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Managing a Perpetual Inventory

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Managing a Perpetual Inventory

This session will cover best practices in managing your inventory:

- Ordering / Receiving Parts
- Issuing / Returning Parts
- Stock Adjustments
- Transferring Parts

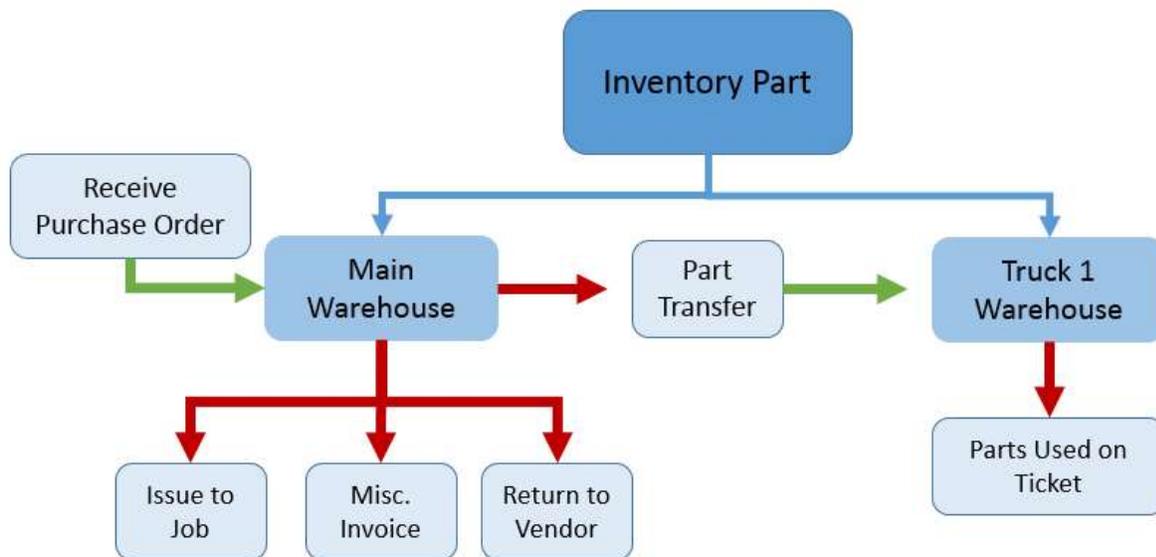
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Inventory Overview

SedonaOffice offers the option maintaining a perpetual inventory, which is referred to as Stock Tracking throughout the application. If this option is activated your company will be able to track part quantities and values in one or multiple warehouse locations. As parts are received, transferred from warehouse to warehouse, or used on Service Tickets or Jobs, entries are made to the General Ledger to record the cost of the transaction and update the on-hand part quantities.

The key to success in managing inventory parts is timeliness – users working with inventory parts should always remember the following rules:

1. **When a part physically comes into or is moved out of a warehouse, that transaction must occur in SedonaOffice as soon as possible.**
2. **Maintain current part purchase cost and sales pricing.**
3. **Maintain current inventory warehouse cost information.**
4. **Be consistent with transaction processing – keep it as simple as possible.**
5. **Document your internal company processes for handling inventory.**



Notes

Inventory Valuation Methods

Four methods for costing and valuing your inventory parts are available in SedonaOffice.

- Average Costing
- Standard Costing
- Serial Number Costing
- Lot Number Costing

Your company has the option of using only one costing method for all inventory parts or use different costing methods on different types of parts. For example you may choose to use Standard Costing for the majority of your parts, but use Serial Number Costing on certain parts and Average costing on other parts. Wire and cable, for example may be types of parts where Average Costing makes more sense due to the frequent fluctuation in metal prices. Many companies use combination of costing methods quite effectively.

Based on our experience and understanding of inventory processing, we feel the use of Standard Costing can be a tremendous benefit to the management and reporting of your inventory in SedonaOffice.

