

VENDOR OWNED INVENTORY

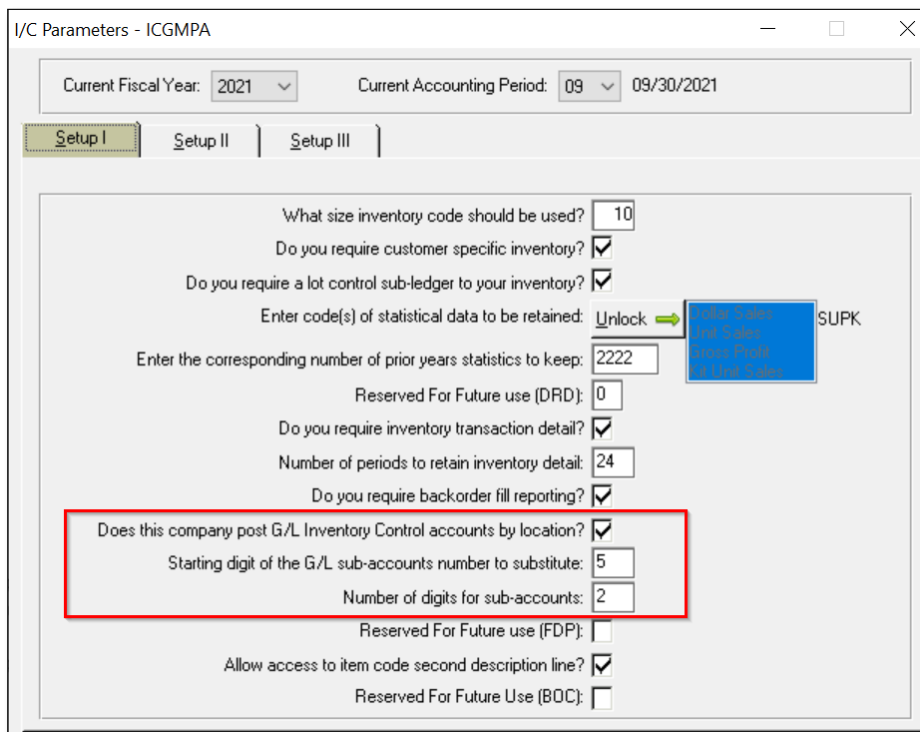
This workflow is designed to account for Vendor Owned Inventory. This inventory is defined as items that are produced and stored by the Vendor then billed as released. This document details the setup and ordering process of: Stocking, Releasing and Vendor Invoicing that defines the audit trail.

This example uses 85 to identify the GL sub-account and the Vendor's warehouse (8500).

Setup General Ledger

At least one new GL sub-account is required to separate the activity in the General Ledger. We suggest establishing a policy for your company to either use one standard sub-account for all the 'Vendor' warehouses, or a separate sub-account for each.

1. Create a new General Ledger account associated with your Inventory account. (Ex: Inventory asset account is 1300-00 then use a 2-digit ID for this sub-account. 1300-85).
2. Set your Inventory Control Parameters so the system automatically posts transactions in and out of this General Ledger account. This setting is in Inventory Control > System > System Setup > Parameters.
 - a. Check 'Do you require a lot control sub-ledger to your inventory?'
 - b. Enter the 'Starting digit of the G/L sub-accounts number to substitute. (In this example, that's the 5th digit in the G/L account number. 1300-85).
 - c. Enter the 'Number of digits for sub-accounts. (In this example we used 2 digits 85).



I/C Parameters - ICGMPA

Current Fiscal Year: 2021 Current Accounting Period: 09 09/30/2021

Setup I | Setup II | Setup III

What size inventory code should be used? 10

Do you require customer specific inventory?

Do you require a lot control sub-ledger to your inventory?

Enter code(s) of statistical data to be retained: Unlock → SUPK

Enter the corresponding number of prior years statistics to keep: 2222

Reserved For Future use (DRD): 0

Do you require inventory transaction detail?

Number of periods to retain inventory detail: 24

Do you require backorder fill reporting?

Does this company post G/L Inventory Control accounts by location?

Starting digit of the G/L sub-accounts number to substitute: 5

Number of digits for sub-accounts: 2

Reserved For Future use (FDP):

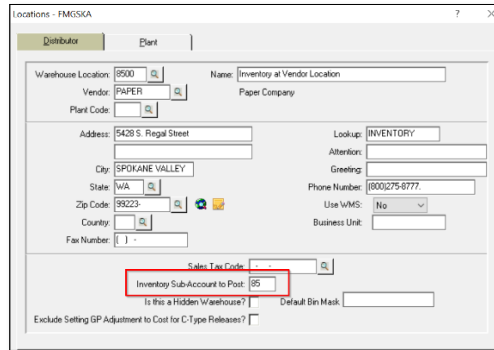
Allow access to item code second description line?

Reserved For Future Use (BOC):

Setup Warehouse

A separate warehouse is required to separate the activity in the general ledger and to isolate information in reports!

