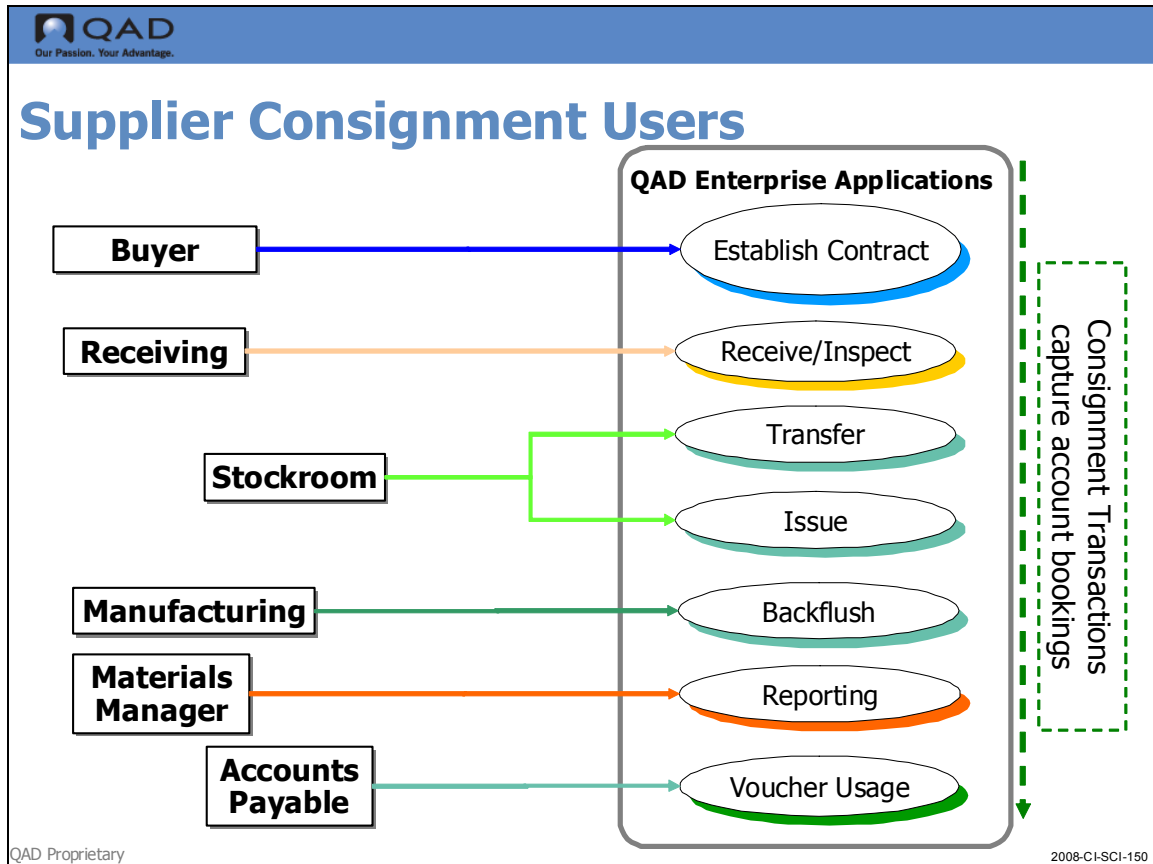


- 1 A contract is created between customer and supplier dictating the items to be purchased on consignment. The contract is either a normal PO, a Blanket PO, or Scheduled Order that includes clauses on deferring liability. The contract may also include the maximum number of days the customer is permitted to hold the material without liability of payment. This ensures the material 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 schedule 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 that material has been “consumed” by the customer.
- 3 “Consumption” of consigned material occurs when the customer has used the items. This 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-thru parts (Sales Order Shipments or Shipper Confirm)

- 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 may be a partial amount and may 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. This 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 have to recognize the difference between receipts of consigned material that have been consumed and those that have not been consumed. AP either sends payments based on consumption (i.e., 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.



Note Consignment Transactions capture account bookings

This is an overview of the roles that would be played in the use of supplier consignment inventory. It's a generalization as to how the roles might be distributed in the use of this functionality. It shows who's responsible for what portion of supplier consignment, and you can see that there are a lot of people involved. Everybody gets their hands in there. Also, on the right hand side, you get the indication that transaction bookings are all done behind the scenes, so there's not any manual intervention on any of the transactions that occur; that happens under the covers.



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

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2008-CI-SCI-160

Really what it comes down to are the business objectives for supplier consignment, and again this is your role as a customer.

You want to receive material normally. Your receiving dock doesn't really want to do new transactions to handle consignment receipts differently from their normal receipts. They might have to put it in a different location, but that is easily specified either inside the system or outside the system with some procedure.

With consignment material, you want to defer the ownership of the material. It is still the supplier's material, and you don't want to take ownership of the inventory.

You want to 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.

You also want to satisfy MRP requirements, so even though you don't own the material, MRP is still going to see the material to fulfill its planning and re-planning of replenishments.

You typically want to manage a set of consignment inventory accounts, so you can view the value of the consigned inventory, even though it's not your inventory.

Finally, you want to recognize usage as a trigger to trade. You want to create an audit trail so you can do research against 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

- ▲ Course Overview
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2008-CI-SCI-180

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, and that 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, even though it's sponsored by the automotive development group, isn't automotive-specific. It's really broad-based, and can be used in any of the verticals today.



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Design Considerations



Our Passion. Your Advantage.

Design Considerations

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

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2008-CI-SCI-200

Now we're going to look at the design considerations for supplier consignment inventory.

We'll look at inventory locations: what's different in the use of inventory locations when the inventory is consigned?

Then accounting: what kind of account codes are required when it isn't quite mine yet physically the items are in my possession?

Then deferring the vouching process. We'll look at the variable trigger points based on what different business cases require.

Then transaction history: the detail we've always had in QAD Enterprise Applications to show the granular level of who did what with what transaction and the account codes and monetary values associated with it.

And then some added features that really come into play when you have supplier consignment inventory as a business process.

Inventory Locations



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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

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We've talked about what we call multiple ownership transfer points. That's just basically saying there are four or five different places where the transfer of ownership takes place. You do an issue from your stockroom out to your repetitive order or your work order. You do a sales order issue or 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're going from one location to another location. So that's what really drove this little feature home, and that is, how to treat inventory locations. Do you say one is consigned and another one isn't consigned? Does your stockroom clerk have to know which are the consigned inventories and which can only handle regular inventory material?

And what we've 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)

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2008-CI-SCI-220

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 so as to have a zero effect on the balance sheet because the material is not yours. These two accounts play a role in three different places. Of course, in the System Account control file 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

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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

QAD Proprietary2008-CI-SCI-230

Vouchering is an ingrained issue with this project. With consignment, you want to separate what can be vouchered from what cannot. Traditionally in QAD Enterprise Applications, we found that as soon as receipts occur, vouchering is able to take place. That was the whole background for the ERS subsystem - evaluated receipts settlement - because as soon as receipts occur, ERS creates vouchers.

Here you sever that tie with what's called a pending voucher file. So now receipts can occur, and normal receipts will occur and also create a pending voucher, so the vouchering process will occur normally. For a consignment, receipts will occur, transaction history will occur, receipt history will occur, but no pending voucher will occur until usage transactions happen. So we effectively isolate or separate the receipt functionality from the vouchering functionality. And this is only applicable to supplier consignment.