Notes

Inventory Transactions

Transactions that will Increase Warehouse Inventory

- Receiving Parts Purchase Order
- Return Parts to Stock from a Job
- Miscellaneous Parts Return
- Transfer Parts from another Warehouse
- Manual Stock Adjustment
- Physical Inventory

Transactions that will Decrease Warehouse Inventory

- Issue Parts to a Job
- Parts added to Tickets (stock checkbox selected)
- Miscellaneous Parts Issue
- Return to Vendor
- Transfer Parts to another Warehouse
- Manual Stock Adjustment
- Physical Inventory

Notes

Purchase Orders / Receiving Purchase Orders

Attention to detail is important when creating and receiving Purchase Orders for stock parts.

- **Creating Purchase Orders**
 - Make certain the correct warehouse is selected
 - Compare the Standard Cost to the defaulted Purchase Cost – they should be the same or very close to the same value*.
 - Utilize the Ship Date, Parts Due Date and Ship Method fields.
 - If some parts are standard stock items, utilize the min/max fields on the Part Warehouse setup and use the Suggested PO Report for ordering.

New Purchase Order (Plymouth Security)

Vendor: ADI Category: Installation

Warehouse: Main-OC

PO Number: 1160 Branch: OC

Order Date: 1/9/2016

Ship Date: 1/11/2016 Ship Method: UPS Ground

Parts Due Date: 1/12/2016

Ship To: 28170 Cabot Rd
Laguna Niguel, CA 92677

No Special Order Parts Allowed

Part	Description	Vendor Part	Pkg Qty	Quantity	Cost	Amount	Rcvd	Std Cost	BO
465	BATTERY 9V LITHIUM	465	1	13	9.45	122.85		9.45	<input type="checkbox"/>
6150	KEYPAD 6150 LCD	6150	1	11	43.08	473.88		43.08	<input type="checkbox"/>
6160	6160 ALPHA	6160	1	6	77.53	465.18		77.53	<input type="checkbox"/>
6160CR	6160CR ALHPA, FIRE	6160CR	1	10	145.99	1459.9		145.99	<input type="checkbox"/>
943WH	CONTACT 943WH	943WH	1	60	1.90	114		1.90	<input type="checkbox"/>
BK-2WB	SMOKE DET 2W-B	BK-2WB	1	5	25.05	125.25		25.05	<input type="checkbox"/>

Total Cost: \$3,839.42
Received Cost: \$0.00

Notes

Suggested PO List

Suggested Purchase Orders (Plymouth Security)

Primary Vendor: ADI
 Warehouse: Main-OC
 Product Line: <All Product Lines>

Include Jobs In Total
 Bring to Minimum
 Bring to Maximum

Include Jobs Scheduled to Start on or Before: _____

Vendor	Part	Vendor Part	On Hand	On Order	For Job	Max	Qty	Cost	Ext. Cost
ADI	465	465	12	0	0	25	13	9.45	122.85
ADI	6150	6150	4	0	0	15	11	43.08	473.88
ADI	6160	6160	4	0	0	10	6	77.53	465.18
ADI	6160CR	6160CR	0	0	0	10	10	145.99	1459.90
ADI	943WH	943WH	15	0	0	75	60	1.90	114.00
ADI	BK-2WB	BK-2WB	0	0	0	5	5	25.05	125.25
ADI	BK-4WB	BK-4WB	8	0	0	20	12	26.23	314.76
ADI	SR-1032	SR-1032	0	0	0	75	75	2.55	191.25
ADI	SR-1042TW	SR-1042TW	0	0	0	25	25	7.31	182.75
ADI	SR-1044TW	SR-1044TW	0	0	0	25	25	9.66	241.50
ADI	SR-1045TN	SR-1045TN	0	0	0	20	20	5.33	106.60
ADI	5150W	SR-5150W	0	0	0	5	5	8.30	41.50

Create PO **Close**

New Purchase Order (Plymouth Security)

Vendor: ADI Category: Installation

Print Now
 Direct Expense

Purchase Order

ADI
 1737 Atlanta Ave
 Riverside, California 92507
 Phone: (800) 555-4321
 Fax: _____