1. Setup a new warehouse location for this inventory. Located in Inventory Control > Setup > System > System Setup > Warehousing Location.
 - a. **Best Practice:** Warehouse Location number matches GL account number!
 - b. Enter the new GL account number in the 'Inventory Sub-Account to Post' field:



The screenshot shows a software window titled 'Locations - FMGSGA'. It contains various input fields for setting up a warehouse location. The 'Inventory Sub-Account to Post' field is highlighted with a red box and contains the value '85'. Other fields include Warehouse Location (8500), Vendor (PAPER), Address (5428 S. Regal Street), City (SPOKANE VALLEY), State (WA), Zip Code (83223), and Name (Inventory at Vendor Location).

Ordering into Stock

The two options to entering the order are a **Purchase Order** and a **Bill-as-Ship (BAS)** order. The option you chose should be based on your company's standard practice.

Purchase Order

1. Enter the order through Stock Entry (Order Processing>POs> Processing> PO Entry)
2. Ship to the Vendor Warehouse (8500).
3. Add items to order.
4. Send to the Vendor Warehouse (8500).

BAS Order

1. Enter the order (Order Processing>Order Processing > Order Entry.
 - a. Order type = Bill as Shipped (BAS).
 - b. Disable Job Costing in Order Header (Panel 2. Order Info) * **Must be done before leaving the order header screen.** If missed, delete the order, and start again.
2. Add items to order.
3. Send to the Vendor Warehouse (8500).

Receiving Inventory

Regardless of which order type is used, receiving is done the same.

1. Order Processing > Order Processing > Purchase Orders > Processing > Purchase Order Receiving,
 - a. Receive Inventory **ONLY**.
 - b. PO to stay open until all inventory billed. (Don't check 'Line Complete' until all the products are release/billed by the Vendor.
2. Print Receiving Report and Update.

Release the Inventory

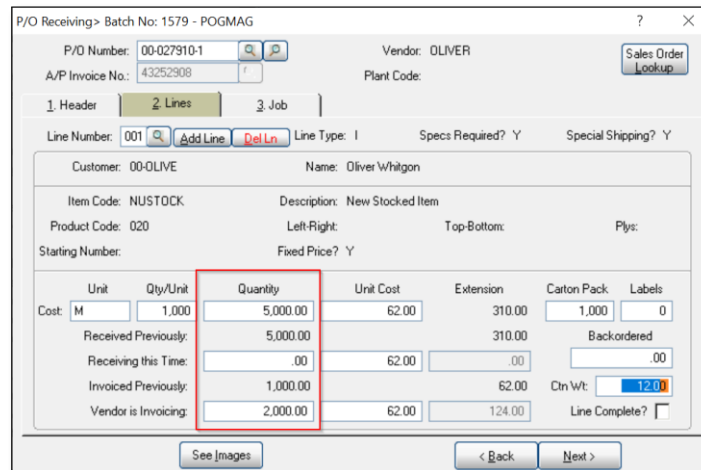
When the Customer orders the product:

1. Enter the Requisition/Release as usual.
2. Send the Packing List to Vendor.
3. Invoice the Requisition to bill the Customer.

Vendor Invoice

When the Vendor sends you the invoice for the requisition:

1. Go to PO Receiving, select the original stocking order.
2. Add Vendor Invoice.
3. Enter Quantity in 'Vendor is Invoicing' field (matches the quantity from the release).
4. Continue to add the invoice as usual.
5. The 'Line Complete' box will check automatically when the full amount ordered is invoiced.



P/O Receiving > Batch No: 1579 - POGMAG

P/O Number: 00-027910-1 Vendor: OLIVER

A/P Invoice No.: 43252908 Plant Code:

1. Header 2. Lines 3. Job

Line Number: 001 Add Line Del Ln Line Type: I Specs Required? Y Special Shipping? Y

Customer: 00-OLIVE Name: Oliver Whitgon

Item Code: NUSTOCK Description: New Stocked Item

Product Code: 020 Left-Right: Top-Bottom: Plys:

Starting Number: Fixed Price? Y

Unit	Qty/Unit	Quantity	Unit Cost	Extension	Carton Pack	Labels
Cost: M	1,000	5,000.00	62.00	310.00	1,000	0
Received Previously:		5,000.00		310.00		Backordered
Receiving this Time:		.00	62.00	.00		.00
Invoiced Previously:		1,000.00	62.00	62.00		Ctn Wt: 12.00
Vendor is Invoicing:		2,000.00	62.00	124.00		Line Complete? <input type="checkbox"/>

See Images < Back Next >

Note: Invoiced Previously field displays quantity already invoiced!

General Ledger Affects

The effect on your general ledger is as follows:

1. Inventory is received in warehouse: No G/L impact.
2. Inventory is released on Requisition: No G/L impact.
3. Requisition is invoiced: Debits Accounts Receivable - Credits the Inventory sub-account.
4. Vendor invoice entered: Debits Inventory sub-account - Credits Accounts Payable.

Each time steps 3 and 4 are completed for an order, the net result on the GL is zero.

For questions on this workflow, please contact service@demandbridge.com.