

Client Storage Processing Procedure

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Client Storage Processing Procedure

Overview

Storage of inventory generally falls into two inventory management categories: "Client" or "Distributor".

"Client" storage offers inventory management at off-site locations with usage determined by counting the forms that remain in the location "Usage by count". Emphasis is placed on the ability to order merchandise from a supplier and ship the merchandise direct to a "Client" location.

"Distributor" storage is the more common inventory management process. Merchandise is received into a "Distributor" location and stored. Orders and Releases are then used to ship and bill the customer for the inventory and record usage at the time of shipment. "Distributor" storage may also include merchandise for which the customer has paid and you are storing in your warehouse as a service. If this merchandise is later counted at the "Client" storage location, no usage is recorded at the time of shipment.

Any item that is classified as a finished good (FG) with a method of inventory equal to variable (VA) meets the minimum requirements necessary to allow "Client" storage. An additional requirement is that the item master must contain a location that has been classified as "Client" stored.

Company Info.

Two new general ledger accounts have been created to track inventory costs received into a client location. These accounts will post automatically during receiving. Both accounts are recommended to be balance sheet accounts with the "Client inventory storage" account recorded as an asset and the "Res client inv storage" account recorded as a liability. The account will operate as a contra-account (offsetting debit and credit for the same amount). The other process that will affect these accounts is "Usage by Count".

The screenshot shows a software window titled "Inventory Information - Un # 0" with a "Location" tab selected. The window contains the following fields and options:

- Default location site:** A text box containing "WHSE".
- Default over allocations at order entry to:** Two radio button options: "Receiving laydown" (selected) and "Seq #1 row/bin".
- Inventory pick reporting:** Two radio button options: "Implicit" (selected) and "Explicit".
- Default qty shipped from:** Two radio button options: "Ordered qty" (selected) and "Picked qty".
- G/L section:** A vertical list of four items, each with a text box and a spin button:
 - Scrap: 420
 - Samples: 425
 - Client inventory storage: 139
 - Res client inv storage: 239

At the bottom of the window, there are six buttons: "Edit", "Prev", "Next", "Save", "Cancel", and "Close".

Location Site Maintenance

A minimum of one site to track inventory at a client location is required. Optionally you may wish to create multiple sites to track each individual customer physical address location (this provides the widest range of reporting options). The "Location site" allows up to eight characters to identify the location. Description can provide additional identification. The "Group" field may be used to identify several locations that may belong to a common group for reporting purposes. The default laydown location will be the primary storage area at the client location. The other defaults (ship area) and (credit memo) are required to be filled in, but will not affect this procedure. A different shipping address may be entered, if necessary. The "Edit bins" button is provided if you wish to create a detailed map of all potential storage areas at a client location.

Adding Inventory Location Site Maintenance

Location site: CSU

Description: Central States University WHSE

Group:

Default laydown area: LAY

Default ship area: SHIP

Default credit memo area: CREDIT

Row: LAY, SHIP, CREDIT

Bin: DOWN, AREA, MEMO

Different shipping address

Name:

Addr 1:

Addr 2:

City: State: Zip:

Country:

Ph #: Fax #:

Purge empty bins Edit bins

Add View Edit Delete Save Cancel Report Close

Item Maintenance

The item master contains several changes relevant to tracking inventory at a client location. Only fields or displays that have a direct impact on this procedure will be reviewed.

General

The "Item type" field must be entered as "FG" if this item will be received into a client location. "Meth of inv" must be "ST". Other relevant fields on this screen are the inventory summary located at this bottom of the screen. "Dist on hand" will only include inventory that is available to be released from "non-client stored location". "Available" is the accumulated distributor on hand less allocations. Allocation quantities will only include items that will be released from a "non-client stored location". "On order" will include purchases in process that may be stored at a client and/or distributor location and the "Due in" date of the earliest purchase order. "Back ord" will only reference quantities issued as a back order for the distributor site. The last field "Av/Al" is the net total of on hand less allocations plus on order. Additional drill downs are available from the "Activity" tab.