Ship To: 28170 Cabot Rd
 Laguna Niguel, CA 92677

PO Number: 1160 Branch: OC Warehouse: Main-OC

Tracking #: _____ Order Date: 1/9/2016 Acknowledged

Ship Date: _____ Ship Method: UPS Ground

Parts Due Date: _____ Job Number: _____

Parts | Expenses | Documents **No Special Order Parts Allowed** Select from All Parts

Part	Description	Vendor Part	Pkg Qty	Quantity	Cost	Amount	Rcvd	Std Cost	BO
465	BATTERY 9V LITHIUM	465	1	13	9.45	122.85		9.45	<input type="checkbox"/>
6150	KEYPAD 6150 LCD	6150	1	11	43.08	473.88		43.08	<input type="checkbox"/>
6160	6160 ALPHA	6160	1	6	77.53	465.18		77.53	<input type="checkbox"/>
6160CR	6160CR ALPHA, FIRE	6160CR	1	10	145.99	1459.9		145.99	<input type="checkbox"/>
943WH	CONTACT 943WH	943WH	1	60	1.90	114		1.90	<input type="checkbox"/>
BK-2WB	SMOKE DET 2W-B	BK-2WB	1	5	25.05	125.25		25.05	<input type="checkbox"/>

Memg: _____

Total Cost: \$3,839.42
Received Cost: \$0.00

Closed **Apply** **OK** **Cancel**

Notes

Receiving Part Purchase Orders

Make certain to receive purchase orders as parts arrive. Split shipments from the same purchase order need to be received separately even if they were received on the same day.

Parts Receipt (Plymouth Security)

Vendor: ADI | Category: Installation

PO# 1160
1737 Atlanta Ave
Riverside, CA 92507

Reference #: ZXC1255A36 | Branch: OC | Warehouse: Main-OC

Receive Date: 1/9/2016

Direct Expense
 Receive to Warehouse
 Receive & Issue Immediately

Part Code	Description	Pkg_Qty	Quantity	Cost	Amount	Serial No	Lot No	Stand Cost
465	BATTERY 9V LITHIUM		13	9.45	122.85			9.45
6150	KEYPAD 6150 LCD		11	43.08	473.88			43.08
6160	6160 ALPHA		6	77.53	465.18			77.53
6160CR	6160CR ALHPA, FIRE, RED		10	145.99	1459.90			145.99
943WH	CONTACT 943WH		20	1.9	38.00			1.90
BK-2WB	SMOKE DET 2W-B		5	25.05	125.25			25.05
BK-4WB	SMOKE DET 4W-B		12	26.23	314.76			26.33
SR-103:	CONTACT 1032		50	2.55	127.50			2.55
SR-104:	Magnetic Contact		25	7.31	182.75			7.31
SR-104:	CONTACT 1044TW		25	9.66	241.50			9.66
SR-104:	CONTACT 1045TN		20	5.33	106.60			5.33
5150W	SHOCK SENSOR 5150W		5	8.3	41.50			8.30

Part Total: 3699.67
Expense Total: 0.00

Notes

Balance of Purchase Order

Parts Receipt (Plymouth Security)

Vendor: ADI Category: Installation

PO# 1160

1737 Atlanta Ave
Riverside, CA 92507

Reference #: ZXC2588AL78 Branch: OC Warehouse: Main-OC

Receive Date: 1/9/2016 Received By:

Other Costing:

Direct Expense
 Receive to Warehouse
 Receive & Issue Immediately

Close - No Bill Expected
 Create Bill From Receipt

Parts 139.75 Expense 0.00 Documents

Part Code	Description	Pkg_Qty	Quantity	Cost	Amount	Serial No	Lot No	Stand Cost
465	BATTERY 9V LITHIUM	1	0	9.45	0.00			9.45
6150	KEYPAD 6150 LCD	1	0	43.08	0.00			43.08
6160	6160 ALPHA	1	0	77.53	0.00			77.53
6160CR	6160CR ALPHA, FIRE, R	1	0	145.99	0.00			145.99
943WH	CONTACT 943WH	1	40	1.9	76.00			1.90
BK-2WB	SMOKE DET 2W-B	1	0	25.05	0.00			25.05
BK-4WB	SMOKE DET 4W-B	1	0	26.23	0.00			26.33
SR-1032	CONTACT 1032	1	25	2.55	63.75			2.55
SR-1042TW	Magnetic Contact	1	0	7.31	0.00			7.31
SR-1044TW	CONTACT 1044TW	1	0	9.66	0.00			9.66
SR-1045TN	CONTACT 1045TN	1	0	5.33	0.00			5.33
5150W	SHOCK SENSOR 5150W	1	0	8.3	0.00			8.30