Transaction History


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Transaction History

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

QAD Proprietary2008-CI-SCI-240

We have looked at the consignment accounts, and these consignment transactions handle the debits and credits to those consigned accounts. This 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 do the issue, do part of the receipt, and do the normal issue to the work order, or the distributed order, and so forth. Here we leverage the existing QAD Enterprise Applications transactions so that the consignment transactions deal only with the consignment accounts.



Transaction History con't

- ▲ 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

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This is a short flow of what happens, and the transactions you see when you do supplier consignment.

The first thing is a receipt, and we're deferring the receipt, or PO. What we're doing is replacing that with a consign receipt, because we're going to update the consigned value of the books and not the inventory value of the books.

When we do a usage, we consider that, now we're going to do a mini-PO receipt. That's where the receipt PO comes in. We're doing that because we're going to leverage off the other functionality that a receipt 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're in an average costing or standard costing environment, this functionality is still going to work true to the performance of how a cost accountant would want to view the inventory; you are just deferring things here and there, and you're leveraging the existing transactions and transaction history. So, when usage occurs, you're going to do a mini-receipt, you're going to issue out of the consigned accounts, and you're going to do the normal inventory issue transactions that occur, whether it's a work-order issue, a distributed order issue, and so on.

Finally, we have transaction history that's part of this aging functionality that we've built. So that is more or less an adjustment. That represents material that just sits at our location, and we just change ownership to it. We're going to adjust the consignment valuation of it, and then we're going to do a mini-receipt on it. The material doesn't physically move anywhere; it's 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

QAD Proprietary2008-CI-SCI-260

Finally, we just want to itemize 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 the way that you want it to, and the system will remember that. We have usage reporting back to the supplier via e-commerce. You could do that manually; we give you the choice. We talked already a little bit about the aging. We also give you a view through inventory reporting whether to include, exclude, or only display consigned material. So here you've got visibility of what's yours and what your supplier still owns. And then finally, we've added something that's not consignment-specific, but it's simply an unconfirmed PO shipment report. So this represents ASNs that have been imported, but the shipment hasn't arrived yet.

Summary


Our Passion. Your Advantage.

Summary

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 - Design Considerations
- ▲ Set Up and Controls
- ▲ Common Functionality
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- ▲ Summary

QAD Proprietary2008-CI-SCI-280

We've explained the business objectives of what consignment, and why certain businesses do consignment and what's involved, and in supporting those 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 have an inventory transfer evident, and easily set up. We want to make sure the transaction history specifically states and displays the information that's occurring, or the transactions that are occurring.

You're using the inventory transactions that were there in the account code structure, adding only the minimum required to include the proper management of consignment inventory.



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Supplier Consignment Set Up and Controls



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Set Up and Controls

- ▲ Determine Business Processes
- ▲ Activate System
- ▲ Create Defaults Settings

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2008-CI-SCI-300

We've talked about the "why" of supplier consignment inventory. Now we're going to talk about what you actually do to make this process work.

In setting up, we have to take into consideration our particular business process, what we are trying to accomplish. We want to activate the system, turn on supplier consignment inventory, and in the process of doing that, we have a number of defaults that we want to establish, especially with control file settings, in order to configure the appropriate behavior in the system.

Determine Business Procedures



Determine Business Procedures

- ▲ Accounts and Accounting Options
- ▲ Tax Options
- ▲ Transfer Ownership Options
 - Inventory Locations Settings
- ▲ Terms of the Contract
 - Maximum Aging Days
 - Supplier Default Settings

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2008-CI-SCI-310

As far as their everyday business process is, we've got a couple more or less pre-setup things to consider: How you want to deal with your accounts and accounting options, and your taxations options.

For the transfer ownership options, it involves the setting of your inventory locations and how you want it to map out what locations can contain consigned material, and what can definitely not contain consigned material, and then the terms of the contract, which is more or less setting up some defaults.



Set Up and Controls Flow



- ▲ Determine Business Process
- ▲ Accounts and Accounting Options
- ▲ Tax Options
- ▲ Transfer Ownership Options
- ▲ Contract Options
- ▲ Activate System
- ▲ Create Contracts

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2008-CI-SCI-320

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

Accounts and Accounting Options



Accounts and Accounting Options

▲ Accounting Procedure

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

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2008-CI-SCI-330

First we'll look at the accounts and accounting options.

We have two accounts here: consigned inventory accounts, and consigned off-setting accounts. The purpose of those is to balance out 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'll debit inventory, we'll increase inventory, and we'll credit the offset account. As we use the material, we'll deduct from the inventory account and offset it with the off-setting account.

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

Now let's look at three accounting options.

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"

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2008-CI-SCI-340

This 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, and 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, but it gives you the flexibility of having your inventory represent the entire inventory in your facility, and not having to go to two accounts to represent everything in your four walls.

On things like the Inventory Valuation Report, where you're looking at your inventory valuation, you would include supplier consignment. So you would 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"

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2008-CI-SCI-350

This second option is a little bit more popular, and that is to separate consigned inventory and your normal inventory. With this approach, under your assets accounts you'll see consigned inventory, and then you'll see your own inventory, and they'll be separated there. So you'll define two new accounts, one for the inventory, and one for the offset.

Again, they 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. And if you go to an inventory valuation report, you want to make sure that you set "include consignment inventory" to "no," so you don't 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

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2008-CI-SCI-360

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

Product Line Maintenance (1.2.1)

Product Line Maintenance

Product Line: 1500
Description: AUTOMOTIVE PRODUCTS

Taxable: ☐
Tax Class:
Default Sub-Account: ☐ Override:
Default Cost Center: ☐ Override:

Consignment Accounts

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			

Account Code Maintenance

Account: 1520
Description: PO Consigned Inventory
Type: A
Currency: USD
Format Position: 11000 CURRENT ASSETS
10100
10000 ASSETS

Sub-Module Entries Only: ☒
Statistical Account: Active: ☒
Curr Translation Index: 1

Define Accounts

Product Line Maintenance (1.2.1)

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This is a screenshot of product line maintenance, just to point out where these accounts are defined, and you can see here that in the product line we give you the PO, the consigned inventory account, and the off-setting account, and in account code maintenance, you define what the account is and where it's going to reside on the balance sheet.

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

Tax Options (Global Tax Management)



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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)

QAD Proprietary 2008-CI-SCI-380

This is a simple parameter for a tax accrual.

Today, there are options of whether you're going to accrue tax at receipt time or voucher time, and the introduction of consignment sits right in the middle of that. Because you're between receipt and voucher, and you really want to accrue tax at usage and most of the customers say that they really accrue tax at that time. But to lessen the disruption between this accrued tax at receipt and for a consignment scenario, you want to introduce accrued tax at usage. We've introduced a new parameter, which is accrued tax at usage.

Tax Rate Maintenance

Tax Rate Maintenance

The screenshot displays the 'Tax Rate Maintenance' window in the QAD system. The 'Global Tax Management Contr...' window is open, showing fields for Tax Zone (CAN), Tax Environment (USA), Country Code (usa), Rounding Method, Tax Method (01), and Tax-By-Line (checked). A red box highlights the 'Accrue Tax at Receipt' and 'Accrue Tax at Usage' checkboxes, which are part of the 'Accrue Tax Settings' section. A red arrow points from this box to the 'Accrue Tax at Receipt' checkbox in the 'Tax Rate Maintenance' window. The 'Tax Rate Maintenance' window shows fields for Tax Type (CA-TX), Item Tax Class, Tax Usage, Effective Date (10/14/2008), Tax Code (30), Description, Tax Rate (0.00%), Tax-By-Line (checked), Tax Base, Minimum Taxable Amount (0.00), Maximum Taxable Amount (999,999,999,999.99), Tax Recoverable (0.00%), Tax Method (01), and Expiration Date. The 'Accrue Tax at Receipt' and 'Accrue Tax at Usage' checkboxes are also highlighted in the 'Tax Rate Maintenance' window.