Viewing Item Master For BRD - Cust # 10102 - BROCHURES

General Order Info Vendors Activity Cust Price Bill of Matl Specs Graphics Plus Locations

Base # Base code Regular Item Matrix cd

Item # Sub # Cust # Status

Description

Owned by House Customer

Unit of Measure Pack
Weight Girth

Item type Bought as finished
Meth of inv Stock inventory

Location Program # Central State University
Royalty #

Dist on hand Prod alloc Ord alloc Available Backord On ord Due in Av / Al

Copy From Add View Edit Delete Save Cancel Report Close

Activity

“L/F qty” is the total on-hand for this item and will include both distributor and client-stored quantities. This quantity is then broken down into “Dist on hand” and “Client on hand”. The “Available” calculation will exclude “client on hand”.

Movement summary will only include activity that affected the distributor on hand.

Viewing Item Master For APCHK - Cust # 10100 - Accounts Payable Check

General Order Info Vendors Activity Cust Price Bill of Matl Specs Graphics Plus Locations

Location	S	On hand	Allocated	Available	On order	Due in	PO #
WHSE	D	0	0	0	0	/ /	0

Primary location site Usage Detail Item detail Change primary View sites

Row	Bin	Seq #	Description	Category	Assign
1	A3	1		Storage	N

Site detail Move up Move down View bins

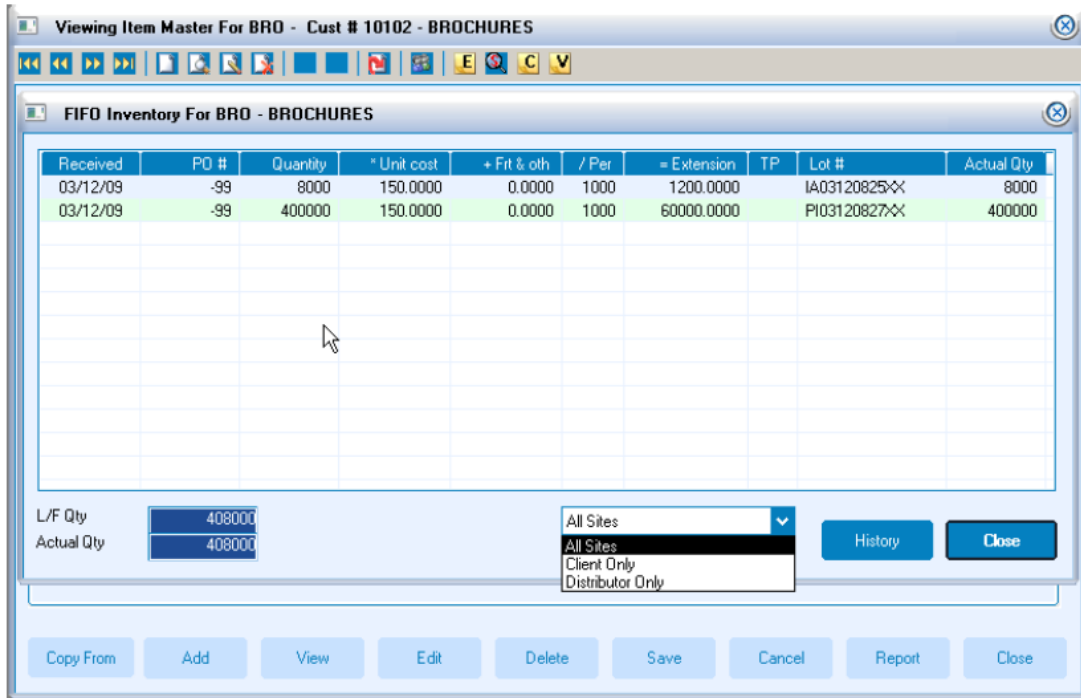
Copy From Add View Edit Delete Save Cancel Report Close

Activity (Drill Down Buttons)

Select “Inventory” to see the actual FIFO/LIFO records for on hand inventory. Initially the window will default to only display “Distributor only” sites. You may change the combo box selection to see “All sites”,

“Client only” or “Distributor only” records. “Client only” records will always contain a lot number beginning with “RS” as an identifier that this record is stored at the client.