Memo:

Part Total: 139.75
Expense Total: 0.00

Print Stock Labels Apply Save Close

Notes

Miscellaneous Part Issue

Miscellaneous Issues will reduce the inventory in a selected Warehouse. This transaction allows the user to select the desired G/L account for expensing the part. Good and clear guidelines should be established as to which G/L account to select under various circumstances.

A Miscellaneous Part Issue would be used to deal with the following conditions:

- A part has gone missing.
- A part was damaged and needs to be scrapped.
- You are manually building “kits” of parts.
- A part was sold on a Miscellaneous Invoice and was billed using an Item Code instead of the actual part number.

The screenshot shows the 'Issue Parts' window with the following details:

- Warehouse:** Main-RIV
- Issue Date:** 1/10/2016
- Reference:** scrap
- Category:** Administration
- Cost of Goods:** 580118
- Return to Stock:**
- View Serial/Lot No:**

The 'Parts List' table contains the following data:

Part	Description	Detail	Qty	Location	Serial No	Lot No
BK-4WB	SMOKE DET 4W-B	4-WIRE PHOTO	1			

The dropdown menu for 'Cost of Goods' shows the following accounts:

Account	Description	Type
580112	COS - Inventory Variances	Cost of Goods Sold
580113	COS - Freight on Parts	Cost of Goods Sold
580114	COS - Direct Expensed Parts	Cost of Goods Sold
580115	COS - Hardware & Supplies	Cost of Goods Sold
580116	COS - Taxes on Parts Purchased	Cost of Goods Sold
580117	COS - Other Part Costs	Cost of Goods Sold
580118	COS - Scrap/Obsolete Parts	Cost of Goods Sold
590110	COS - OTC Sales	Cost of Goods Sold

Buttons at the bottom: Set All Qty to 0, Save, New, Close.

Notes

Returning Parts to a Warehouse

Parts are returned to stock using the Inventory module Issues>Returns option due to:

- Excess or un-needed parts on a Job
- Parts “found” that need to be put into inventory

Returning Parts from a Job

Parts returned to a Warehouse from a Job will return the part at the standard cost associated with the part in the default company warehouse.



If the part was received from a Purchase Order as a Direct Expense and the cost of the part received was different than the standard cost in the default company warehouse, the amount expensed (on the return to stock transaction) to the Job and the WIP account will be under or over-stated for the Job.

The only way to correct the dollar amounts on the Job would be to post a journal entry within the Job record.

Miscellaneous Parts Return

A Miscellaneous Parts Return is performed when parts are discovered that need to be put into inventory. Caution must be used prior to performing this type of transaction.

If the part is being returned to a warehouse where it has never existed, the part will use a \$0.00 unit cost. You have two options to remedy this situation:

- Check to see if the warehouse is attached to the part prior to performing the return to stock transaction.
- Perform a stock adjustment after the return to stock transaction has been posted.

Notes

Stock Adjustments vs Miscellaneous Returns / Issues

Manual adjustments may be made to an individual part in a particular warehouse. If a note is typed into the Memo field of the Stock Adjustment form, once the transaction is saved, that note is not visible within the Part Journal. The preferred method of making adjustments is by using the Miscellaneous Issues/Returns – a note entered into the Reference field will be visible within the Part Journal.

