

KEYSTONE Accounting

Inventory



Keystone Inventory User Manual and Reference
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KEYSTONE Inventory

Manual and Reference

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SYSTEM OVERVIEW

Introduction

The Keystone Inventory System is an inventory tracking and reporting application in the Keystone software suite. It reports all aspects of inventory, from ordering, through receipts and/or production of materials. It interfaces to the ticketing and billing system to relieve quantities sold.

The Inventory module also features a very powerful tracking capability, allowing inventory levels to be precisely determined, including retroactively. Inventory no longer must be counted or entered during off-hours.

Inventory reporting can also report discrepancies and can be used to reconcile on-hand counts. It can even generate General Ledger activity for posting to the General Ledger for lost materials.

This manual contains a “Key Concepts” section. Understanding these concepts is vitally important to maintaining correct inventory counts. Please read this section thoroughly, and if a point is not very clear, please contact your GivenHansco Representative for further clarification.

It is critical to maintain an audit trail of inventory transactions. After an inventory is taken, file the count sheets. These sheets may become important in reconciling on-hand quantities later.

Key Concepts

Foreword

Please read the following section carefully! The entire Inventory system is based on these key concepts. Attempting to use Inventory without a complete understanding of them increases the likelihood of inaccurate data.

Transaction Based Recording

All inventory activity is transaction based. If there are 20 sales of a product in a given day, 20 transactions are recorded in the database. During reporting, these transactions can be displayed in a summarized manner (one entry for the day, containing a total of all 20 sales), or in a detailed manner (showing each of the 20 sale transactions).

Troubleshooting and adjusting is dramatically easier as a result. Transaction-based recording allows inventory to correctly identify the precise date and time of each transaction.

The order in which transactions are entered is irrelevant. A transaction dated March 30 can be processed before a transaction March 1, so long as the date is accurately recorded AND a physical inventory has not been conducted (see below).

Transactions include the following:

- Sales
- Purchase Receipts
- Production Receipts
- Misc. Inventory Transactions (adjustments)
- Physical Inventory Counts

Time Stamping

All inventory transactions are time-stamped; allowing the system to maintain accurate counts regardless of the order of their entry, **provided the correct date and time is specified**. It is impossible to overstate the importance of this concept:

Misdated transactions will cause unreliable on-hand counts.

Once posted, the transaction will make appropriate adjustments instantly. If the on-hand quantity is incorrect because material received yesterday is not in the system, simply backdate the material received and the on-hand quantity is corrected.

The time of a transaction is as vital as the date. A transaction dated at 5:00 (5:00am) takes place prior to the business day, where 17:00 (5:00pm) takes place after. Incorrect times would result in incorrect counts throughout the day.

It is possible to leave the time the time field blank. This would result in a default of 00:00 (midnight, the start of the day). However this is NOT recommended as it can unnecessarily complicate troubleshooting and adjustments as well as throwing off on-hand counts for that day (see above example).

Physical Inventory

Physical inventory entries are not to be made lightly. Their impact to the system is very significant and must be thoroughly understood to avoid problems.

Physical inventory sets a baseline for the on-hand count. This tells the inventory system where to begin when calculating counts. If a sale transaction pre-dates a physical inventory count, its value ***will not*** affect the count.

This is a desired result. It allows inventory to be conducted during business hours. If a count takes place at noon, sales at 9:00am shouldn't adjust the count, while sales at 3:00pm should.

However a mis-dated or mis-timed physical inventory entry can cause catastrophic results. For example, if an inventory count took place at 5:00pm on March 3, but was dated on March 1, then several days' worth of sales would be incorrectly deducted from the on-hand counts.

Similarly, an adjusting entry that pre-dates a physical inventory entry will have no effect on the count. If an inventory count took place at 5:00pm on March 3, an adjustment dated March 1 would have no impact on counts, because the baseline value is set from the most recently dated inventory count.

See Appendix A – Troubleshooting for examples and additional information.

On-Hand Counts

On-hand inventory counts are not a single value stored in the database. Instead, they are calculated as needed.

The first step is to get the most recent physical inventory count. Once that value is found, all transactions prior to that date and time are ignored.

Next, all activity since that point (sales, received products, etc.) are taken into account.

A final adjustment is handling the tickets that have yet to be invoiced. At Keystone ticketing workstations, the On-Hand Inquiry function includes these unbilled transactions to report the most conservative on-hand.

Inventory reporting on the other hand gives the user the option to include or exclude these unbilled tickets.

Diagnostics & Adjustments

Time stamping makes the timing of corrections more critical. If adjusting entries are required, they must be carefully time stamped to have the desired impact.

For that reason, it is important NOT to leave the time field blank. A blank time field indicates 00:00, meaning the beginning of the day. If a correcting entry is required and it must precede the entered transaction, it would not be possible. The correcting transaction would also have to be stamped at 00:00. Under the right circumstances, this could create problems.

If corrections are required to a physical inventory count, the preferred method is to simply re-key the transaction, using a time stamp of one minute after the original (incorrect) entry.

Data Flow

Product Data

Product information is entered and maintained under the Accounts Receivable File Maintenance Menu. All product-based information is entered here, including costs, product type, location, and vendor information.

Material Ordering & Receipts

As orders are entered, they are recorded for display to allow other users to see pending orders and projected on-hand quantities.

As products are received or produced, the on-hand quantities are updated and pending order quantities reduced.

Raw Materials Usage

Raw materials (sand, stone, cement, etc.) are relieved from stock when the mixes containing them are batched. See the **Product Setup** section for additional information.

Sales Transactions

Whether via Keystone ticketing or importing data from a third party system, inventory will relieve on-hand quantities as appropriate.

Miscellaneous Inventory Transactions

Adjusting entries can be made for waste, damage, theft, etc. These entries adjust on-hand counts and can optionally be set up to generate the appropriate General Ledger activity to represent the transaction.

Physical Inventory Entry

Physical inventory counts are entered based on each operation's needs, whether it be weekly, monthly, quarterly or annually. Discrepancies between calculated and actual on-hand quantities are shown during data entry, so anomalies can be investigated.

Reconciliation

Inventory Reconciliation generates General Ledger activity and reports detailing discrepancies between calculated and actual on-hand quantities.

System Startup

In order to get your Inventory system started in correct alignment with your other applications, there are some special steps to take when you first get your system up and running.

1. Review your current product codes. Are they easily understood? Are they concise? Are they structured logically? Do you have multiple plants? Are your product classes split according to your reporting needs? Your GivenHansco Installation Consultant is available to answer questions and offer advice
2. Gather information about your products. Review your current costs. This is also an excellent time to evaluate your pricing policies, product descriptions and minimum quantities. What product codes are obsolete? Can some be merged?
3. Compile the mix designs for all your concrete products and enter them into the Components section of Product Maintenance.
4. Contact your GivenHansco Installation Consultant to discuss strategies on entering your product codes into the system. We can offer advice on different strategies for coding and grouping your products.
5. Review for accuracy. Once a product has sales history, the product cannot be deleted. It is a very good idea to review data for accuracy prior to going live.

