South Carolina Enterprise Information System

Inventory Management & Finance Integration

July 2009

STATE INFORMATION TECHNOLOGY

B&CB

SC BUDGET AND CONTROL BOARD

Agenda

- Introduction

- What is Inventory

- Business Processes

- Financial Postings

- Templates

- Questions

Introduction

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Introduction

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What is Inventory?

- Inventory is material expensed at time of consumption and not at time of purchase

- Inventory may be Valuated or Non-Valuated

- Inventory has a unique identifier (Material Master Number)

- Inventory is stored in designated physical locations

- Inventory may be replenished automatically by setting system re-order triggers (Material Requirements Planning, MRP)

What is Inventory?

- Inventory is **<u>NOT</u>** a Fixed Asset

- Inventory may **<u>NOT</u>** be purchased via P-Card

- Inventory **DOES NOT** have to be greater than 100K in value

- Inventory is any item that is tracked by Quantity and Price or Quantity Only

Business Processes

Business Process Number	Business Process Description
IM001	Create Inventory Purchase Requisition
IM002	Create Inventory Purchase Order
IM003	Create Material Reservation
IM004	Create Goods Issue
IM005	Create Goods Receipt
IM006	Create Inventory Balance Conversion
IM007	Write On/Off Physical Inventory Balances
IM008	Material Scrapping

Business Processes

Business Process Number	Business Process Description
IM009	Material Revaluation
IM010	Free and Donated Materials
IM011	Create Sales Order
IM012	Create Sales Contract
IM013	Create Sales Quote
IM014	Create Sales Delivery
IM015	Create Sales Billing

IM001 – Create Inventory Purchase Requisition

Inventory Purchase Requisitions can be created manually or automatically via Material Requirements Planning (MRP). Requisitions will be converted to Purchase Orders for the procurement of Inventory Items.

Account Assignment Element	How is it Assigned
Fund	Derived
Functional Area	Derived
Funded Program	Derived
Funds Center	Derived
Gl Account	Derived
Commitment Item	Derived
Grant	Derived

FI	FM	Cash
N/A	DR Inventory Fund	N/A

IM002 – Create Inventory Purchase Order

Inventory Purchase Order is created with reference to the Inventory Purchase Requisition. Funds commitment is moved from Purchase Requisition Document to the Purchase Order Document

Account Assignment Element	How is it Assigned
Fund	Derived
Functional Area	Derived
Funded Program	Derived
Funds Center	Derived
Gl Account	Derived
Commitment Item	Derived
Grant	Derived

FI	FM	Cash
N/A	DR Inventory Fund	N/A

IM003 – Create Material Reservation

Material Reservations are created to "Reserve Inventory" for consumption at a future date. Each Material Reservation has a corresponding Funds Reservation that is generated automatically by the system.

Account Assignment Element	How is it Assigned
Fund	User Entry
Cost Object	User Entry
Functional Area	User Entry
Funded Program	Derived
Funds Center	Derived
Gl Account	User Entry
Commitment Item	Derived
Grant	User Entry

FI	FM	Cash
N/A	DR Consumption Fund	N/A

IM004 – Create Goods Issue

Goods Issues can be created with or without reference to a Material Reservation. If they are posted with reference to a Material Reservation then the corresponding Funds Reservation is liquidated and an actual posting is made.

Account Assignment Element	How is it Assigned
Fund	User Entry
Cost Object	User Entry
Functional Area	User Entry
Funded Program	Derived
Funds Center	Derived
Gl Account	User Entry
Commitment Item	Derived
Grant	User Entry

FI	FM	Cash
DR Expenditure CR Inventory	DR Consumption Fund CR Inventory Fund	DR Due To Account CR Due From Account

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IM005 – Create Goods Receipt

Goods Receipts are posted with reference to a Purchase Order. Purchase Order commitment is liquidated and an actual posting is made.

Account Assignment Element	How is it Assigned
Fund	Derived
Functional Area	Derived
Funded Program	Derived
Funds Center	Derived
Gl Account	Derived
Commitment Item	Derived
Grant	Derived

FI	FM	Cash
DR Inventory CR GR/IR	DR Inventory Fund	N/A

IM006 – Inventory Balance Conversion

Initial load of legacy Inventory Balances into SAP Inventory.