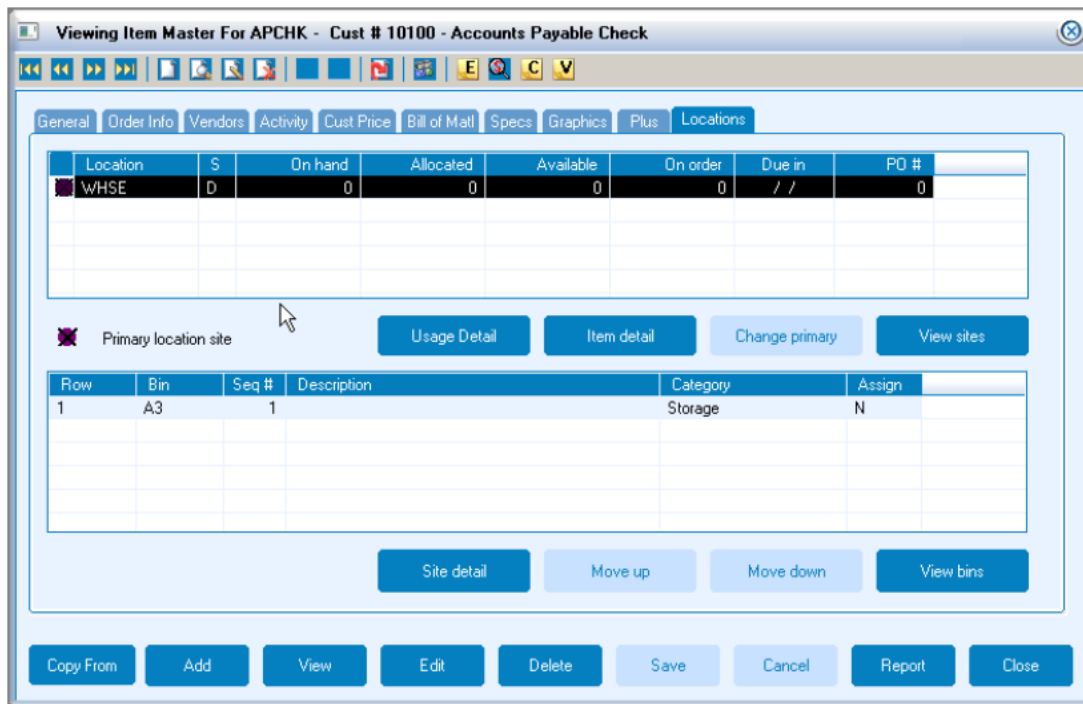
The other drill down buttons available do not display in a different manner due to inventory being stored at a client site.



Location

In the sample item being reviewed there is on hand that is stocked at the client location and stocked at the distributor site. In this example the distributor location is the primary location (will default during releases as the ship from site). The “S” column in the listview indicates the storage location; either “C”lient or “D”istributor stored. Inventory summary is provided by location and matches the summary totals on the “Activity” tab.

As each location is selected the assigned storage bins display below.