Global Tax Management Contr... x

Go To Actions Copy Print Preview

Tax Zone: CAN

Tax Environment: USA

Country Code: usa

Rounding Method:

Tax Method: 01

Tax-By-Line: ☒

Accrue Tax at Receipt: ☐

Accrue Tax at Usage: ☐

Discount Tax at Invoice: ☐

Discount Tax at Payment: ☐

Update Tax Allowed: ☐

Update History Allowed: ☐

Keep Tax History: ☒

Validate VAT Registration: ☐

Print VAT Registration: ☐

Display Detail on Reports: ☐

Display Taxable/Non-Taxable on Trailer: ☒

Last Tax Code:

Tax Rate Maintenance x

Go To Actions Copy Print Preview

Tax Type: CA-TX

Item Tax Class:

Tax Usage:

Effective Date: 10/14/2008

Tax Code: 30

Description:

Tax Rate: 0.00%

Tax-By-Line: ☒

Tax Base:

Minimum Taxable Amount: 0.00

Maximum Taxable Amount: 999,999,999,999.99

Tax Recoverable: 0.00%

Tax Method: 01

Expiration Date:

Accrue Tax at Receipt: ☐

Accrue Tax at Usage: ☐

Discount Tax at Invoice: ☐

Discount Tax at Payment: ☐

Comments:

Accrue Tax Settings

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You can see in Global Tax Management Create (2.13.24) and Tax Rate Maintenance (2.13.13.1), that these parameters reside side by side. You define how you're going to accrue tax on your normal purchases, and then over and above that, you're to say how you're going to accrue tax for your consignment, which is accrued tax at usage.

If you say accrue tax at usage as "no," what you're really telling the system to do is to default back to your accrue tax at receipt setting. So, essentially, you can say, "accrue tax at usage - no" and have all of your tax accrued at voucher, if that's the way your business process is set.

In the U.S. tax structure there may be options, but there's a number of countries in the world where the taxation laws are going to dictate which way you have to go, and you have the flexibility here to comply; as each tax rate has its own setting.

Transfer Ownership Options



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Transfer Ownership Options

- ▲ Determined by "receipt" location
- ▲ Inventory Transfer
 - "To" Location
- ▲ Distributed Order Shipment
 - "GIT" Location
- ▲ Distributed Order Receipt
 - "Receiving Site" Location

QAD Proprietary 2008-CI-SCI-400

As for ownership options, when it comes to transferring material, transferring it from one location to another location, you can do that in a number of ways. You can do it through a normal inventory transfer, or you can do it through a distribution order. The system processes look at the receiving location, and the attribute of the receiving location is going to specify whether this location can accept the consigned material as is or there has to be an ownership transfer before the material gets to its destination.

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

Location Maintenance

The screenshot displays two overlapping windows from the QAD software interface. The background window is titled 'Site Maintenance' and shows details for 'Site: 110', including its description 'Distribution Warehouse', entity '100', and various status and domain settings. The foreground window is titled 'Location Maintenance' and shows details for 'Site: 100' and 'Location: Your Main Warehouse'. Both windows have a 'Transfer Ownership' checkbox at the bottom. A red box labeled 'Control Options' is positioned between the two windows, with arrows pointing to the 'Transfer Ownership' checkboxes in both, indicating that this setting is a shared control option.

Site Maintenance (1.1.13) Fields:

- Site: 110
- Description: Distribution Warehouse
- Entity: 100
- Default Inventory Status:
- Automatic Locations: ☒
- Domain: QP
- EMT Supplier:
- External Supplier:
- Transfer Variance Acct: 5030
- Transfer Ownership: ☐

Location Maintenance (1.1.18) Fields:

- Site: 100
- Location: Your Main Warehouse
- Description:
- Inventory Status:
- Project: Blank
- Date Created: 10/14/2008
- Permanent: ☒
- Type:
- Single Item: ☐
- Single Lot/Ref: ☐
- Capacity: 0.0
- UM:
- Reserved Locations: ☐
- Transfer Ownership: ☒

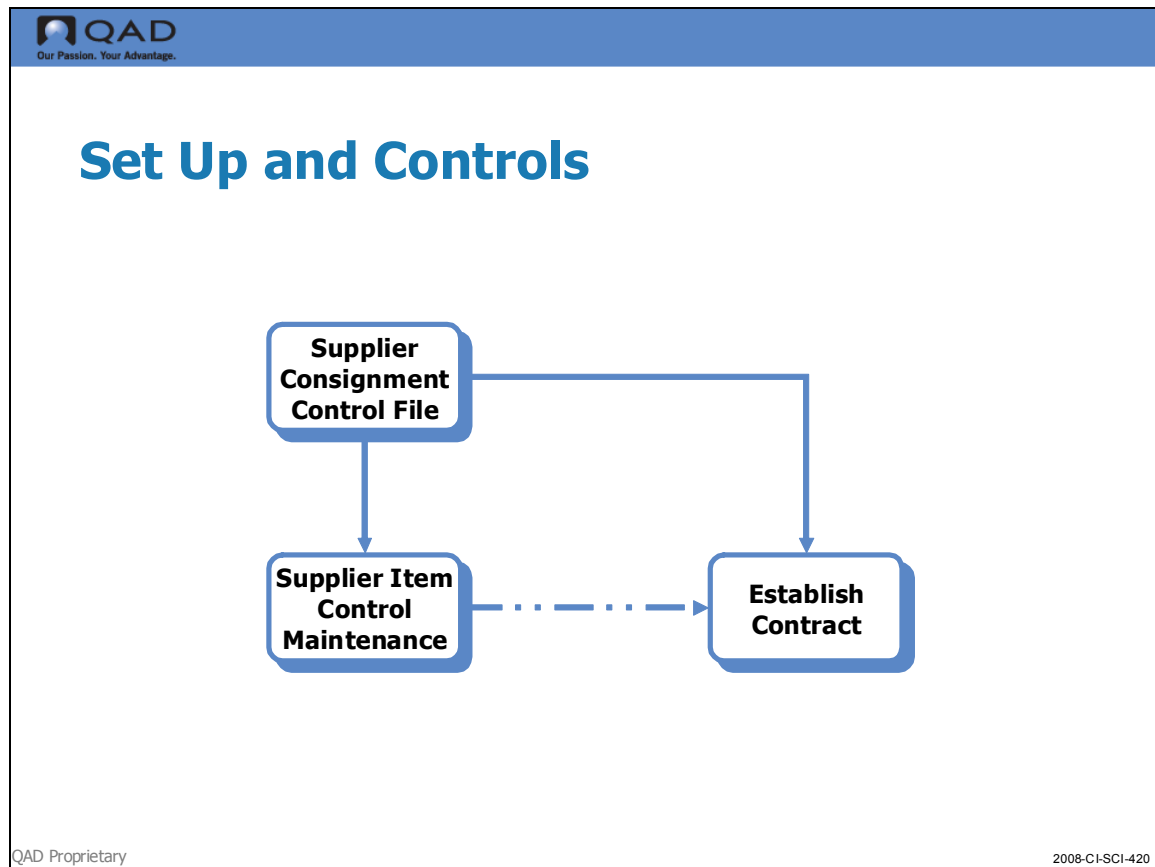
Control Options

Location Maintenance (1.1.18)

QAD Proprietary 2008-CI-SCI-410

These are the screens for Site Maintenance (1.1.13) and Location Maintenance (1.1.18). The transfer of ownership is at the bottom. You need to incorporate this parameter at site maintenance for two reasons. Number one is for defaults into new locations that are created. But also for temporary locations, or automatic locations that are created dynamically, the settings for those locations have to be defaulted from somewhere, so they'll be defaulted for the sites, on the site setting.

