

PERCEPTION[®] MAT-PAC

Managing Stock Inventories

A Training Tutorial

This training tutorial outlines the basic features of the *PERCEPTION* system for managing stock inventories.

It is a supplement to the user manual entitled “*PERCEPTION Material Planning, Purchasing & Inventory Control*,” which provides more details for the user.

Before using this tutorial, the user should first view the preliminary *PERCEPTION* training tutorial, “Getting Started.”

Other related training tutorials for material control are the following:

- 1. Starting From Scratch: Material Planning, Purchasing & Inventory Control**
- 2. Starting A New Project**
- 3. Managing Drawings & Bills of Materials**
- 4. Material Requisitions**
- 5. Purchase Orders**
- 6. Work Order Pallets**
- 7. Tool Room Control**
- 8. Developing A Parts Catalog**
- 9. Receiving & Warehousing**
- 10. Withdrawing Material to Production**
- 11. Managing Vendor Invoices**
- 12. Managing Customer Billings**

Managing Stock Inventory

Stock inventories may be used to augment material purchased directly for projects.

Stock normally includes consumable items as well as standard parts commonly used in various production processes.

These items need to be kept on hand to meet the on-going requirements of production.

Initially, stock is purchased as a company asset, but its cost is transferred to a project when issued to production.

Direct purchased material, by contrast, has its cost allocated to the project directly from the purchase order.

All stock material managed by *PERCEPTION* must be set up in the system's Parts Catalog.

Detailed instructions for developing the parts catalog are provided in the following tutorial:

PERCEPTION MAT-PAC

Developing A Parts Catalog.

The following are steps can satisfy both the inventory accountability and the purchasing functions:

- 1. Set up stock items in the Parts Catalog (quantities, locations). Initially, unit prices of pre-existing stock items also need to be defined.**
- 2. When withdrawing the material, identify the project work order & enter quantity withdrawn.**
- 3. For stock replenishment, cut a requisition & issue a purchase order.**
- 4. Receive purchased stock material as normally done for all purchased material.**
- 5. Periodically, enter stock adjustments to keep on-hand quantities balanced.**

Stock Adjustments

Taking a physical inventory of stock items helps ensure that the system is tracking correct on-shelf quantities.

Over time, these quantities can become bogus due to data entry errors and/or failure to record all withdraws and usages.

There are obvious problems associated with tracking erroneous on-self quantities. Production may suffer from unknowingly planning its work around unavailable stock, and there may be inventory tax consequences as well.

PERCEPTION allows physical inventory to be performed at any time, and the system does not require that the entire stock inventory to be closed down for this process.

Partial inventories can be scheduled and may be more convenient for the stores operation.

All inventories are dated, and all adjustments to price and quantities can be transmitted to the accounting systems at any time.

To adjust on-shelf quantities, click on *Environment/Stores Management/Stock Adjustments*.

The system will display the Stock Adjustment worksheet




ID Num	Part Type	Part ID	Location	Inventory Qty	Inventory Date	Created By	Comments
1	Direct Purchase	02262-0107	Demo	100.00	10/09/2001	SPAR	
2	Direct Purchase	TR-0002	Mach.Shop	50.00	11/07/2001	spar	
3	Direct Purchase	TR-0003	Mach.Shop	50.00	11/07/2001	spar	
4	Direct Purchase	TR-0004	Mach.Shop	50.00	11/07/2001	spar	
5	Direct Purchase	02262-0107	Demo	25.00	11/07/2001	spar	
6	Direct Purchase	02262-0107	Demo	5.00	11/07/2001	spar	

Where adjustments to on-shelf quantities are required, add transactions using the *Add* button. Enter the Part ID and the actual on-shelf quantity (“Inventory Qty”).

Note: After the adjustment transactions have been entered and saved, they must be posted.