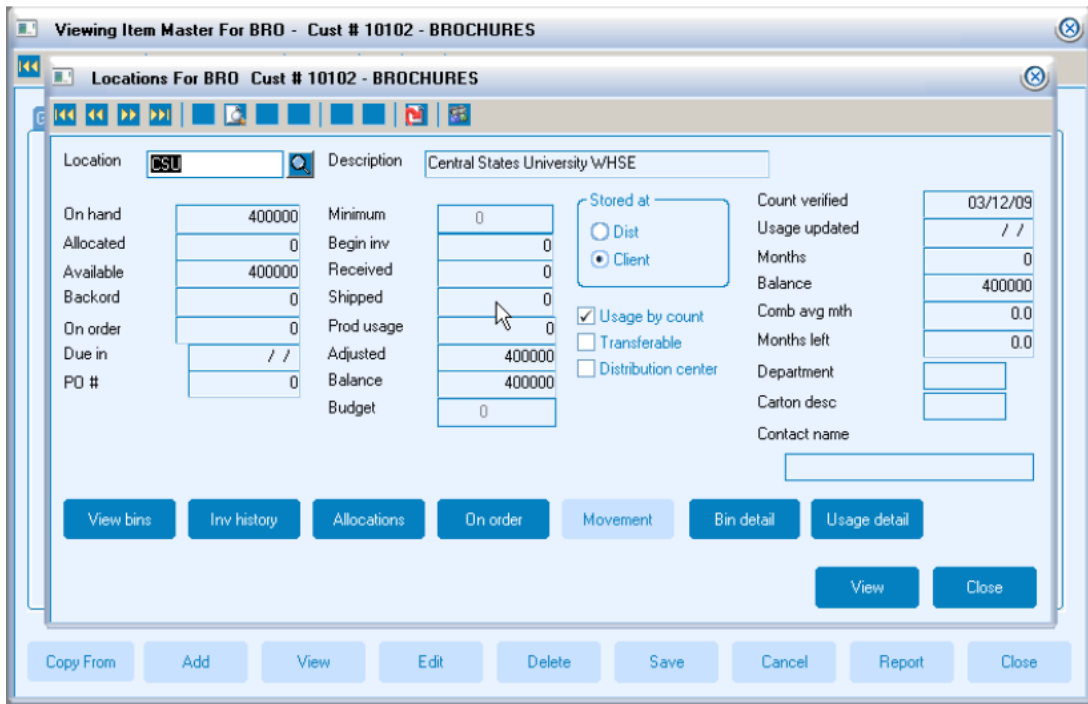


Location (Edit Site Button)

When creating a location for an item that will be “client-stored” it is critical to correctly select the appropriate “Stored at” option. Once inventory has been received into a location this option is no longer available for editing. Other selections default in based on the “Stored at” selection. For example “Usage by count” will be checked once “Stored at” is “Client”. “Distribution center” will become unchecked and disabled at the same time.

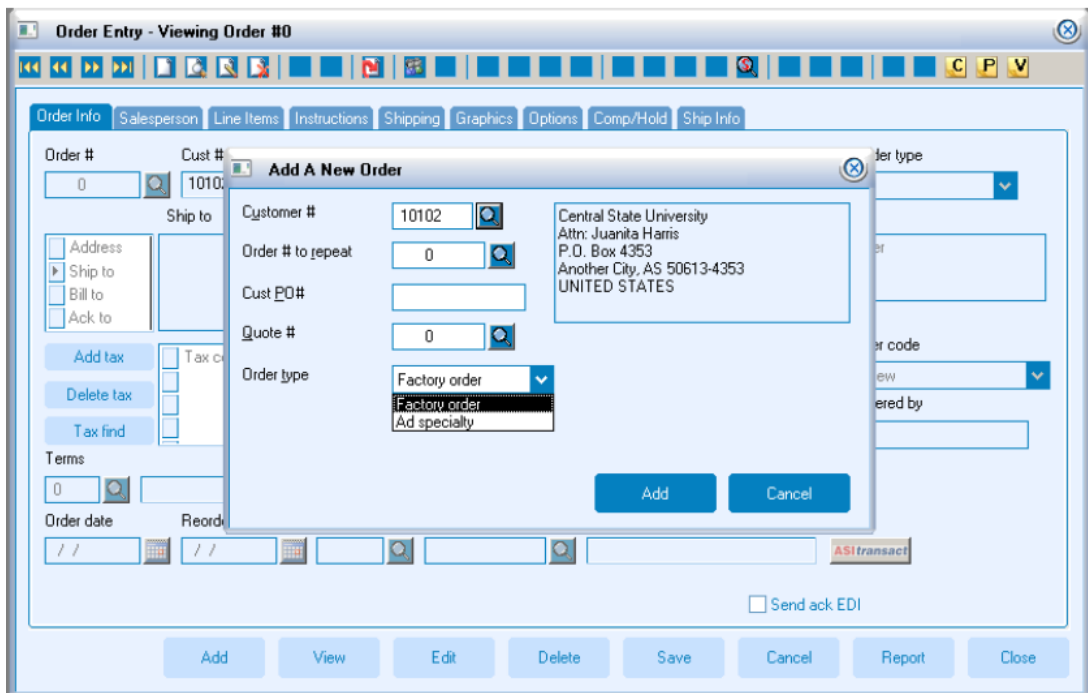
Note: A “distribution center” is a storage location for items for which usage will be counted at another location.

“Client stored” locations will have drill downs by selecting a button to review history by location, row, bin, purchase order number, order number or based on a beginning period of time since the last time these history files were purged.



Order Entry

Two order types are available: "Factory Order" or "Ad Specialty."



Use "Factory Order" to purchase items that are to be received into either "Distributor" or "Client" storage. You may also include on the same order inventory items to be released from stock or drop-ship non-inventory items to your client.

The line item edit window (Fig. 8) is the next key step in this procedure. Items will update the item type field with a "DS" (dropship) to indicate that you are purchasing from a vendor. Also note that the "To site" field is enabled. In order to receive this item into inventory (either as distributor or client) you must enter the location that will be updated when the line item is created. The location allows the on order values and

due in date in the item master to be updated.