Product Setup

Before inventory functions are available, products must be flagged for tracking within Inventory.

This is done in Product Maintenance. Choose the product and change the STOCKED flag to “Y”.

This is also an excellent time to identify the Reorder quantity as well as the Standard Cost.

If you do not see the STOCKED option, please contact GivenHansco Support at 800-548-9754.

Product Maintenance - GH Materials

Product Id: BL6H

Description: 6" HALF BLOCK

Plant Id: 02 HARTFORD

Product Class: BL Block_Brick

U/M: EA

Taxable: Y

Auto Qty: N

Product Type: Other

Price Rollup: N

Dispatch Export: N

Sales G/L: 4000.00

List Price: 1.0400

Std Cost: 6500

Std Discount:

Average Cost: 0.65

Last Cost: 0.65

Inventory | History | Components | Batch Ref | Qty Prices | Misc Info | Notes

Qty on Hand: 1137

Location:

Vendor No:

Reorder Qty: 1000.0000

Qty Required: 0

Last Received: 11/1/2005

Qty/Unit:

Weight/Unit:

Cube/Unit:

Qty On Order:

Cost of Sales G/L:

Inventory G/L:

A/P Clearing G/L:

F3 Delete F2 Print F2 OK Cancel

Product Maintenance Screen

Product Components

While concrete itself is not a stocked item, the raw materials (components) are.

Entering the mix design into Keystone offers several significant advantages:

1. Automatically relieves on-hand quantities of the ingredients used in the mix.

Note: Quantities are relieved based on TARGET weights, not actual batch weights.

2. Daily usage reports are available during ticket import.
3. Unit Cost of the mix is easily calculated and recalculated without additional data entry.

If you do not see the COMPONENTS tab, please contact GivenHansco Support.

Product Maintenance - GH Materials

Product Id: 3038A

Description: 3000 PSI 3/8" Stone w/ Air

Plant Id:

Product Class: CO Concrete

U/M: CY

Taxable: Y

Auto Qty: N

Product Type: Other

Price Rollup: N

Dispatch Export: N

Sales G/L: 4000.00

List Price: 82.0000

Std Cost: 40.0363

Std Discount:

Average Cost: 0

Last Cost: 0

Inventory | History | Components | Batch Ref | Qty Prices | Misc Info | Notes

Product Id	Comp Description	U/M	Sequence	Qty per Unit
ICEMENT	Type I Cement	LB	1	525.0000
I38STONE	3/8" Stone	LB	2	1675.0000
ICONSAND	Concrete Sand	LB	3	1415.0000
IWATER	Water	GL	4	250.0000
IAIR	Air Entrainment	OZ	5	1.4000
IWATRED	Water Reducer	OZ	6	21.2000

F3 Delete F2 Print F2 OK Cancel

Product Components Screen

MENU OPTIONS

Menu Navigation – Inventory Control

Inventory Control
Purchase Receipts
Production Receipts
Misc. Inv. Transactions
Physical Inventory Entry
On Order Maintenance
Inventory Requirements Report
Inventory Status Report
Inventory Valuation Report
Physical Inventory Work Sheets
Product Transactions Report
Inventory Batch List

Menu Overview

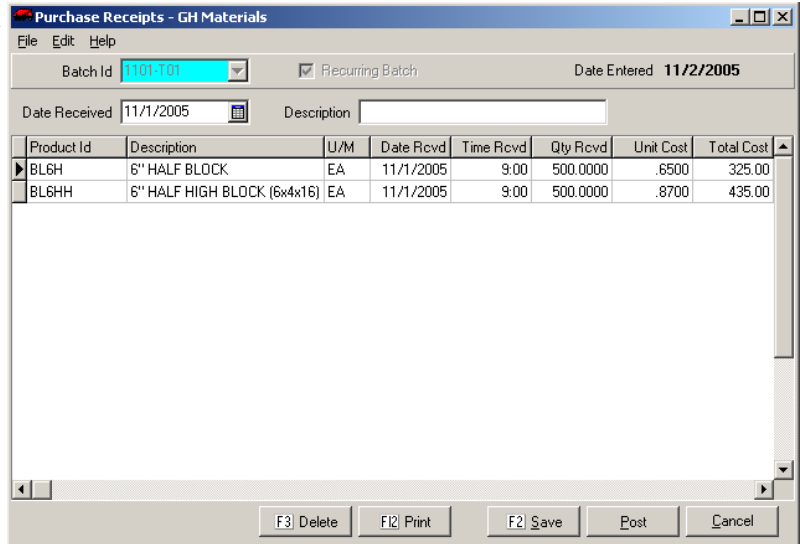
Purchase Receipts	Use this option to enter receipt of materials ordered from vendors.
Production Receipts	Any manufactured products are updated with this option.
Misc. Inv. Transactions	This option is used to make adjusting entries to on-hand quantities. This is most typically used for damaged, lost or stolen products.
Physical Inventory Entry	This option is used to enter physical inventory counts. Inventory can be entered at any point. There is no need to shut down other Keystone functions during inventory entry.
On Order Maintenance	Use this option when placing an order. As materials are received, they are deducted from the outstanding order quantity.
Inventory Requirements Report	This report is used to project inventory needs.
Inventory Status Report	This report is used to show the current state of the inventory, including historical reporting, comparisons to minimum quantities and oversold materials.
Inventory Valuation Report	This report calculates the inventory value, based on criteria selected within the report.
Physical Inventory Work Sheets	Inventory count sheets are printed from this option. It can be run in a variety of ways to generate counting worksheets.
Product Transactions Report	This report is diagnostic in nature, used to investigate discrepancies or track movement of a product.
Inventory Batch List	This report generates a list of all pending (unposted) inventory transactions.

Purchase Receipts

Purchase Receipts are entered into the system in *batches*.

A batch is any grouping the user chooses so long as all materials received in the batch are to be recorded in the same accounting period. (Example: January receipts should never be entered in the same batch as December).

Users may choose the Batch Id, which can be reused after posting. Typically, the Batch Id is the receiving date to avoid conflicting with other unposted batches. Multi-plant operations often add a plant suffix as well.



Purchase Receipts Screen

Recurring Batches

Inventory offers support for regularly occurring purchase receipts. Batches can be set up once and then applied many times. This is most frequently seen with standing orders. To establish a batch as a recurring batch, check the box.

These batches can be set up with regularly occurring receipts.

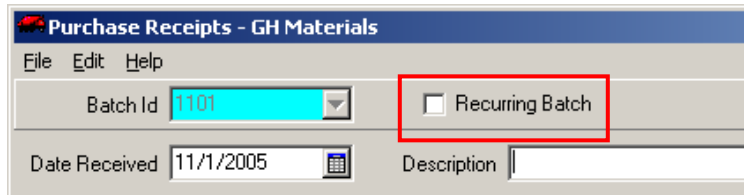
Once a batch is established as a recurring batch, it cannot be posted. Instead, changes to the batch are considered changes to the master copy.