Supplier Consignment Activation



Those are some of the transactions that you need to think about when you're setting up this part of the system. We went through locations, we went through taxes, and we went through the accounts. Now we've got some things that are set up specifically for supplier consignment, including activating the system.

This graphic here shows that you have a control file that activates this module, and then you have an optional control file to set up supplier and supplier item-specific defaults. And those feed into establishing a contract.

Supplier Consignment Control (5.18.24)

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Consignment Control File

Supplier Consignment Control (5.18.24)

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2008-CI-SCI-440

This is the consignment control file where you activate the system. You also have parameters that are used as defaults in the processing further later on.

Aging days: a default number of aging days that will go into every contract, although you can override the setting.

You also have two processing options. The first one says, "How's the system going to look at consigned material?" Essentially, if the system's looking at a location that has a mix of consigned material and non-consigned material, what is the order that it should pick from this location? Is it going to be consignment first? Or maybe my own material first?

Supplier/Item Controls Maintenance (5.18.1)

Supplier/Item Controls Maint X

Go To Actions Copy Print Preview

Supplier: 002 Toronto Computer Services

Item Number: 01

Consignment Orders: ☒ Maximum Aging Days: 90

PO Cost Point: Usage

Supersedes Control File Settings

Supplier/Item Controls Maintenance (5.18.1)

QAD Proprietary 2008-CI-SCI-450

Here you have Supplier Item Controls maintenance, and this is a real optional facility. If you have suppliers or supplier items that are specifically set, and you want to treat them differently than the defaults that are set up at the control file, here's your opportunity to do that setup here.

If you're going to order from this supplier and this item, every time you build a purchase order or a scheduled order these defaults will come into play. That way, your buyer doesn't have to research or know, for this supplier and this item, that certain values need to occur. These supersede the control file settings. If we set use consignment first, "yes," then that will be the first material issued out of a location where there is both standard and consignment inventory. If it's no, it picks the un-consigned first. The transfer of ownership is really a single option that we've defined here, and that is component issue or back-flush.

Summary


Our Passion. Your Advantage.

Summary

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

QAD Proprietary2008-CI-SCI-470

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

With the minimal number of setup and control file settings that there are, that really further exemplifies the fact that you've leveraged standard functionality and have just added this intermediate dimension of, "How do I manage the ownership, display the ownership, manage the inventory, when it's in my possession but I do not own it yet, I have not yet paid for it?"



Supplier Consignment Inventory

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

Common Functionality


Our Passion. Your Advantage.

Common Functionality

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

QAD Proprietary2008-CI-SCI-490

Now let's look at what we're calling the common functionality--the life cycle--of supplier consignment inventory.

First you establish the contracts, and that contract could apply to either standard purchase orders, blanket orders, or scheduled orders.

Then you set up what happens at the point of receipt amongst the various points of usage that we can record; the reporting--that is, the visibility--of consignment throughout the entire process; and then, finally, the vouchering and payment process.

Supplier Consignment: Receiving

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Purchase Order Maintenance

Purchase Order Maintenance

Go To Actions Copy Print Preview

Header Lines Trailer

Lines Line Details Tax Info Comments

Header

Purchase Order: 1234 Supplier: 00040239 Ln Format S/M: Single

Lines

Ln	Site	Req	Item Number	Qty Ordered	UM	Unit Cost	Disc%
1				0.0		0.00	0.00%

Line Details

Qty Received: Due Date: CRT Int:

Qty to Rel: Pur Acct:

Single Lot: ☐ Performance Date: Project:

Location: Need Date: Type:

Revision: Sales/Job: Taxable: ☐

Status: Fixed Price: ☐ Inspection Requi: ☐ Cmnts: ☐

Supplier Item: UM Conversion:

Manufacturer: Stock UM Quantity:

Description: Update Avg/Last Cost: ☐

Extended Net Cost:

End Lines Next

QAD Proprietary *Purchase Order Maintenance (5.7)* 2008-CI-SCI-500

Here's a purchase order when the quantity has been received. What this doesn't show is both generating the schedule and shipping that to the supplier and doing a receipt itself, because none of those have really been touched, or none of those have any indicators that you're working with consigned material.

In the purchase order print, there is a label at each line that says that you're dealing with a consigned contract. But essentially, all of your supplier's schedules are the same, and all of your receiving transactions are the same.

What we're working through here is an example of the life cycle. So, at this point, we've gone through and we've received 100 on this order. This is a scheduled order. The order quantity is zero. That's not a problem.

Receipt History Report



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Receipt History Report



Receipt History Report

QAD 302 QP

Page: 1

12/21/07 13:44:28

Purchase Order: P0200254
Supplier: 00050000 American Steel Company
Ship-To Site: 10000
Buyer:
Item Number: 22-120 CORD, POWER, USA
PO Line: 1

Date	Time	Tran Nbr	User ID	Type	Site	Lot/Serial	Reference	Receipt Qty	UM	Adjust Qty	Cum Received	UM	Receiver
12/21/07	13:43	17553		Receipt	10000			100.0	EA		100.0	EA	RC100184
			pjr		100								

QAD Proprietary

2008-CI-SCI-511

This is a typical receipt history report, because what we want to display--this is the scheduled version of it--is that both your receipt quantity and your CUM quantities have been updated, so that even though you've purchased this on a consigned contract, all of your schedule mechanisms remain the same.

Transaction Detail Inquiry

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Transaction Detail Inquiry

12/21/07

Transaction: 17553 Display E-Signature Details: No Output: page

Tran Nbr: 17553 Order: P0200254 RC100184

Trans Type: CN-RCT Revision: 0

Date: 12/21/07 Item Number: 22-120

Time: 13:43 Description: CORD, POWER, USA

Effective Date: 12/21/07 Unit of Measure: EA

Remarks: Consigned Address: 00050000

User ID: PJF Name: American Steel Compa

Program: poporc.p Sales/Job:

Currency: USD Ship Type:

Qty Change: 100.0 Price: 1.00

Shipper Number: Inv Mov:

Ship Date: 12/21/07

Site: 10000

Location: 100

Lot/Serial:

Inv Status:

Supplier Lot:

Grade/Assay:

Reference:

Inventory Data

Begin Balance: 95,850.0

Quantity Change: 100.0

Qty Short: 0.0

Begin Loc Bal: 95,850.0

Loc Qty Change: 100.0

Expire Date:

Batch:

Cost Data

Material: 1.00 Overhead: 0.00

Labor: 0.00 Subcontract: 0.00

Burden: 0.00 Cost Total: 1.00

CN-RCT

Dr Acct: 1520

Cr Account: 1521

Amount: 100.00

GL Reference: IC071221000022

QAD Proprietary

2008-CI-SCI-512

Now we get into the postings of what QAD Enterprise Applications do when consigned material has been received. What we've deferred here is the PR receipt 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 later on, when we get to the actual usage point. We term that as a mini-PO receipt. So, if you initially received 1,000, and you issued one or back-flushed one, you'll 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've updated the consignment accounts. So MRP knows, and all of your inventory reports and inquiries know, that there's a quantity of 100 in that location, but it's booked as a different account.