Order Entry - Adding Order #204 for Cust #10102 - Central State University - Add Line #1

Item # Sub # Cust # Mast Type Vendor Superior Printed Products

Qty ord Qty shp Qty bo PK Price IPC Blg cost Per

Desc Commission Product code Line item code

Print on ack

Ext desc

Update	Tax code	Description	Curr rate	Taxable
<input checked="" type="checkbox"/>	004	Another State Exempt	0.0000	<input type="checkbox"/>
	Tax ID # exists	Effective tax rate	0.0000	

SI #	Name	Type	* Sls/Cst split %	Comm...	Tbl #
5	Jerry Sales	4P	100.00	50.00	0

* = Used for reporting purposes only. Does not affect earned commissions.

Item bought as finished good

The next requirement is to print the order. You may use "Print on demand" or may print through the usual menu option.

Vouching

When you receive the supplier invoice you must vouch and use the "Purchase order dist" option. This will allow you to distribute the cost of the supplier invoice to the purchase line item record. The general ledger account to be used is dependent on several possibilities. Both the program master and item master provide an over-ride for the inventory general ledger account. If used you must vouch to that account. Otherwise, the default account is "Dropship Merchandise."

Adding A Vouching

Invoice/Adjustment | Distributions

Vend # 93980 Superior Printed Products Inv # 133184 Vouching

Order costing G/L distributions for order # 204

G/L	Name	Amount	Type	Reference
135	Drop Ship Merchandise	0.00	M	
410	Freight Paid on Purchases	0.00	F	
808	Samples and Catalogs	0.00	O	

Order totals: Merchandise 0.00, Freight 0.00, Other 0.00, Total 0.00

Voucher totals: Merchandise 0.00, Freight 0.00, Other 0.00, Total 0.00, Bal to dist 80.00

Buttons: Add, View, Edit, Delete, Ok, Cancel, Auto vouch, E-ASI billing, View totals, Preview, Finish, Abort

After you have completed the general ledger distribution, select the line item to update.

When the distribution to the line is complete, check to make sure all total fields are marked in blue or if red that any differences are attributed to rounding. Any other difference should be adjusted before exiting and posting the transaction.

Purchase Order Vouching

PO # 205 Src WE

Invoice/purchase order distribution comparison

	Mdse	Freight	Other	Total
Invoice	82.50	0.00	0.00	82.50
P. O.	82.50	0.00	0.00	82.50
Difference	0.00	0.00	0.00	0.00

Item #	Sub #	Cust #	Qty Vch	Item Cost	Per	Freight	Other	Rec'd	Vch'd
APCHK		10100	1000	82.5000	1000	0.0000	0.0000		C

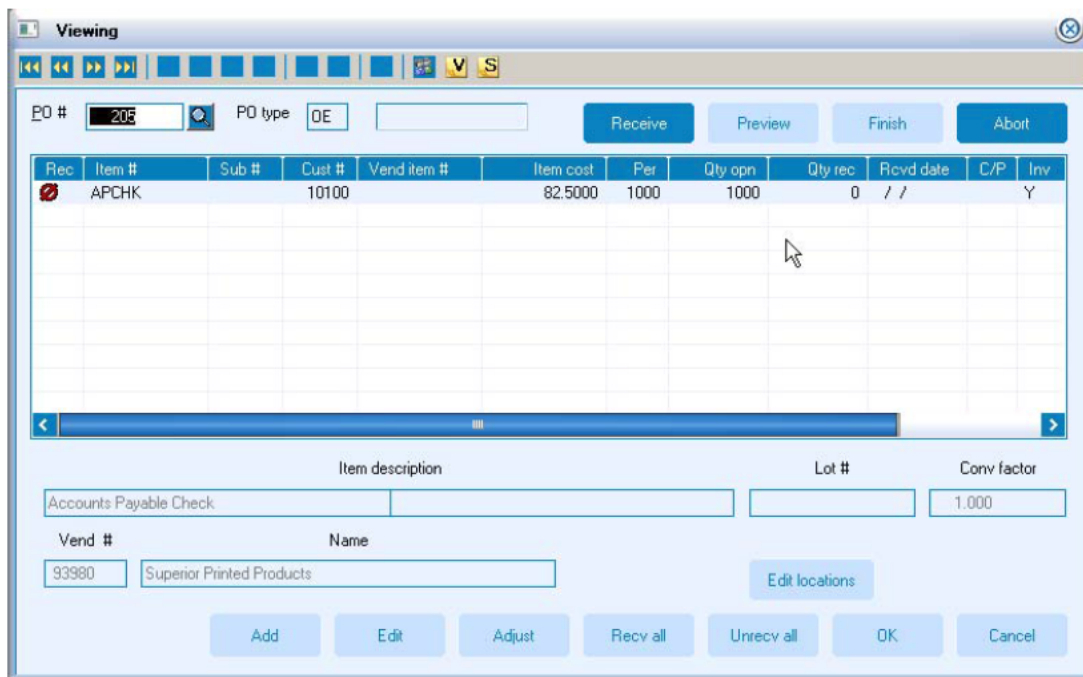
L# 1 Description Accounts Payable Check Conv fact 1.000 Ordered 1000 Vouched 1000