When you bring up a recurring batch, you will need to tell the system whether you are editing the recurring batch (the master copy) or creating a batch for posting.

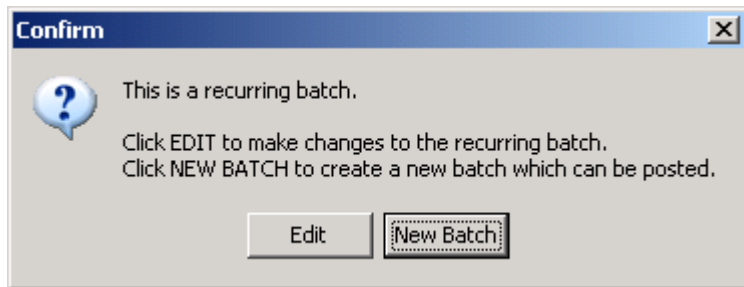
To create a batch for posting, click NEW BATCH to create a *transaction batch*.

Once a transaction batch is created, it will appear with a **-T01** suffix. This represents the number of open occurrences of this batch.

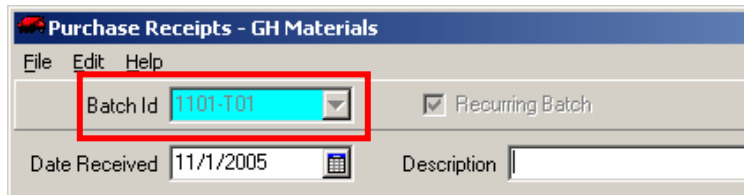
At this point, any changes made to the batch will be in effect *for this posting only*. For variable transactions, generate the posting batch first and then apply your changes to it before posting.



Recurring Batch Option



Recurring Batch Confirmation



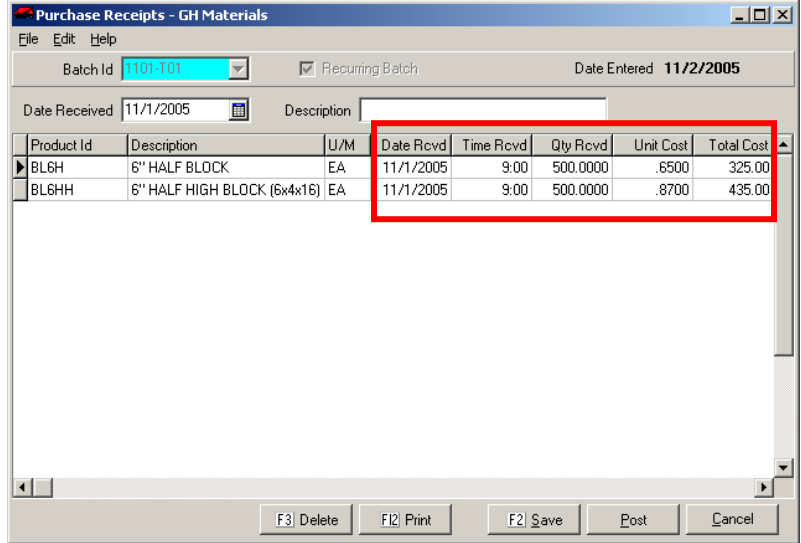
Posting a recurring batch

Data Entry

The Purchase Receipts screen has two sections. The left section is devoted to the receipt of the product. The date, time and quantity received and cost are all key fields.

Some basic costing information appears on the right half of the screen. If there is a unit cost available, it may be entered. The total cost is then derived by multiplying the quantity times the unit cost.

If there are additional charges (delivery, fuel, etc.), an alternative is to enter the total cost from the invoice amount instead. The unit cost is then calculated automatically by dividing the total by the quantity received.

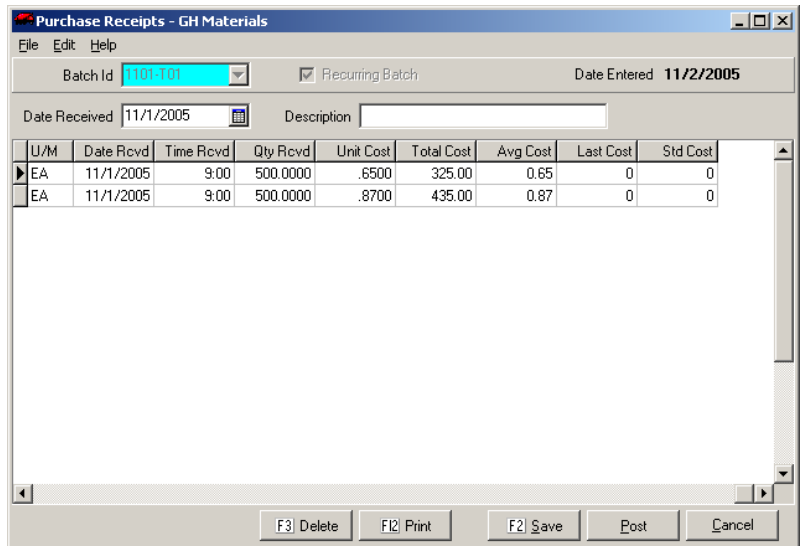


Purchase Receipts Product Entry Screen

Cost Lookups

The right section of the screen contains costing information. This information is generated automatically and displayed to assist user in spotting inaccurate information.

When the batch is posted, a report (indicated below) is generated to provide an audit trail for the inventory transactions.



Purchase Receipts Cost Lookup Screen

11/2/2005 3:12:44 PM
Program: ARMIPR

A/R Inventory Batch List
Company: GH Materials

Page 1
Session: 714 HIT

In Sequence By Batch Id
Purchase Receipts Batch Register
*** Posted On 11/2/2005 ***

Batch Id: 1101-T01

Product Id	Description	U/M	Old Qty On Hand	Qty Received	Qty Issued	Unit Cost	Total Cost	New Qty On Hand
BL6H	6" HALF BLOCK	EA						
	11/1/2005 9:00		705.0000	500.0000		0.6500	325.0000	1205.0000
BL6HH	6" HALF HIGH BLOCK (6x4x16)	EA						
	11/1/2005 9:00		521.0000	500.0000		0.8700	435.0000	1021.0000
Batch Id 1101-T01 Totals:				1000.0000			760.0000	