Stock Adjustment - *Main-RIV

Part Detail

Part Code: BK-4WB
 Description: SMOKE DET 4W-B
 Detail: 4-WIRE PHOTO
 Current Quantity: 17
 Current Value: 419.68
 Adj Date Quantity: 16
 Adj Date Value: 419.68

Adjustment

Adjustment Date: 1/10/2016
 New Quantity: 16
 Value: 419.68
 Account Code: 580112
 Category Code: Administration
 Memo: gone missing

Buttons: Save, Close

Issue Parts

Warehouse: Main-RIV
 Issue Date: 1/10/2016
 Reference: scrap
 Category: Administration
 Cost of Goods: 580118
 Return to Stock:
 View Serial/Lot No:

Part	Description	Detail	Qty	Location	Serial No	Lot No
BK-4WB	SMOKE DET 4W-B	4-WIRE PHOTO	1			

Buttons: Set All Qty to 0, Save, New, Close

Part Journal showing a Manual Stock Adjustment and a Miscellaneous Issue

Inventory Part - BK-4WB (SMOKE DET 4W-B)

Part Code: BK-4WB
Description: SMOKE DET 4W-B
Detail: 4-WIRE PHOTO
Costing Method: Standard
Product Line: Smoke
Manufacturer: SYSTEM SENSOR
Manuf Part Code: 4W-B
Manuf Warranty: No Warranty
Item Code: OTC Part-Com
Income Acct: N/A
Direct Exp Acct: 520001
Freeze Purchases: N
List Price: 45.90
UPC:
Special Order: N
Sales Description: SMOKE DETECTOR
Sales Price: \$45.90
Service Description: SMOKE DETECTOR
Service Price 1: \$45.90
Service Price 2: \$45.90
Total Qty: 55
Total Value: \$1,446.55

Warehouse: *Main-RIV
Branch: RIV
Account: 120000
Minimum Qty: 20
Maximum Qty: 20
Committed Qty: 0
Pending XTFR In: 0
Pending XTFR Out: 0
On Hand New: 16
On Order Qty: 0
Out For Repair: 0
In Holding Qty: 0
Value On Hand: \$419.68
Row:
Shelf:
Bin:
Inactive: N

Date	Warehouse	Reference	Memo	Description	Quantity	Cost	Extended Cost	Time/Stamp
1/10/2016	*Main-RIV			Adjustment	-1	0.0000	(\$26.23)	1/10/2016 4:37:10 AM
1/10/2016	*Main-RIV		scrap	Issue	-1	26.2300	(\$26.23)	1/10/2016 4:31:01 AM
1/1/2015	*Main-RIV			Physical	18	26.2300	\$472.14	12/17/2015 8:05:16 AM
			Warehou...	16			\$419.68	

Notes

Part Transfers

There are two methods available to transfer inventory parts from one warehouse to another; Transfer Requests and Single Part Transfers.

Transfer Requests are initiated from the Inventory module / Transfers menu option.

Single Part Transfers are initiated from a Part Explorer record only.

The Transfer Requests feature was designed primarily for:

- Transferring parts from one branch warehouse to another, and providing tracking dates as to when the parts were shipped and when the destination warehouse actually received the parts.
- Move multiple parts from one warehouse to another; i.e.: replenishing stock in Technician Warehouses.



When transferring parts, if the standard cost in the destination warehouse is not the same as the source warehouse, the application will automatically record a PPV transaction for the standard cost variance toward the destination branch. This PPV transaction is not viewable from the part journal; it may only be viewed from the G/L Account Register (General Ledger module).

Notes

Transfer Requests to replenish Technician stock using min and max options

Transfer Request

Warehouse Selection

From Warehouse: *Main-RIV
 To Warehouse: R-101 Randy
 Memo: Restock
 Request Date: 1/10/2016
 In Process Date:
 Shipped Date:
 For Job/Ticket: None
 Reference:

Bring Quantity Up to Minimum
 Bring Quantity Up to Maximum
 Manual Transfer

Part Selection

Part Code:
 Transfer Quantity:
 Serial Number:
 Lot Number:

Add

Part Code	Min Qty	Qty to Transfer	Cost Method
943WH	10	10	Standard
SR-1032	25	25	Standard

Delete Save Save/Receive ... Close

Transfer Request

Warehouse Selection

From Warehouse: *Main-RIV
 To Warehouse: R-101 Randy
 Memo: Restock
 Request Date: 1/10/2016
 In Process Date:
 Shipped Date:
 For Job/Ticket: None
 Reference:

Bring Quantity Up to Minimum
 Bring Quantity Up to Maximum
 Manual Transfer

Part Selection

Part Code:
 Transfer Quantity:
 Serial Number:
 Lot Number:

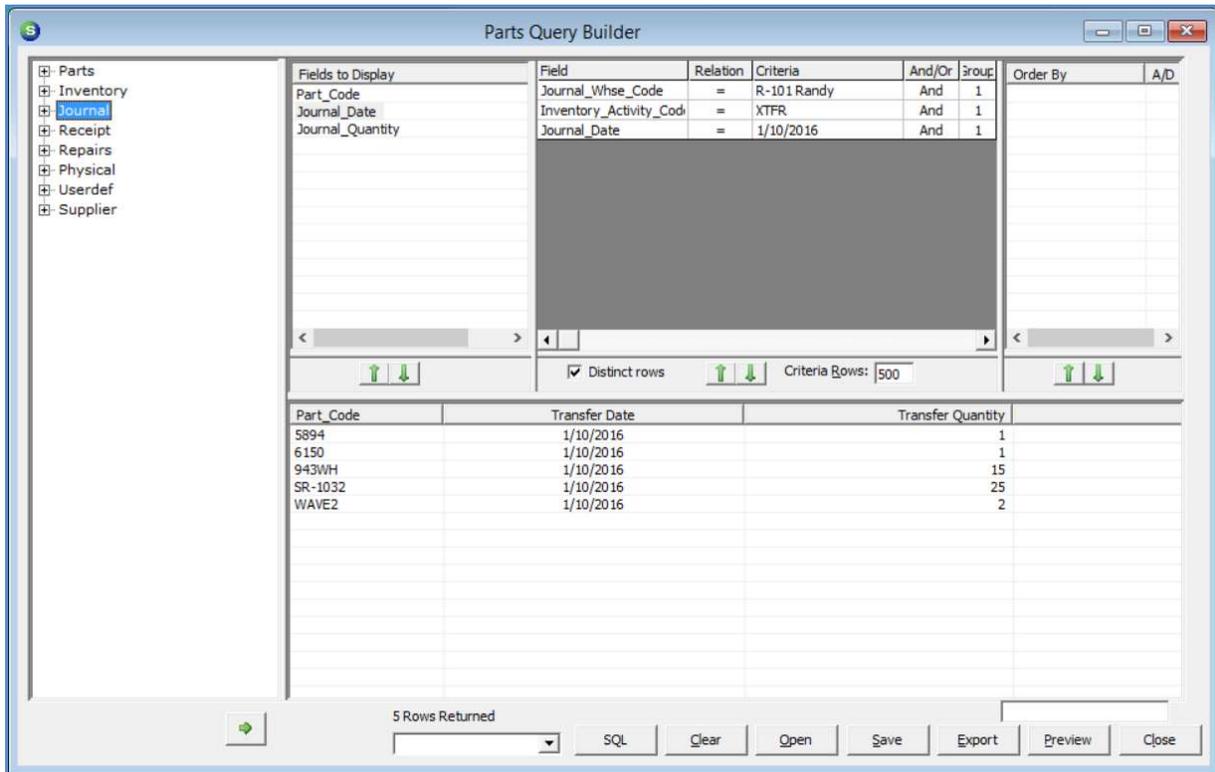
Add

Part Code	Max Qty	Qty to Transfer	Cost Method
5894	3	1	Standard
6150	3	1	Standard
943WH	15	15	Standard
SR-1032	25	25	Standard
WAVE2	4	2	Standard

Delete Save Save/Receive ... Close

Printing a Part Transfer

Currently there is not a report available to print Transfer Requests. You may create a query using the Parts Query Builder and print the report to use as a reference list of parts that need to be pulled from inventory for the transfer.



Part Transfer		Plymouth Security	
Part_Code	TransferDate	TransferQuantity	
5894	1/10/2016	1	
6150	1/10/2016	1	
943WH	1/10/2016	15	
SR-1032	1/10/2016	25	
WAVE2	1/10/2016	2	

Notes