Consignment Inventory Report (5.18.6)



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Consignment Inventory Report

Consignment Inventory Report X

Go To Actions Copy Print Preview

Prod Line:

Item Number: 22-120

Lot/Serial:

ABC Class:

Site:

Grade:

Assay Percentage: 0.00%

Inventory Status:

Expiration Date:

To:

To: 22-120

To:

To:

To:

To:

To: 0.00%

To:

To:

Summary/Detail: Detail

Display Consignment Detail:

Output:

Batch ID:

Back

Next

Purchase Order Maintenance (5.7)

QAD Proprietary

2008-CI-SCI-510

This is the Consignment Inventory report screen. It takes a view of the inventory and the consignment portion of your inventory.

Consignment Inventory Report

Consignment Inventory Report

 Consignment Inventory Report										12/21/07 13:48:01		
QAD 302 QP										Page:1		
Line	Item Number	Site	ABC	UM	Qty on Hand	Avail Status	Qty On Hand	QOH Non-nettable	Customer Consignment	Supplier Consignment		
1000	22-120 CORD,POWER,USA	10000		EA	95,950.0		95,950.0	0.0	0.0	200.0		
Location Lot / Serial Reference		Qty on Hand	Customer Consignment	Supplier Consignment	Created	Expire	Grade	Assay %	Status	Avail	Net	OvrIs
100		95,950.0	0.0	200.0	6/10/92			0.00%		Yes	Yes	Yes
Supplier Consignment Detail												
Supplier	Order	Ln	Receiver	Receipt	Age	Date	Receipt Qty	Qty on Hand	Non-Consigned			
5003000	PO200253	1	RC100183	12/21/07	02/04/08		100.0	100.0				
00050000	PO200254	1	RC100184	12/21/07	02/19/08		100.0	100.0				
								200.0	95,750.0			
End of Report												

QAD Proprietary

2008-CI-SCI-511

The report shows the item number and the site information, the location information, and even the supplier consignment detail receipt information. There are buckets at both the site, and at each 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



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Consignment Inventory by Order



Order: P0300354
Supplier: 00050000
Site: 10000
Item Number: 22-120
PO Line: 1

QAD 302 QP

American Steel Company
Main Plant Site
CORD, POWER, USA

Maximum Aging Days: 60

12/21/07 13:52:05

Page: 1

Receipt	Receiver	Receipt Qty	UM	Tran Nbr	Type	Lot/Serial Reference	Qty Consigned	UM	Age Date
12/21/07	RC100184	100.0	EA	17553			100.0	EA	02/19/08
							100.0		
End of Report									

QAD Proprietary

2008-CI-SCI-514

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


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Backflush Transaction

Backflush Transaction
X

Go To Actions Copy Print Preview

Employee: BJW	Bill Whitehead	
Effective: 10/17/2008	Shift:	Site: 1000
Item Number: 02-0005		MECHANICAL PENCIL
Operation: 10		
Line:		
Routing: 02-0005	BOM Code: 02-0005	ID: 406040

Work Center: 10000	Machine: ASSEMBLY,QASIS(TM) UNITS	
Department: 10	Assembly Department	
Qty Processed: 1,000.0	UM: EA	Conversion: 1.0000
Qty Scrapped: 0.0	Reason Code:	Multi Entry: ☐
Qty Rejected: 0.0	Reason Code:	Multi Entry: ☐
Reject To Op: 10	Modify Backflush: ☐	Move Next Op: ☐
Actual Run Time: 0.0		Start Time:
Earning Code: REG REGULAR		Elapsed or Stop Time:

Backflush Transaction (18.22.13)

QAD Proprietary
2008-CI-SCI-630

Now we've skipped ahead a little bit. The action that we're taking here is a back-flush transaction, using Backflush Transaction (18.22.13) and we're back-flushing two pieces per component per subassembly node.

We're instigating a usage. The routings are all set. The material's all set. What kind of schedules are all set. We're just going through and back-flushing. So it's more or less your normal activity.

Transactions Detail Inquiry

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Transactions Detail Inquiry

12/21/07

Transaction: 17556		Display E-Signature Details: No		Output: page	
Tran Nbr: 17556		Order: 406023			
Trans Type: ISS-WO		Revision: 0			
Date: 12/21/07		Item Number: 22-120			
Time: 14:12		Description: CORD, POWER, USA			
Effective Date: 12/21/07		Unit of Measure: EA			
Remarks:		Address:			
User ID: pjr		Name:			
Program: rebkfl.p		Sales/Job:			
Currency: USD		Ship Type:			
Qty Change: -10.0		Price: 1.00			
Shipper Number:		Inv Mov:			
Ship Date:					
Site: 10000		Inventory Data			
Location: 100		Begin Balance: 95.940.0			
Lot/Serial:		Quantity Change: -10.0			
Inv Status:		Qty Short: 0.0			
Supplier Lot:		Begin Loc Bal: 95.950.0			
Grade/Assay:		Loc Qty Change: -10.0			
Reference:		Batch:			
Material: 1.00		Cost Data			
Labor: 0.00		Overhead: 0.00			
Burden: 0.00		Subcontract: 0.00			
		Cost Total: 1.00			
Dr Acct: 1600		ISS-WO			
Cr Account: 1500		1500			
Amount: 10.00		10000 1000			
		GL Reference: IC071221000025			

QAD Proprietary 2008-CI-SCI-520

So, the first thing that occurs is the back-flush issue. We do this specifically first even though we're taking the value of that out of inventory. Even though it's 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

QAD
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Transactions Detail Inquiry

12/21/07

Transaction: 17557 Display E-Signature Details: No Output: page

Trans Nbr: 17557	Order: PO200253	RC100183
Trans Type: RCT-PO	Revision: 0	
Date: 12/21/07	Item Number: 22-120	
Time: 14:12	Description: CORD, POWER, USA	
Effective Date: 12/21/07	Unit of Measure: EA	
Remarks: 17556	Address: 5003000	
User: 10: pji	Name: West Coast Electroni	
Program: rebkf1.p	Sales/Job: abc	
Currency: USD	Ship Type:	
Qty Change: 10.0	Price: 1.00	
Shipper Number:	Inv Mov: yes	
Ship Date:		

Site: 10000	Inventory Data
Location: 100	Begin Balance: 95,930.0
	Quantity Change: 10.0
	Qty Short: 0.0
Inv Status:	Begin Loc Bal: 95,940.0
Supplier Lot:	Loc Qty Change: 10.0
Grade/Assay:	Expire Date:
Reference:	Batch:

Material: 1.00	Cost Data
Labor: 0.00	Overhead: 0.00
Burden: 0.00	Subcontract: 0.00
	Cost Total: 1.00

Dr Acct: 1500	10000	1000	RCT-PO
Cr Account: 2200		1000	
Amount: 10.00			

GL Reference: IC071221000026

QAD Proprietary 2008-CI-SCI-530

In this partial receipt, that we use the Remarks field to link these separate transactions together. What we've done here is created separate transactions--the ISS-WO, and now the receipt-PO without any link. They're 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 material is actually received it 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 work order issue, is actually in compliance with existing QAD Enterprise Applications architecture. Think of a kit being issued, and when you go back and look at the transaction detail, you see, the final assembly work order transaction, and the component issues beneath it.