Data Entry Fields

Field Name	Description / Usage
<i>Batch Information</i>	
Batch Id	This Batch Id is any field the user chooses to use to separate this group of invoices from another group of unposted invoices. It can be alphabetic or numeric characters. A Batch Id can be reused after posting. A Batch Id must be 10 characters or less.
Date Received	The field contains the default date of the material being received. This value can be overridden on each line if needed.
Description	This is a description of the batch. For short batches which will be posted quickly, it is not necessary to fill in this field. It is especially useful to fill in this field for recurring batches.
<i>Product Information</i>	
Product Id	Enter the Product received here. You may do a lookup of all stocked products by pressing the <F4> function key and entering the first few letters of the product description.
Description	This field is the product description and is filled in automatically after the Product Id is entered.
U/M	This field contains the product's unit of measure and is filled in automatically after the Product Id is entered.
Date Rcvd	Enter the date the material entered on-hand stock. This field will default to the batch's default, but can be overridden on a line-by-line basis. Due to the transaction-based nature of the Inventory system, this date is <i>critical</i> for accurate counts.
Time Rcvd	Enter the time the material entered on-hand stock. If left blank, the time will default to the start of the day entered in the previous field.. While this will not cause problems, it is not a recommended practice, as it makes it impossible to pre-date another transaction to it if necessary.
Qty Rcvd	Enter the quantity entering on-hand stock. If an order was filled incompletely, only enter the amount received, not the outstanding order amount.
Unit Cost	If there is a per-unit charge, it can be entered in this field. Once entered, it will multiply the quantity received by this value and generate the Total Cost value.
Total Cost	This value is derived by the system automatically. If the invoice contains additional charges not included in the unit cost of the material (eg: Fuel surcharges, etc.), then simply enter the invoice amount in this box and the system will derive the unit cost.
Avg Cost	Average Cost is a calculated value, taking the average cost of purchasing this material from the purchase history.
Last Cost	This value is the cost entered the last time this product was purchased.
Std Cost	This value is set by the user in Product Maintenance .

Production Receipts

Production Receipts is used to add inventory which is manufactured (ex: precast).

In addition to increasing the on-hand quantity of the manufactured product, Production Receipts can also decrease the on-hand quantities of the raw materials needed to manufacture the product.

In the example to the right, a 500 gallon septic tank was produced, and added to inventory.

If the concrete mix is specified under the Septic Tank's components, AND the mix design has its components listed (sand, stone, cement, etc.), the on-hand quantities of these materials are reduced automatically.

Production Receipts Screen

Data Entry Fields

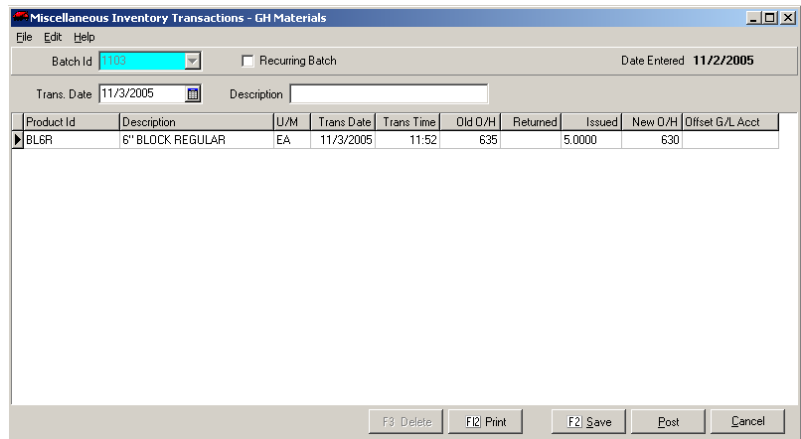
Field Name	Description / Usage
Product Id	Enter the Product received here. You may do a lookup of all products by pressing the <F4> function key and entering the first few letters of the product description.
Description	This field is the product description and is filled in automatically after the Product Id is entered.
U/M	This field contains the product's unit of measure and is filled in automatically after the Product Id is entered.
Date Prod	Enter the date this product entered inventory. Due to the transaction-based nature of the Inventory system, this date is <i>critical</i> for accurate counts.
Time Prod	Enter the time that the product entered inventory.
Old O/H	The current on-hand quantity is displayed here.
Produced	Enter the quantity of finished products produced.
New O/H	After entering the Produced quantity, this field contains the new on-hand quantity.

Misc. Inventory Transactions

Inventory receives transactions from physical count entries, purchases, sales and production. These transactions are logged automatically.

This option is used to adjust inventory levels due to non-billing related transactions (eg: breakage, loss, theft, etc.)

In the example to the right, at 11:52 on 11/3, we discovered 5 broken 6” regular blocks.



Misc. Inventory Transactions Screen

Data Entry Fields

Field Name	Description / Usage
Product Id	Enter the Product here. You may do a lookup of all stocked products by pressing the <F4> function key and entering the first few letters of the product description.
Description	This field is the product description and is filled in automatically after the Product Id is entered.
U/M	This field contains the product’s unit of measure and is filled in automatically after the Product Id is entered.
Trans Date	Enter the date of the transaction here. Due to the transaction-based nature of the Inventory system, this date is critical for accurate counts.
Trans Time	Enter the time of the change.
Old O/H	The current on-hand quantity is displayed here.
Returned	Enter the quantity returned (ADDING) to the on-hand quantity..
Issued	Enter the quantity issued (SUBTRACTING) from the on-hand quantity.
New O/H	After entering the Returned/Issues quantity, this field contains the new on-hand quantity.
Offset G/L Account	Inventory can generate G/L transactions for your system using this field. This field represents the offsetting G/L account for the inventory transaction. For example, if you are issuing 5 products from stock due to theft, you would enter your G/L expense account number here. Keystone would then CR the inventory account and DB the expense account. Conversely, if material was being returned to stock, it would DB the inventory account and CR the account specified in this field.

Physical Inventory Entry

Each physical inventory must be entered into Keystone to establish accurate on-hand counts.

Inventory may take place at any time. A key strength of Keystone is the ability to conduct inventory while the business is open.

Owing to the time-stamp, Keystone can easily identify which sales affected the counts and which did not.

For example, if a product was counted at noon, Keystone will not decrease the on-hand to reflect a 9:00am sale, but will decrease the on-hand count for a 2:00pm sale.

Physical Inventory Entry Screen

Data Entry Fields

Field Name	Description / Usage
Product Id	Enter the Product counted here. You may do a lookup of all stocked products by pressing the <F4> function key and entering the first few letters of the product description.
Description	This field is the product description and is filled in automatically after the Product Id is entered.
U/M	This field contains the product's unit of measure and is filled in automatically after the Product Id is entered.
Date Cntd	Enter the date of the physical count here. Due to the transaction-based nature of the Inventory system, this date is critical for accurate counts. Any sales transactions prior to this date will NOT deduct from the on-hand.
Time Cntd	Enter the time of the physical count. It is critically important this information is recorded on the count sheets, as any sales transactions prior to this time will NOT deduct from the on-hand.
On Hand	The current on-hand quantity is displayed here.
Count	Enter the physical count in this field
Variance	This calculated field shows the difference between the theoretical on-hand and the actual physical count.
Offset G/L Account	Inventory can generate G/L transactions for your system using this field. This field represents the offsetting G/L account for the inventory transaction. For example, if the variance is 10 units, you would enter your G/L expense account number here. Keystone would then CR the inventory account and DB the expense account. Conversely, if material was being returned to stock, it would DB the inventory account and CR the account specified in this field.