Posting Stock Adjustment Transactions

To post the stock adjustment transactions, select those to be posted and click on the *Post Selected Adjust Transactions* button  on the toolbar. The results will be color coded:

Green - The transaction has been successfully posted and can no longer be changed

Red - The system has determined that the transaction is in error. The user should correct the errors and re-post

Gray - The user has not yet selected the transactions for posting

Note: Only the posted stock adjustment transactions will provide the accounting system interface with the corresponding change in stock “on-shelf” financial value (on-shelf quantity x unit cost).

Stock Unit Cost Adjustments

Stock unit cost adjustments also can be made to specific stock items in the Parts Catalog.

1. Open the Parts Catalog (*Library/Standard Parts Catalog/Catalog*)
2. Retrieve the stock items and proceed to the stock item's *Detail* window.
3. By changing the item's unit cost and saving this change to the database, a price adjustment transaction for the corresponding change to on-shelf stock financial value is automatically generated.

There is no posting process required for these changes.

Interfacing Stock Transactions With Accounting Systems

In order to transfer these transactions to the accounting system (General Ledger),

1. Click on *Environment/Accounting/Transfer to Accounting System* and
2. Export them by clicking on the “Stock Adjustment” selection.

Detailed instructions for interfacing with accounting systems are provided in the following tutorials:

PERCEPTION Accounting Interface Setup

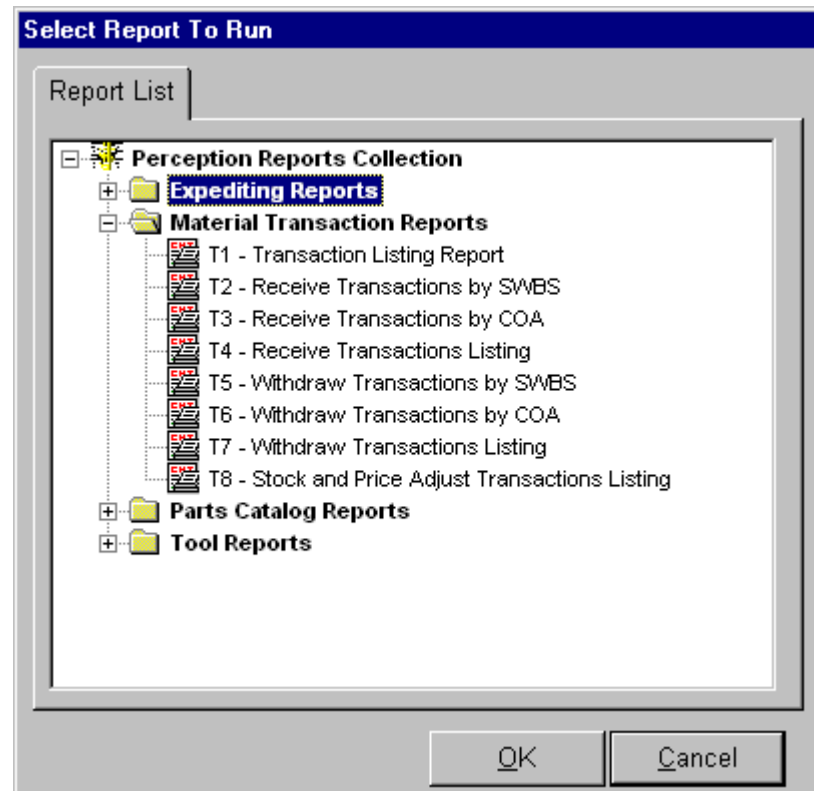
and

PERCEPTION Accounting Project Interface Setup

Stores Transaction Reports

The system provides reports for stores management by clicking on *Environment/Stores Management/Reports*.