Purchased 1000 Stocked 1000

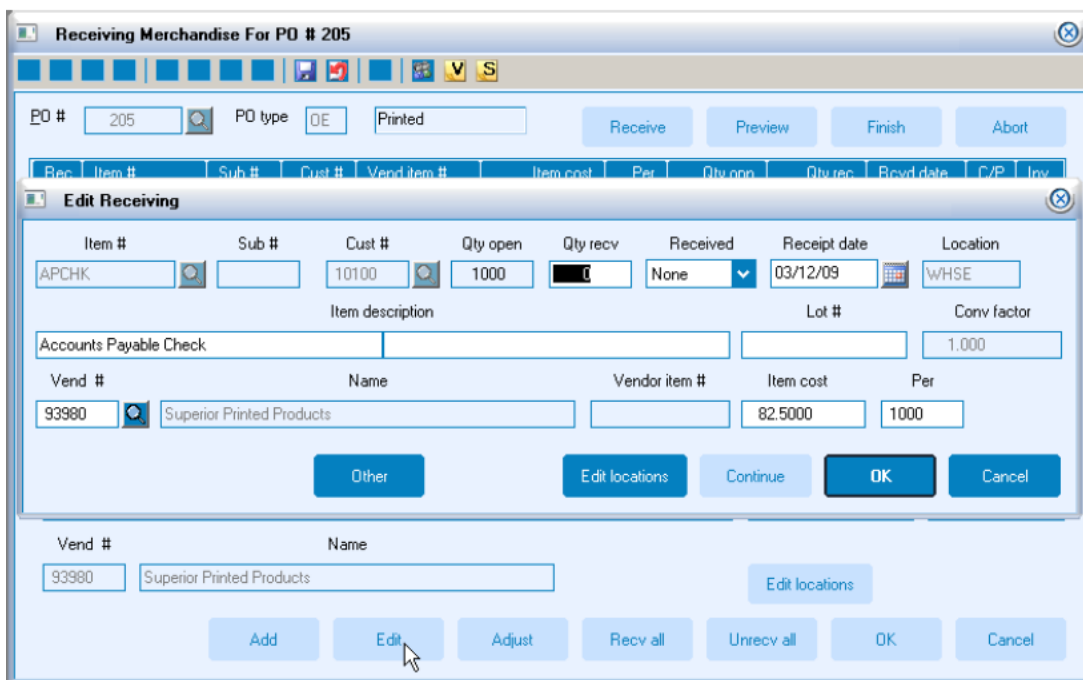
Buttons: Std cost, Cost, Ok, Cancel

Receiving

You may use the toolbar option in "Order Entry" (preferred method) or "Receive Merchandise" in Inventory transactions to record the receiving of merchandise into the client location.



The receiving screen displays several options for receiving merchandise. In the example below, the line is being edited to allow you to review most of the details about the order.



Enter the quantity you wish to receive.

When all receivers are entered a receiving journal will print. It will report the details of the receipt including what location was affected. At this time the item master is updated with an on hand quantity and on order is reduced.

An example of the affect to the "Activity" tab of item maintenance is shown below. Again you can drill down through several other buttons to follow the activity that has occurred to either the "Client" or "Distributor" location.