On Order Maintenance

This function is used to record orders placed for more product. As orders are received, the total ordered quantity is automatically decreased.

This is a useful function, especially for users who may rely on the On-Hand Inquiry function of ticket printing. It is not a requirement to use the Inventory system however.

In the example to the right, the Quantity on Hand is 410. The Reorder Quantity listed below it is 2000, showing the user that 1590 more blocks are required.

In the highlighted box, the user enters the amount of the order at the time it is placed.

Note: Entering a value on order DOES NOT increase the on-hand quantity. This only takes place when the products are entered in Purchase Receipts.

The screenshot shows the 'Inventory Product On Order - GH Materials' window. The 'Product Id' is BL8HH. The description is '8\"/>

Qty on Hand	410	Last Received		Cost of Sales G/L	
Location		Qty/Unit		Inventory G/L	
Vendor No.		Weight/Unit		A/P Clearing G/L	
Reorder Qty	1000.0000	Cube/Unit			
Qty Required	0	Qty On Order	1600.0000	Qty Needed To Delv	0

On Order Maintenance Screen

Inventory Requirements Report

The Inventory Requirements Report generates a list of all items that are under the re-order quantity specified for the product.

Re-order quantities can be specified for any product, and they reflect the point at which additional stock is needed.

Re-order quantities are established in Product Maintenance, and can be updated as needed.

By default, this report runs only with firm counts (inventory levels not including unbilled tickets). By checking the INCLUDE TICKETED QTY box, all unbilled tickets will also be deducted from the on-hand counts.

This report may also be run retroactive by changing the Inventory Date and Time fields.

Inventory Requirements Screen

Report Sequence

This report can be run in a variety of ways, based on how ordering takes place.

Report Sequence Options

11/2/2005 11:40:38 AM
Program: ARPRIRR

Inventory Requirements Report
Company: GH Materials

Page 1
Session: 727 HIT

In Sequence By Product Id
Product Class BL only
All Stocked Items

Product Id	Description	U/ M Locn	Current On Hand	On Order w/ Vend	Future Avail	Add'l Amt Req'd	Message
BL6R	6" BLOCK REGULAR	EA	630.00	.00	630.00	370.00	Curr Avail < ReOrder 1000
BL6S	6" BLOCK SOLID	EA	869.00	.00	869.00	131.00	Curr Avail < ReOrder 1000
BL8H	8" HALF BLOCK	EA	861.00	.00	861.00	139.00	Curr Avail < ReOrder 1000
BL8HH	8" HALF HIGH BLOCK	EA	410.00	1600.00	2010.00	.00	Curr Avail < ReOrder 1000
BL8R	8" BLOCK REGULAR	EA	1450.00	.00	1450.00	550.00	Curr Avail < ReOrder 2000
BL8S	8" BLOCK SOLID	EA	716.00	.00	716.00	284.00	Curr Avail < ReOrder 1000

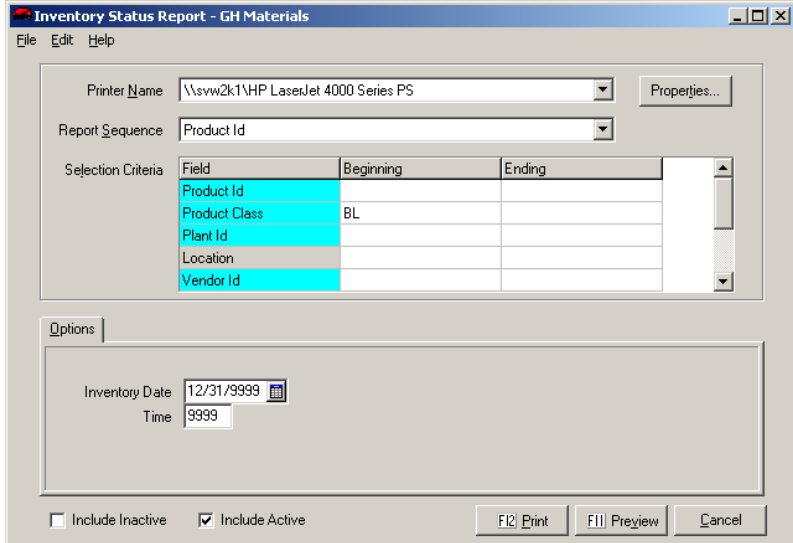
Inventory Requirements Report

Inventory Status Report

The Inventory Status Report is a comprehensive inventory report that shows current status as well as sales history.

By default, this report gives the most current inventory valuation, but can also be run retroactively by changing the Inventory Date field.

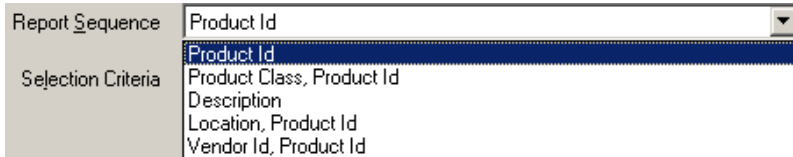
In addition, warnings are generated when products fall below their re-order quantity.



Inventory Status Report Screen

Report Sequence

This report can be run in a variety of ways, based on reporting needs.



Report Sequence Options

11/2/2005 12:14:25 PM
Program: ARPRISR

Inventory Status Report
Company: GH Materials

Page 1
Session: 729 HIT

In Sequence By Product Id
Product Class BL only
All Stocked Items

Product Id	Description	U/M	Locn	On Hand	Minimum Qty	Vendor No.	Last Mo. Qty	This Mo. Qty	T/M-L/M Change	YTD Qty
8X8 CORED	8x8 CORED BLOCK	EA		.00	.00		.00	.00	.00	.00
8X8 SOLID	8x8 SOLID BLOCK	EA		.00	.00		.00	.00	.00	.00
BL6H	6" HALF BLOCK	EA		1137.00	1000.00		.00	68.00	68.00	68.00
BL6HH	6" HALF HIGH BLOCK (6x4x1	EA		1021.00	1000.00		.00	.00	.00	.00
BL6R	6" BLOCK REGULAR	EA		630.00	1000.00		.00	420.00	420.00	420.00
***** ON HAND QTY BELOW MINIMUM *****										
BL6S	6" BLOCK SOLID	EA		869.00	1000.00		.00	.00	.00	.00
***** ON HAND QTY BELOW MINIMUM *****										

Inventory Status Report

Inventory Valuation Report

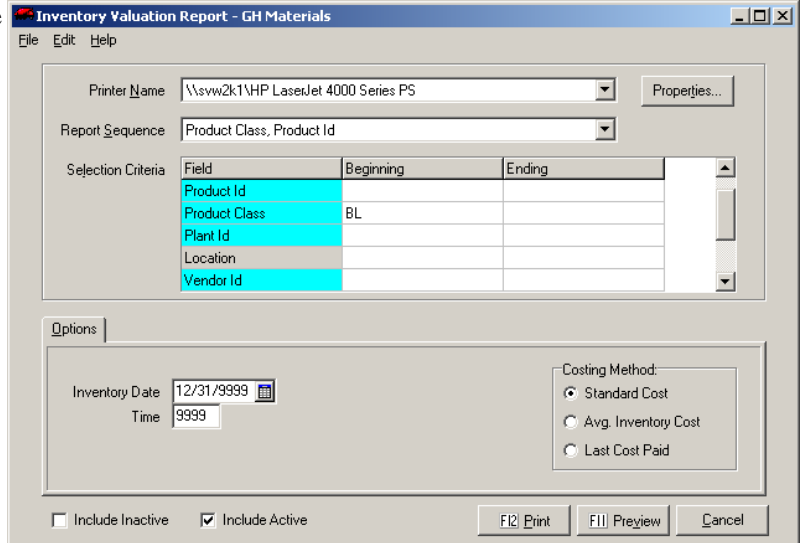
The Inventory Valuation Report calculates the value of your inventory based on the costing method you specify.