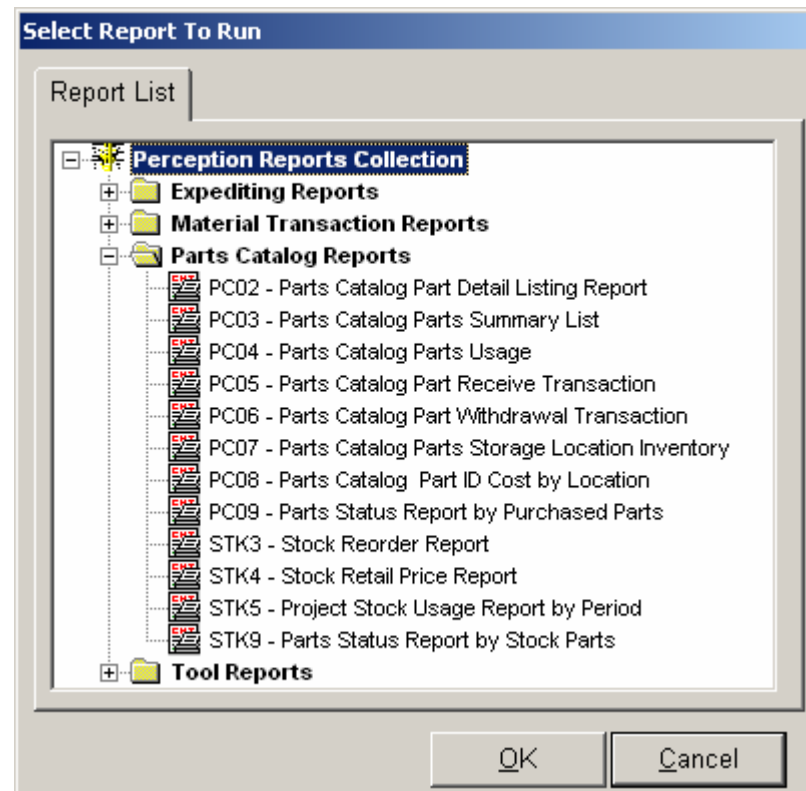
There are a number of material transaction reports that provide the status of withdraws and delivery receipts.



Stock Management Reports

PERCEPTION provides various reports of the status of stock inventories to keep the stores manager appraised as to what items need to be replenished.

To generate various stock status reports currently available on the system, click on *Environment/Stores Management/Reports/Parts Catalog Reports* from the main menu.



Among the more useful status reports are the following:

Stock Re-Order Report (STK03)

Stock Usage History Report (PC04)

The Stores Location Listing (DE2) provides a status of receipts from purchase order deliveries.

DE2 - Stores Location Listing												
06/24/2003 10:53:58 (Date format: MM/DD/YYYY)			Chesapeake Marine Industries									
Stores Location Listing (DE2)												
Contract A-DEMO - Demo Contract for MAT-PAC Tutorial												
Project 01 - Sample Material Control												
Project Range: 0 to /			Tag: 0 to /									
Requisition Range: 0 to /			Part ID: 0 to /									
Req Item	Description	Part ID Part Type	PO - PO Item	Tag	Required		PO Quantities			Reqn Quantities		
					Ordered	UoM	Received	Pending	Returned	Transferred	Used	Avai
Requisition 1 Valves												
1	150# RF FLG CAST CS, A216 Gr. WCB GATE VALVE W/ACTUATOR	SPN-PVGATA/150-24 Direct Purchase		01262	3.00	EA					0.00	13.00
			req1 - 1		0.00	EA	0.00	0.00	0.00			
2	150# RF FLG ANSI CLASS 150, CS, SS TRIM WAFER BUTTERFLY VALVE	SPN-PVBFLY/150-24 Direct Purchase		01262	4.00	EA					0.00	3.00
			req1 - 2		0.00	EA	0.00	0.00	0.00			
Requisition 2 Machinery Systems Material List												
1	150# RF Flg, CS, Gate Valve w/Actuator	PVGATA/150-24 Direct Purchase		01300	3.00	EA					0.00	0.00
			02 - 14		24.00	EA	0.00	0.00	0.00			
2	EX STG ERW/SMLS, CS, Pipe	PI/XS-10 Direct Purchase		01300	5.67	M					0.00	0.00
			02 - 3		13.00	M	0.00	0.00	0.00			

Managing Commissioned Materials

There may be opportunities for having a vendor relationship whereby materials, like steel, are delivered and stored on site in the shipyard and used on a commission basis:

stored without charge and purchased when withdrawn and used by production.

Such arrangements typically require the shipyard to manage the inventory of these items.