Account Assignment Element	How is it Assigned
Fund	Derived
Functional Area	Derived
Funded Program	Derived
Funds Center	Derived
Gl Account	Derived
Commitment Item	Derived
Grant	Derived

FI	FM	Cash
DR Inventory CR Conversion Account	DR Inventory Fund CR Conv Fund	N/A

Write on or off Inventory Balances as a result of Physical Inventories. (Stocktake)

Account Assignment Element	How is it Assigned
Fund	Derived
Cost Centre	Derived
Functional Area	Derived
Funded Program	Derived
Funds Center	Derived
Gl Account	Derived
Commitment Item	Derived
Grant	Derived

FI	FM	Cash
DR Inventory CR Phys Inv Writeoff DR Phys Inv Writeoff CR Inventory	DR Inventory Fund CR Fund DR Fund CR Inventory Fund	N/A

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IM008 – Material Scrapping

Scrapping of obsolete or damaged material from Inventory

Account Assignment Element	How is it Assigned
Fund	User Entry
Cost Centre	User Entry
Functional Area	User Entry
Funded Program	Derived
Funds Center	Derived
Gl Account	Derived
Commitment Item	Derived
Grant	User Entry

FI	FM	Cash
DR Scrap Expense CR Inventory	DR Expense Fund CR Inventory	N/A

IM009 – Material Revaluation

Revaluation of On-hand Inventory

Account Assignment Element	How is it Assigned
Fund	Derived
Cost Centre	Derived
Functional Area	Derived
Funded Program	Derived
Funds Center	Derived
Gl Account	Derived
Commitment Item	Derived
Grant	Derived

FI	FM	Cash
DR Material Reval CR Inventory DR Inventory CR Material Reval	DR Exp CR Inventory	NA

Material that is donated or reclaimed

Account Assignment Element	How is it Assigned
Fund	Derived
Functional Area	Derived
Funded Program	Derived
Funds Center	Derived
GI Account	Derived
Commitment Item	Derived
Grant	Derived

FI	FM	Cash
DR Inventory CR Donated Items	DR Inventory CR Rev	N/A

IM011 – Create Sales Order

Sales Order for sale of inventory items or services

Account Assignment Element	How is it Assigned
Fund	Derived
Functional Area	Derived
Funded Program	Derived
Funds Center	Derived
Gl Account	Derived
Commitment Item	Derived
Grant	Derived

FI	FM	Cash
N/A	N/A	N/A

IM012 – Create Sales Contract

Sales Contract for sale of inventory items or services

Account Assignment Element	How is it Assigned
Fund	Derived
Functional Area	Derived
Funded Program	Derived
Funds Center	Derived
Gl Account	Derived
Commitment Item	Derived
Grant	Derived

FI	FM	Cash
N/A	N/A	N/A

IM013 – Create Sales Quotation

Sales Quotation for sale of inventory items or services

Account Assignment Element	How is it Assigned
Fund	Derived
Functional Area	Derived
Funded Program	Derived
Funds Center	Derived
Gl Account	Derived
Commitment Item	Derived
Grant	Derived

FI	FM	Cash
N/A	N/A	N/A

Create Delivery and Goods Issue for Sales Order

Account Assignment Element	How is it Assigned
Fund	Derived
Cost Center	Derived
Functional Area	Derived
Funded Program	Derived
Funds Center	Derived
Gl Account	Derived
Commitment Item	Derived
Grant	Derived

FI	FM	Cash
DR COGS CR Inventory	DR COGS CR Inventory	N/A

Create Billing Documents for Sales Orders

Account Assignment Element	How is it Assigned
Fund	Derived
Cost Center	Derived
Functional Area	Derived
Funded Program	Derived
Funds Center	Derived
Gl Account	Derived
Commitment Item	Derived
Grant	Derived

FI	FM	Cash
Deb Customer Credit Rev	CR Rev	N/A

Questions

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