By default, this report gives the most current inventory valuation, but can also be run retroactively by changing the Inventory Date field.

Standard Cost valuation multiplies the on-hand quantity by the cost assigned in Product Maintenance. This method tends to be the most stable.

The Avg. Inventory Cost values inventory based on the calculated average cost of each product. This report can fluctuate, as these costs will vary over time.

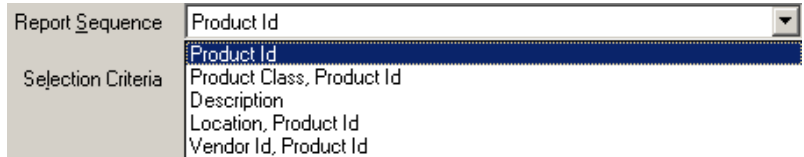
The Last Cost Paid values inventory under FIFO, and will have the greatest fluctuations.



Inventory Valuation Report Screen

Report Sequence

This report can be run in a variety of ways, based on reporting needs.



Report Sequence Options

11/2/2005 12:43:10 PM
Program: ARPRIVL

Inventory Valuation Report
Company: GH Materials

Page 1
Session: 730 HIT

In Sequence By Product Class, Product Id
Product Class BL only
All Stocked Items

Product Id	Description	U/ M Locn	Book On Hand	Unit Cost	Item Value	At Standard Cost

Product Class	BL					
8X8 CORED	8x8 CORED BLOCK	EA	.0000	.7800	.00 **	0 Ticketed **
8X8 SOLID	8x8 SOLID BLOCK	EA	.0000	.8200	.00 **	0 Ticketed **
BL6H	6" HALF BLOCK	EA	1137.0000	.6500	739.05 **	0 Ticketed **
BL6HH	6" HALF HIGH BLOCK (6x4x1	EA	1021.0000	.8700	888.27 **	0 Ticketed **
BL6R	6" BLOCK REGULAR	EA	630.0000	.7700	485.10 **	0 Ticketed **
BL6S	6" BLOCK SOLID	EA	869.0000	1.3300	1155.77 **	0 Ticketed **
BL8H	8" HALF BLOCK	EA	861.0000	.8100	697.41 **	0 Ticketed **
BL8HH	8" HALF HIGH BLOCK	EA	410.0000	.9500	389.50 **	0 Ticketed **
BL8R	8" BLOCK REGULAR	EA	1450.0000	.9000	1305.00 **	0 Ticketed **
BL8S	8" BLOCK SOLID	EA	716.0000	1.6600	1188.56 **	0 Ticketed **
Total for Product Class BL					6848.66	
Grand Total					6848.66	

Inventory Valuation Report

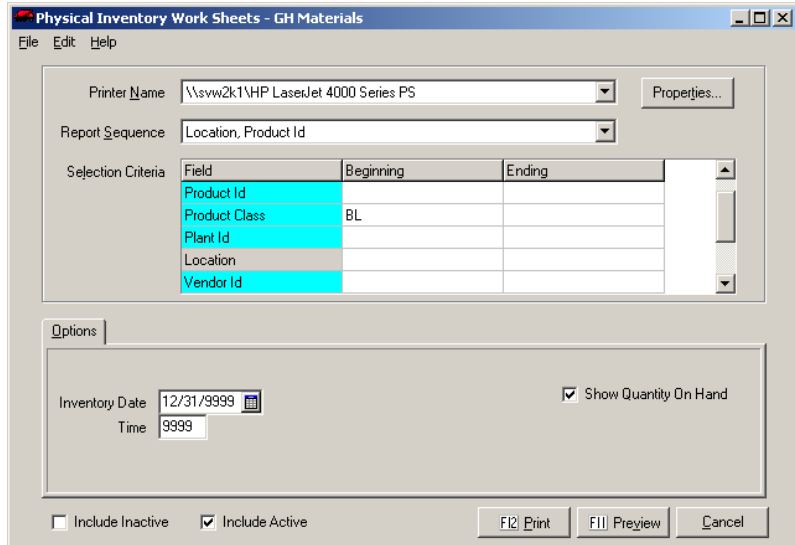
Physical Inventory Worksheets

This option generates count sheets for distribution during physical inventory counts.

As items are counted, it is **critically** important to note the time of the count. This allows Keystone to distinguish which sales tickets have been included in the count, and which sales tickets must be deducted from the counts.

There is also an option to show on-hand quantities on the count sheet. This can be a benefit to staff making counts, as they can know what numbers to expect.

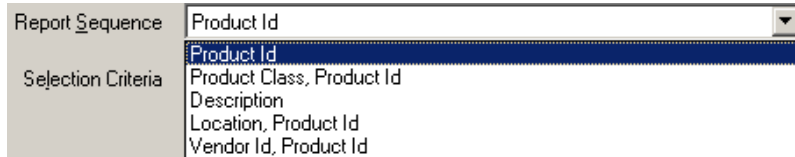
The downside to reporting this number is that it may encourage staff to take shortcuts when doing counts.



Physical Inventory Worksheet Screen

Report Sequence

This report can be run in a variety of ways, based on reporting needs.