Viewing Item Master For BRO - Cust # 10102 - BROCHURES

General Order Info Vendors **Activity** Cust Price Bill of Matl Specs Graphics Plus Locations

Comp Desc: BROCHURES Location: WHSE Category: REL
 L/F qty: 408000 Actual value: \$ 61200.00 Minimum: 1000 Maximum: 5000
 Std cost: 150.0000

Dist on hand: 8000 Client on hand: 400000
 Wk in proc: 0 Backord: 0
 Storeroom: 8000 On ord: 0
 Prod alloc: 0 Due in: / /
 Ordr alloc: 0 Av / Al: 8000

	Period	MTD	YTD
Begin inv	0	0	0
Received	0	0	0
Shipped	0	0	0
Prod usage	0	0	0
Adjusted	8000	8000	8000
Balance	8000	8000	8000

Inventory Inventory history Allocations On order Backorders Sales matrix
 Movement Quantity allocated by period Item sales information Quantity available matrix

Copy From Add View Edit Delete Save Cancel Report Close

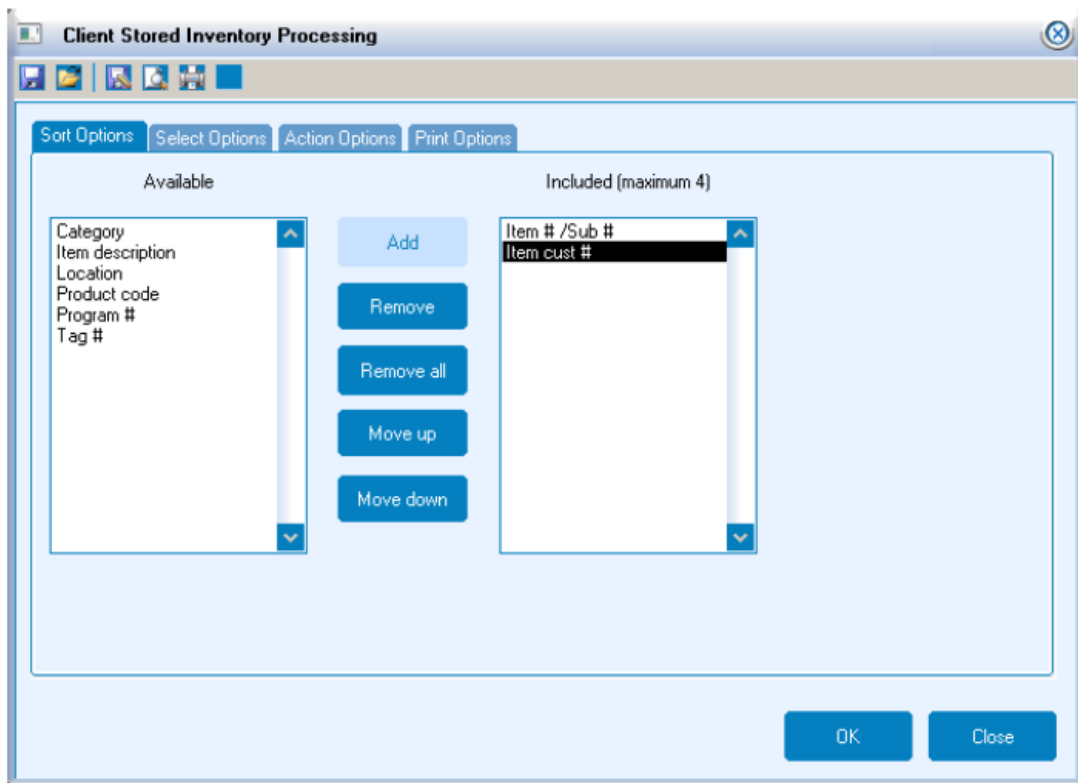
A general ledger entry to debit, client inventory storage, and credit, reserved client inventory storage, is made at the time of receiving into a client stored location.

When you receive the merchandise into a "Client" location you must continue to process the order through billing to close out the order. Another option available is receiving the merchandise into the "Distributor" location and closing the order after receiving. As releases are made from the "Distributor" location, you may use a "Factory Order" or "Fulfillment - Release" to ship and bill the order.