Transactions Detail Inquiry

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Transactions Detail Inquiry

12/21/07

Transaction: 17558		Display E-Signature Details: No	Output: page
Tran Nbr: 17558	Order: 406023		
Trans Type: CN-ISS	Revision: 0		
Date: 12/21/07	Item Number: 22-120		
Time: 14:12	Description: CORD, POWER, USA		
Effective Date: 12/21/07	Unit of Measure: EA		
Remarks: 17556	Address:		
User ID: pjj	Name:		
Program: rebkf1.p	Sales/Job:		
Currency: USD	Ship Type:		
Qty Change: -10.0	Price: 1.00		
Shipper Number:	Inv Mov:		
Ship Date:			
Site: 10000	Inventory Data		
Location: 100	Begin Balance: 95,940.0		
Lot/Serial:	Quantity Change: -10.0		
Inv Status:	Qty Short: 0.0		
Supplier Lot:	Begin Loc Bal: 95,950.0		
Grade/Assay:	Loc Qty Change: -10.0		
Reference:	Expire Date:		
	Batch:		
Material: 1.00	Cost Data		
Labor: 0.00	Overhead: 0.00		
Burden: 0.00	Subcontract: 0.00		
	Cost Total: 1.00		
Dr Acct: 1521	CN-ISS		
Cr Account: 1520			
Amount: 10.00	GL Reference: IC071221000027		

QAD Proprietary 2008-CI-SCI-550

The third transaction that we get is the consignment issue transaction. Again, it's linked to the instigating transaction, issued to the work 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's going to debit and credit the consignment and offsetting accounts. What this does is deduct the account so it really represents your consigned value.

Consignment Usage Report (5.18.8)

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Consignment Usage Report

Consignment Usage Report X

Go To Actions Copy Print Preview

Purchase Order: 20010601

Item Number:

Supplier:

Site:

Usage Date: 10/17/2008

To:

To:

To:

To:

To: 10/17/2008

Sort Option: 1

1 - By Site, Supplier, Item, PO

2 - By Item, Site, Supplier, PO

3 - By PO, Item

Output: page

Batch ID:

Consignment Usage Report (5.18.8)

QAD Proprietary2008-CI-SCI-710

Now that we've seen the transactions that back up what's been used out of inventory, we've come to a usage report. Earlier, we had a Consignment Inventory report; now we've got a Consignment Usage report.

Consignment Usage Report



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Consignment Usage Report



Purchase Order: P0200253
Supplier: 5003000
Site: 10000
Item Number: 22-120
Line: 1.

QAD 302 QP

West Coast Electronics
Main Plant Site
CORD, POWER, USA

12/21/07 14:17:31

Page: 1

Batch	Tran Nbr	Usage Date	Trans	Lot/Serial Reference	Usage Qty	UM	Cum Usage	Receiver	Receiver Qty
	8	17556 12/21/07	ISS-WO		10.0	EA	10.0	RC100183	10.0
					10.0				10.0
End of Report									

QAD Proprietary

2008-CI-SCI-560

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

This represents that mini-PO receipt that was mentioned earlier. What you see here is the receiver quantity of 10 is a direct reflection of what's been used. The receiver quantity, in total, could have been 1,000, as stated before. You could receive 1, 000 at the beginning of the week. Now you've just used 10. If the situation occurs where you've used, let's say, 1,500, that goes across two receivers, you would see that that usage quantity of 1,500 would be bridged across two receivers.

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

Also, if you're using lots and serialized parts, that 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're 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.

Voucher Maintenance (28.1)

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Voucher Maintenance

Voucher Maintenance ✕

Go To Actions Copy Print Preview

Batch: 1034	Control:	47.550	Total:	47.550
Voucher				
1036	Control:	0.00	Effective: 1/7/2009	ERS: ☐
	Total:	0.00	Tax Date: 1/7/2009	
Order				
	Supplier:	00040239	Top Notch Supply Com	
			1234 Main Street	
			Downers Grove	IL
1234	Remit-To:	00040239	Top Notch Supply Com	
1234	Ship-To:	10000	US Engine Valve	
Prepayment Amount: 1,000.00 Hold Amount: 0.00 Non-Disc Amt: 0.00 Daybook: SYSTEM Voucher Logistics Charges: ☐ Include Blank Suppliers: ☐ Auto Select: ☐				

Voucher Maintenance (28.1)

QAD Proprietary
2008-CI-SCI-570

This depicts what the voucher is seeing as what's able to be vouchered for this usage. It doesn't voucher the whole receiver quantity, but we've termed here what's open to be vouchered, and that's those 10. If you do voucher maintenance or you do ERS, you'll still get the same total quantity to be vouchered, and it always equals the usage.

Consignment Usage Export (35.4.2)

Consignment Usage Export

Go To Actions Copy Print Preview

Purchase Order: To:

Item Number: To:

Supplier: To:

Site: To:

Usage Date: 1/7/2009 To: 1/7/2009

Batch: To:

Print Details: ☐

Print Fail/Pass/Both: F Failed

EDI Batch Number: 0

Output Batch ID:

Back Next

Consignment Usage Export (35.4.2)

QAD Proprietary 2008-CI-SCI-580

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

It's an e-commerce gateway to electronically summarize and ship out, or electronically communicate to your supplier what has been used. And you can pick and choose certain subsets of what you haven't notified from your supplier before, so that, if you do this on a periodic basis, whether it be a nightly run or a weekly run or a monthly run, we support that with this gateway. And it won't transmit the same information twice, because they'll all be marked as being transmitted.

The second option comes next.

Consignment Usage Export Report (5.18.10)

Consignment Usage Export Report

Consignment Usage Export Re... x

Go To Actions Copy Print Preview

Purchase Order: To:

Item Number: To:

Supplier: To:

Site: To:

Usage Date: 1/7/2009 To: 1/7/2009

Batch: To:

Update: ☐

Detail/Summary: Summary

Output:
Batch ID:

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QAD Proprietary 2008-CI-SCI-590

If you're not using the e-commerce gateway, or if your suppliers don't have e-commerce, you can also do the same operation with this export report. So, you generate the report, you use email to send it to your suppliers. Or you can simply print out the report and phone in the information or fax it in.

Common Functionality Summary

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Summary

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

QAD Proprietary 2008-CI-SCI-750

We went through the contract portion of it, went through the receiving portion, usage.

We looked only at the issue or back-flush; we didn't go through the transfer. In this short session, we wanted to concentrate on what's typically done, which is an issue of the raw material, and then, finally, how that flows down into your vouchering and reporting of the usage back to your supplier, and the reports that you use to gain visibility of what's going on. We demonstrated that by mixing consignment with regular inventory purchases, MRP can keep track of everything coming in, that it's requirements are being met, so its messaging is clear. And the fact that we have the transactions and account codes following the activities through, whether it be transfer, work order issues, whatever the particular course that we take, that there is this complete visibility, at inventory, at usage, and at payment.



Supplier Consignment Inventory

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

Supplier Consignment: Additional Functionality

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Summary

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

QAD Proprietary2008-CI-SCI-750

Now we're going to look at some additional functionality. We'll 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.

Supplier Consignment: Inventory Reports



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Inventory Reports

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

QAD Proprietary 2008-CI-SCI-780

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 or may not want to count the material, depending on your agreement with you suppliers.

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

Consignment Usage Export Report (5.18.10)

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Consignment Usage Export Report

Consignment Usage Export Re... x

Go To Actions Copy Print Preview

Purchase Order: To:

Item Number: To:

Supplier: To:

Site: To:

Usage Date: 1/7/2009 To: 1/7/2009

Batch: To:

Update: ☐

Detail/Summary: Summary

Output:
Batch ID:

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Consignment Usage Export Report (5.18.10)

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All of these settings look and act the same in all of these different reports.

Here's a view of your inventory valuation report. There's a number of different inventory evaluation reports, based on order and based on dates and so forth. They all include this option to select supplier consigned inventory. So if you want to look only at the supplier consigned inventory or you want to include it or you want to exclude it, those are the options that you have.

Cycle Count Worksheet Print (3.13)

Cycle Count Worksheet Print

Go To Actions Copy Print Preview Attach

Attachments

Item Number: To:

Product Line: To:

Type: To:

Site: To:

Location: To:

Last Count: To:

ABC Class: To:

Number of Items: 99999999 A: 0% B: 0% C: 0% Other: 0%

Sort by Item or Site: Item Randomize Selection:

Customer Consigned: Exclude Supplier Consigned: Exclude

Past Due Only: ☒ Print Quantity OH: ☐

New Page on Site: ☐ Include Zero Quantity: ☐

New Page on Location: ☐ Include Negative Inventory: ☐

Print Bar Code: ☐ Include Phantom Items: ☐ Output: Batch ID:

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QAD Proprietary Cycle Count Worksheet Print (3.13) 2008-C1-SCI-640

When you do a cycle count, you'll probably want to exclude your supplier consigned inventory. You don't want to go to their locations and count their material. Maybe they're going to come and count that for themselves. In any case, we give you the option to include or exclude the consigned material when you create the worksheets for cycle counting.

Item Tag Create (3.16.1)

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Item Tag Create

Item Tag Create X

Go To Actions Copy Print Preview

Site: To:
Location: To:
Product Line: To:
Item Number: To:
ABC Class: To:

Starting Tag Number: 1 99999999 Tags Available)
Include Zero Quantity:
Include Negative Quantity:
Customer Consigned: Exclude
Supplier Consigned: Exclude
Sort Option: 1 1 - Item, Site, Location, Lot/Serial
2 - Site, Location, Item, Lot/Serial
3 - Item, Lot/Serial, Site, Location

Back Next

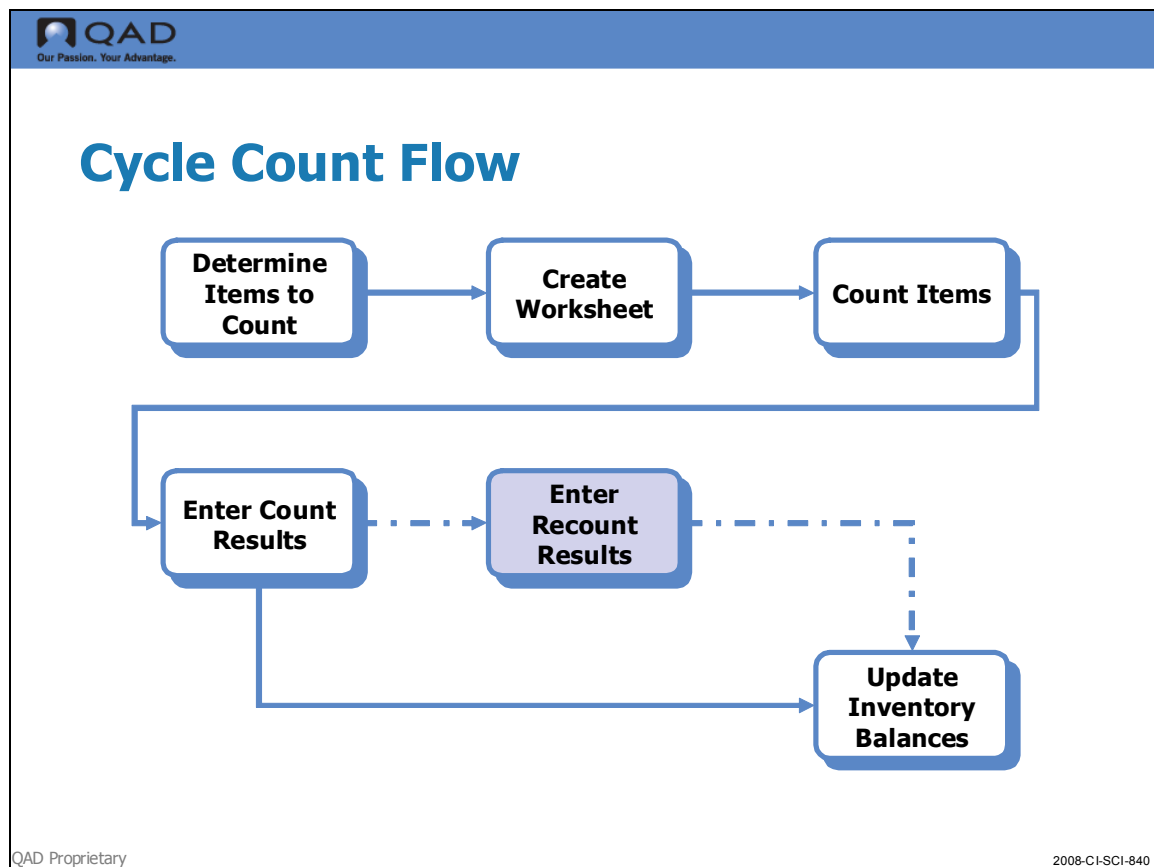
Item Tag Create (3.16.1)

QAD Proprietary 2008-CI-SCI-650

The same options are active for physical tag creation too.

So you have total control over your visibility of your inventory locations and what's yours and what's not.

Supplier Consignment: Adjustments



Cycle Counts. If you do have to do some type of cycle counting (physical inventory), there is a transaction to allow for the fact that you might have a discrepancy between what the system says is 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're going to count, create worksheets, count the items, and enter the count results.

You may enter recount results based on discrepancy percentages. At some point you're going to update your inventory balances.

When you find a reduction in consigned material such that a real adjustment has to be made, and you're responsible for that discrepancy, then that becomes a usage.

Cycle Count Results Entry (3.14)



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Cycle Count Results Entry

Cycle Count Results Entry X

Go To Actions Copy Print Preview

Cycle Count Type (I/R): Initial

Item Number: 22-120

Site: 10000

Location:

Lot/Serial:

Reference:

Description: Power Cord USA

Tolerance Method: Qoh

Tolerance Percent: 5.00%

Tolerance Amount: 500.00

GL Cost: 1.00

Last Count:

Qty on Hand: 95,940.0

Quantity Counted: 95,939.0

Unit of Measure: EA

UM Conversion: 1.0000

Remarks:

Effective Date: 1/8/2009

Dr Acct: 1500 10000 1000

Amount: 95,939.00

Qty On Hand Variance: 100.00%

Annual Usage Variance:

Amount Variance: 95,939.00

Cr Acct: 5900 10000 1000

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Next

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Cycle Count Results Entry (3.14)

2008-CI-SCI-850

Here's an example. We've done a normal cycle counts results entry. We found in this location we the system thinks that there are 95,940.0, but we counted only 95,939.0.

Transactions Detail Inquiry: Trans Type RCT-PO

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Transactions Detail Inquiry

12/21/07

QAD

Transaction: 17561 Display E-Signature Details: No Output: page

Tran Nbr: 17561 Order: P0200253 RC100183

Trans Type: RCT-PO Revision: 0

Date: 12/21/07 Item Number: 22-120

Time: 14:32 Description: CORD, POWER, USA

Effective Date: 12/21/07 Unit of Measure: EA

Remarks: 17560 Address: 5003000

User ID: pjr Name: West Coast Electroni

Program: icccaj.p Sales/Job: abc

Currency: USD Ship Type:

Qty Change: 1.0 Price: 1.00

Shipper Number: Inv Mov: yes

Ship Date:

Inventory Data

Site: 10000 Begin Balance: 95,929.0

Location: 100 Quantity Change: 1.0

Lot/Serial: Qty Short: 0.0

Inv Status: Begin Loc Bal: 95,939.0

Supplier Lot: Loc Qty Change: 1.0

Grade/Assay: Expire Date:

Reference: Batch:

Cost Data

Material: 1.00 Overhead: 0.00

Labor: 0.00 Subcontract: 0.00

Burden: 0.00 Cost Total: 1.00

RCT-PO

Dr Acct: 1500 10000 1000

Cr Account: 2200 1000

Amount: 1.00 GL Reference: IC071221000030

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2008-CI-SCI-870

We follow that up with a partial receipt of that inventory, essentially putting that inventory back so we can deduct it from consignment. And we've 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

12/21/07

Transaction: 17562 Display E-Signature Details: No Output: page

Tran Nbr: 17562	Order:
Trans Type: CN-ISS	Revision: 0
Date: 12/21/07	Item Number: 22-120
Time: 14:32	Description: CORD, POWER, USA
Effective Date: 12/21/07	Unit of Measure: EA
Remarks: 17560	Address:
User ID: pjr	Name:
Program: icccaj.p	Sales/Job:
Currency: USD	Ship Type:
Qty Change: -1.0	Price: 1.00
Shipper Number:	Inv Mov:
Ship Date:	

Site: 10000	Inventory Data
Location: 100	Begin Balance: 95,930.0
Lot/Serial:	Quantity Change: -1.0
Inv Status:	Qty Short: 0.0
Supplier Lot:	Begin Loc Bal: 95,940.0
Grade/Assay:	Loc Qty Change: -1.0
Reference:	Expire Date:
	Batch:

Material: 1.00	Cost Data
Labor: 0.00	Overhead: 0.00
Burden: 0.00	Subcontract: 0.00
	Cost Total: 1.00

Dr Acct: 1521	CN-ISS
Cr Account: 1520	
Amount: 1.00	GL Reference: IC071221000031

QAD Proprietary

2008-CI-SCI-88

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 (5.18.25.1)

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Consignment Inventory Adjustment

Consignment Inventory Adjust... X

Go To Actions Copy Print Preview Attach

Attachments

Item Number: 22-120 Lot/Serial Control: UM: EA
Description: Power Cord USA

Quantity: 1.0 Site: 10000
Unit of Measure: EA Location:
Conversion: 1.0000 Lot/Serial:
Reference:
Multi Entry:

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

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QAD Proprietary Consignment Inventory Adjustment (5.18.25.1) 2008-CI-SCI-885

We also have a consignment inventory adjustment. It's a separate transaction, a stand-alone transaction for those situations that occur that you need to just adjust the balances themselves. This is a managerial transaction where, for whatever reason, the balance of consigned and non-consigned material is not quite right and you need to do just do a pure adjustment on those consigned account balances. Access to this function is restricted.

Transactions Detail Inquiry: Trans Type CN-ADJ

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Transactions Detail Inquiry

12/21/07

Transaction: 17563 Display E-Signature Details: No Output: page

Tran_Nbr: 17563 Order: PO200254
Trans Type: CN-ADJ Revision: 0
 Date: 12/21/07 Item Number: 22-120
 Time: 14:37 Description: CORD, POWER, USA
 Effective Date: 12/21/07 Unit of Measure: EA
 Remarks: Address: Name:
 User ID: pjr Sales/Job:
 Program: pocnadj.p Ship Type:
 Currency: USD Price: 1.00
 Qty Change: 1.0 Inv Mov:
 Shipper Number:
 Ship Date:

Inventory Data
 Site: 10000 Begin Balance: 189.0
 Location: 100 Quantity Change: 1.0
 Lot/Serial: Qty Short: 0.0
 Inv Status: Begin Loc Bal: 189.0
 Supplier Lot: Loc Qty Change: 1.0
 Grade/Assay: Expire Date:
 Reference: Batch:

Cost Data
 Material: 1.00 Overhead: 0.00
 Labor: 0.00 Subcontract: 0.00
 Burden: 0.00 Cost Total: 1.00

CN-ADJ

Dr Acct: 1520
 Cr Account: 1521
 Amount: 1.00

GL Reference: IC071221000032

QAD Proprietary

2008-CI-SCI-886

The transaction that's created from the adjustment is itself a consignment adjustment that purely works with the consignment accounts and doesn't update inventory itself. So we have the inventory transaction taking care of the inventory portion of it, and the consignment adjustment transactions specifically deal with the inventory accounts.

Supplier Consignment: Aging



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Aging

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

QAD Proprietary 2008-CI-SCI-890

This is for those situations where you want to keep track of receipts and to track how long the material has been in your inventory. And what we provide for you for aging is a way for you to maintain dates.

We understand that at some certain point you may get with your supplier and negotiate, "We'll use this by the end of the month, or "We'll give you three more days to use this material."

We give you the opportunity to change those days, even though you received it and you've got a 45 day window to use the material.

At some point, you may renegotiate and say "Well, give us an extra ten days," or, "Give us to the beginning of next month."

We also give you the option to change the ownership status. So, maybe at the end of the contract, 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 don't 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.

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

Of course, we give you reporting tools to allow you visibility of what's coming up that might be a question about aging or maybe what's behind you that's already been aged and your suppliers calling about it.

Aging Inventory Update (5.18.13)

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Aging Inventory Update

Aging Inventory Update X

Go To Actions Copy Print Preview

Site: 10000 To:

Item Number: 22120 To:

Purchase Order: To:

Receiver: To:

Aged Date: To:

Effective Date: 1/8/2009 To:

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QAD Proprietary Aging Inventory Update (5.18.13) 2008-CI-SCI-900

This is an aging inventory update. It's a workbench type screen. It gives you the flexibility of entering a new date for the material, or adding a number of dates for the material. It also allows you to generate a transfer of ownership. You can mark it as being "used." That will immediately take everything that's open on that receiver and transfer ownership to you, without changing the location of it.

Aging Inventory Report by Order (5.18.15)

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Aging Inventory Report by Order

Aging Inventory Report by Order

Go To Actions Copy Print Preview

Start Date: 1/8/2009

Site: To:

Item Number: To:

Order: To:

Receiver: To:

Interval: Day

Intervals Per Column: 1

Details:

Output: page

Batch ID:

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QAD Proprietary *Aging Inventory Report by Order (5.18.15)* 2008-CI-SCI-910

The aging inventory report is a configurable report, and it gives you visibility over a wide range of time intervals; you can select it by days, or weeks, or months, and set how many of those intervals you'd like to portray in a column.

Whether you want a monthly report, or you want a weekly report, or a daily report with a number of days specified, you use this single report to generate all three of those options. Depending on the nature of the agreement you have with your supplier, and the material, whatever that combination is, the report is configurable to that environment. So you can ask, "What's due to be aged over the next six months?" Based on the result, you might come back and say, "OK, I know my six-month window, let me see what it looks like as far as days or weeks is concerned". And now, you're trying to pinpoint a certain thing and you might look at days.

Summary


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Summary

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- ▲ Summary

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2008-CI-SCI-930

From a consignment point of view, what we want to do is 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're 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.

And then, at the end of the reporting period, we want to be able to provide visibility of what's what as far as valuation and accounting is 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.

This concludes our tour of supplier consignment inventory. We hope what you'll walk away from this course with an understanding of how supplier consignment works and how it does not interact in a negative way, does not complicate the rest of the running of the business.