Report Sequence Options

In Sequence By Location, Product Id
 Product Class BL only
 All Stocked Items

Product Id	Description	U/ Pr		Quantity		Date		Remarks
		M	Cl	On Hand	Count	& Time		
8X8 CORED	8x8 CORED BLOCK		EA BL		.0000			
8X8 SOLID	8x8 SOLID BLOCK		EA BL		.0000			
BL6H	16" HALF BLOCK		EA BL		1137.0000			
BL6HH	16" HALF HIGH BLOCK (6x4x16)		EA BL		1021.0000			
BL6R	16" BLOCK REGULAR		EA BL		630.0000			

Physical Inventory Worksheets

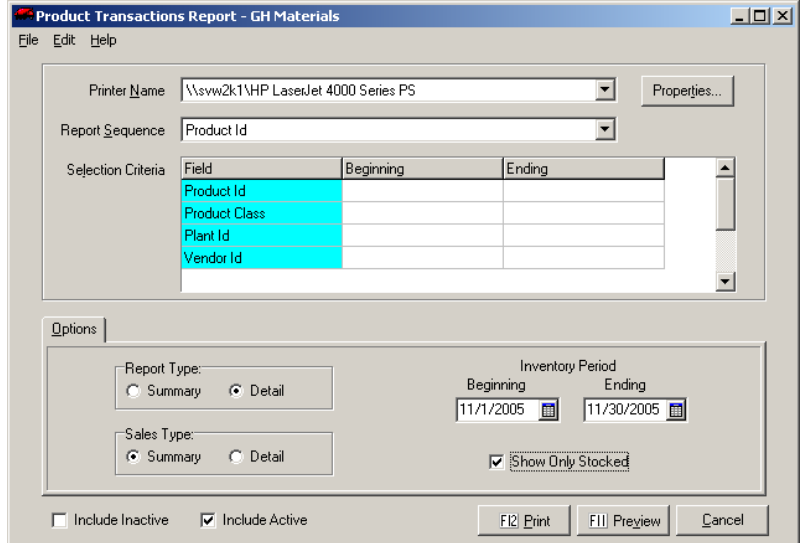
Product Transaction Report

The Product Transaction Report is designed to be used as a diagnostic tool to resolve discrepancies in on-hand counts.

It is typically run for a single product with a date range and can be run in a summarized (by date) or detailed (by transaction) manner.

Sales activity can be shown on a summary or detail basis as well.

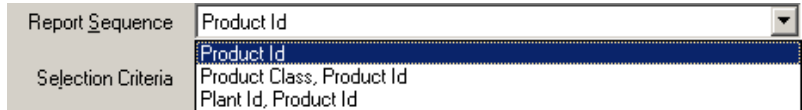
The detail line of the report shows the beginning and ending on-hand counts for the product, followed by the accompanying detail.



Product Transaction Report Screen

Report Sequence

This report can be run in a variety of ways, based on reporting needs.



Report Sequence Options

11/2/2005 1:31:40 PM
Program: ARPRPTX

Product Transactions Report
Company: GH Materials

Page 1
Session: 732 HIT

In Sequence By Product Id
Product Id BL6R only
Product Detail
Inventory Period: 11/1/2005 to 11/30/2005

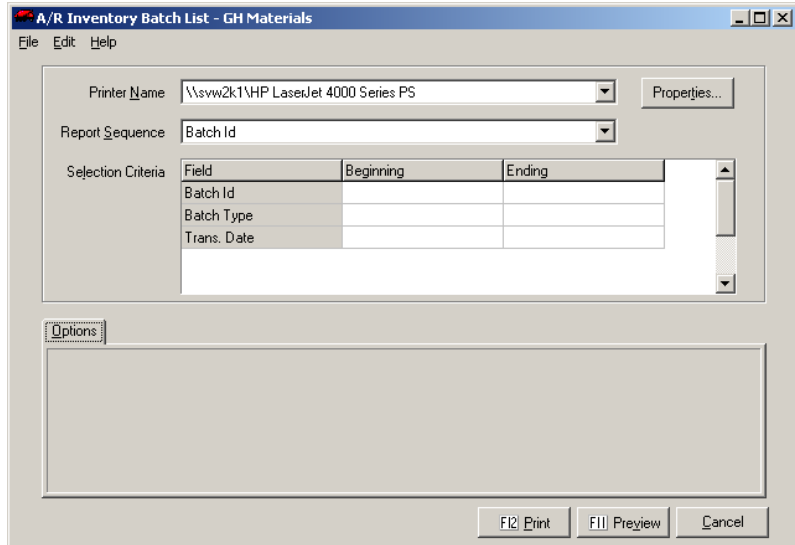
Product Id	Description	U/M	List Price	Quantity On Hand		Standard Cost	Average Cost		Last Cost	Pr Plt C1 Id
				Before	After		Before	After		
BL6R	6" BLOCK REGULAR	EA	1.1500	1055.0000	630.0000	.7700	.7700	.7700	.0000	EL 02
	Trx Date	Time	Trx Type	Qty Change	Cost	Qty Balance				
	11/1/2005	9:37	Sale	-420.0000	.7700	635.0000				
	11/2/2005	11:52	Misc.	-5.0000	.7700	630.0000				
	11/22/2005	14:20	Cost Change	.0000	.7700	630.0000				

Product Transactions Report

Inventory Batch List

The Inventory Batch List generates a report of all pending (unposted) inventory transactions

This report is typically used as an audit control to review transactions prior to posting, or as a diagnostics tool to find missing (unposted) transactions.



Inventory Batch List Screen

Report Sequence

This report can be run in a variety of ways, based on reporting needs.



Report Sequence Options

In Sequence By Batch Id

Batch Id: 1101

Product Id	Description	U/M	Old Qty		Qty		Unit	Total	New Qty
			On Hand	Received	Issued	Cost			
Batch Id: 1101									
BL6H	6" HALF BLOCK	EA							
	11/1/2005 9:00		1205.0000	500.0000			0.6500	325.0000	1705.0000
BL6HH	6" HALF HIGH BLOCK (6x4x16)	EA							
	11/1/2005 9:00		1021.0000	500.0000			0.8700	435.0000	1521.0000
Batch Id 1101 Totals:				1000.0000				760.0000	
Batch Id: 1105									
SEP500	Septic Tank - 500 GA	EA							
	11/5/2005 12:00		0.0000	2.0000			0.0000	0.0000	2.0000
Batch Id 1105 Totals:				2.0000					
Grand Total				1002.0000				760.0000	

Inventory Batch List Sample

Menu Navigation – Month-End Menu

- ☐ Month End
 - ... Invoice Register
 - ... Cash Posting Register
 - ... Invoiced Tickets List
 - ... Trucking Report
 - ... Driver Report
 - ... Sales Tax Report
 - ... Sales Tax Adjustments Report
 - Inventory Reconciliation**
 - ... A/R Distributions to G/L
 - ... Month/Year End Processing
 - ... Setup Periods

Menu Overview

Inventory Reconciliation	<p>Inventory reconciliation handles monthly processing as well as some general housekeeping and G/L activity.</p> <p>This is an optional step, and may be skipped if your needs do not require it.</p>
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Inventory Reconciliation

The Inventory Reconciliation option generates a series of transactions when run. These include:

- G/L transactions based on activity entered over the period being reconciled.
- Updated unit costs in the Sales History for the closing period.
- A “balance record” for each product. This record is an updated on-hand count (similar to a Physical Inventory) as well as an updated Average Cost, containing all unreconciled activity as of the date specified.

If any stocked product has gone into a negative on-hand value at any point in the reconciliation period, you cannot reconcile inventory!

Note: If your needs do not require automatic generation of these transactions, it is not necessary to run this option.