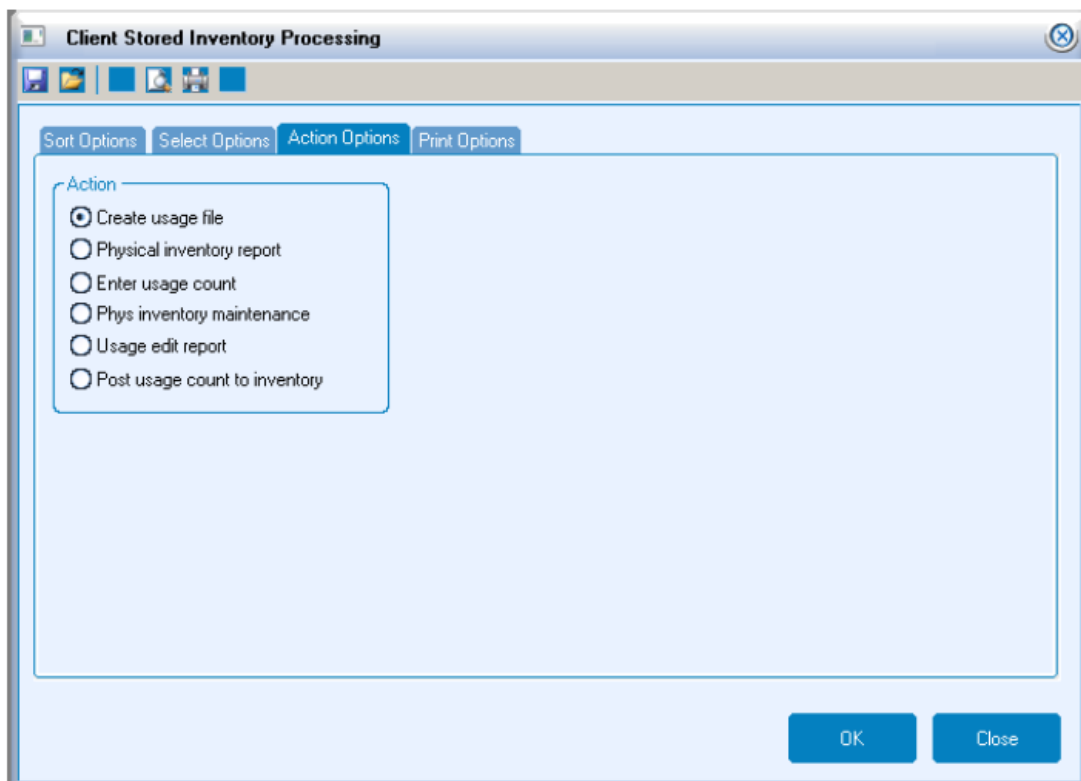
Update Usage by Count

This process is used to update usage at "Client-stored" locations by entering a physical count. The entire process from the selection of the records to posting of the count and updating usage is handled within this one option.

Both the sort and selection options offer the ability to control the selection of records to be updated.



The “Action Options” tab is used to indicate which phase of the process you are performing.



“Create usage file” creates a temporary file containing the items to be processed. Only “C”lient locations will be used to create the file.

“Physical inventory report” creates a printed count sheet. Several “Form Options” are also available.

“Enter usage count” is used to input the physical count.

“Usage edit report” reviews the count data so adjustments can be made prior to posting the transactions.

“Post usage count to inventory” updates the item master and the location master with the new quantity on hand balance. Usage for the month counted is also updated to the location master for the client locations.

Following is an example of usage being reduced by 1000 pieces. After “Post usage count to inventory” has been completed the location now shows on hand of 5000 with an adjustment of 1000.

The screenshot shows a software window titled "Locations For ENVELOPE Cust # 28500 - 9 1/2 x 4 envelope". The window displays the following data:

Location	Description
DB	Dinner Bell

Inventory and Usage Data:

On hand	5000	Minimum	0
Allocated	0	Begin inv	0
Available	5000	Received	6000
Backord	0	Shipped	0
On order	0	Prod usage	0
Due in	/ /	Adjusted	-1000
PO #	0	Balance	5000
		Budget	0

Additional Settings and Information:

- Count verified: 03/26/09
- Usage updated: / /
- Months: 0
- Balance: 5000
- Comb avg mth: 0.0
- Months left: 0.0
- Department: [Empty]
- Carton desc: [Empty]
- Contact name: [Empty]

Buttons at the bottom: View bins, Inv history, Allocations, On order, Movement, Bin detail, Usage detail, View, Close.

Further review shows that usage for 1000 has now been updated to the “Usage detail” summary.

The screenshot shows a software window titled "Usage Detail For Site - DB". It displays a table with the following data:

Month	2009	2008	2007	2006	2005
January					
February					
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					

Summary Data:

First used	03/20/09
Count verified	03/26/09
Usage updated	/ /
Usage since last update	1000

Buttons: Ok