Inventory Reconciliation Screen

Report Options

Field Name	Description / Usage
As Of Date	Enter the date you wish to reconcile inventory. Due to time-stamping, it is possible to generate Inventory activity in a new period before closing the previous one.
Ignore Prior Transactions	Backdated transactions into a previously reconciled period can cause confusion. Checking this box will omit these backdated transactions from the current reconciliation. Accurately reconciled transactions are automatically omitted from the reconciliation.
Inventory Balance Report	Check this box to receive a copy of the Inventory Balance Report (see below). This report contains a list of all stocked products, the quantity on-hand and the newly calculated Average Cost.
G/L Transaction Report	Check this box to receive a copy of the General Ledger Transaction Report (see below). This report is generated from all the G/L transactions generated from the various Inventory adjustments (any screen allowing an offset G/L entry).

12/1/2005 4:08:39 PM
 Program: ARPRIRC

Inventory Reconciliation
 Company: GH Materials

Page 1
 Session: 755 HIT

In Sequence By System Defined Sequence
 As Of 11/30/2005

Warning Message	Product Id	Quantity On Hand	Average Cost	Trx Session	Trx Trans
-----------------	------------	------------------	--------------	-------------	-----------

No Reconciliation Errors.

Inventory Reconciliation Status Report Sample

The Inventory Reconciliation Status Report shows a list of any errors (anytime a product's on-hand quantity went negative any time in the period). Any such occurrence will prevent Inventory Reconciliation.

Unless this report shows "NO RECONCILIATION ERRORS", Inventory cannot be reconciled.

Since a negative on-hand count is an impossibility, any entries shown must be investigated and corrected.

12/1/2005 3:22:56 PM
 Program: ARPRIRC

Inventory Reconciliation - Balance Report
 Company: GH Materials

Page 2
 Session: 755 HIT

Product Id	Description	U/M	Quantity On Hand	Average Cost
8X8 CORED	8x8 CORED BLOCK	EA	.0000	.0000
8X8 SOLID	8x8 SOLID BLOCK	EA	.0000	.0000
BL6H	6" HALF BLOCK	EA	1137.0000	.6500
BL6HH	6" HALF HIGH BLOCK (6x4x16)	EA	1021.0000	.8700
BL6R	6" BLOCK REGULAR	EA	630.0000	.7700
BL6S	6" BLOCK SOLID	EA	869.0000	1.3300
BL8H	8" HALF BLOCK	EA	861.0000	.8100
BL8HH	8" HALF HIGH BLOCK	EA	410.0000	.9500
BL8R	8" BLOCK REGULAR	EA	1450.0000	.9000
BL8S	8" BLOCK SOLID	EA	716.0000	1.6600

Inventory Reconciliation Balance Report Sample

12/2/2005 11:21:50 AM
 Program: ARPRIRC

Inventory Reconciliation - G/L Transaction Report
 Company: GH Materials

Page 2
 Session: 758 HIT

G/L Account	Trx Date	Product Id	Trx Description	Trx Amount	Ref No.
1200		INVENTORY			
	11/2/2005	BL6R	Miscellaneous	-3.85	18
Total Account				-3.85	
5240.02		Damaged/Destroyed Inventory			
	11/2/2005	BL6R	Miscellaneous	3.85	18
Total Account				3.85	
Grand Total				.00	

Inventory Reconciliation G/L Transaction Report Sample

Appendix A – Troubleshooting

General Guidelines

The overwhelming source of problems with Inventory stems not from quantities or omitted transactions, but instead problems with the date stamp entries on transactions.

In general, inventory problems rarely originate from sales transactions. With sales tickets originating from Keystone or being imported, the sale date tends to be the most reliable date encountered in Inventory.

This is not to say that problems will never stem from ticketing. The advice is given more as a recommendation to search elsewhere before considering sales activity.

The first place to look for a problem is the most recent Physical Inventory Entry. Check the quantity first, then the date and time. A discrepancy on the timestamp is one of the most common problems.

Helpful Strategy – Divide and Conquer

The **Product Transactions Report** is the best tool for diagnosing problems in inventory. Run this report for one product at a time. When possible, use the smallest date range as well.

For example, if a product's on-hand count at the end of the month is incorrect, but was known to be correct on the 15th of the month, run the report from the 16th to the 31st. Check the beginning balance on the 16th.

If this beginning value is correct, then the problem clearly occurred sometime after this date. Review your report.

If the beginning value is wrong (but had been right before), then the problem is clearly the result of a backdated transaction. Use earlier dates on the report and see where the transaction went awry.

A very common problem when entering dates is entering an invalid year. This is especially common in January and February, when people are still used to using the previous year.

Short / Negative Inventory Counts

The most common reasons for a shortage in inventory counts are:

- Future-dated Purchase Receipts/Production Receipts
(The material will not be considered on-hand until the date specified.)
- Purchase Production/Receipts that pre-date the last inventory count.
(Transactions that pre-date an Physical Inventory will not adjust)
- Misdated Physical Inventory Entries (entered earlier than actually counted)
(If a Physical Entry is pre-dated, sales activity that had already impacted the on-hand could be double-counted against the on-hand quantity)
- Incorrect quantities entered in inventory.

High Inventory Counts

The most common reasons for higher-than-expected inventory counts are:

- Back-dated Purchase Receipts/Production Receipts.
- Misdated Physical Inventory Entries (entered later than actually counted)

Appendix B – Conducting Inventory during business hours

General Guidelines

Conducting inventory during business hours is a departure for some of our customers. The following section offers tips on conducting inventory during business hours.

1. Prepare

Preparation becomes more important when timing becomes more critical. Ideally, most of the preparation should be complete the night before. This includes:

- Organize products. Group like products together to ease in counting.
- Generating count sheets
- Verify the time on your computers is accurate!
- Prepare kits for each person counting, containing:
 - Clipboard
 - Pencil
 - Time-keeping device, synchronized to the clock on the computer. *(The time of the count **MUST** be recorded)*
 - Lined paper for counting materials not on their count sheets.
- Meet before counting, emphasizing the importance of recording the time that the count took place (see next section)

2. Conducting the count

Every person conducting a count must understand the significance of the time they record on their counting sheet. If a customer is carrying merchandise that is being counted, and has yet to check out, be sure these items are included in the inventory count, as they will be relieved shortly when they bring them to the counter – due to time stamping, we want our count to include merchandise not yet sold.

3. Interruptions

Interruptions are not a problem. Simply finish the current count, record the time of the count and note where you left off. When you return, simply resuming counting and note the time.

4. Data Entry

After gathering all count sheets, data entry can begin anytime, whether it is a day or a week later. What is critical however is that the date time that the physical count took place is accurately recorded.

5. Recounts (counting errors)

If errors in the count are discovered during data entry, rather than post adjusting entries, it is better to skip that entry, recount the material and post that value with the date and time the recount took place.

6. Corrections (typographic errors)

Once entered and accepted, Physical Inventory entries cannot be adjusted. The best solution is to re-key the product and quantity, adding 1 minute to the count time from the original inventory. This assures that when the system reads the most current Physical Count, it will select the adjusted entry rather than the original (incorrect) entry.

Notes: