PeopleSoft®

PeopleSoft Enterprise Cost Management 8.9 PeopleBook

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PeopleSoft Enterprise Cost Management 8.9 PeopleBook
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Contents

About This PeopleBook Preface

PeopleBooks provide you with the information that you need to implement and use PeopleSoft applications.

This preface discusses:

- PeopleSoft application prerequisites.
- PeopleSoft application fundamentals.
- Documentation updates and printed documentation.
- Additional resources.
- Typographical conventions and visual cues.
- Comments and suggestions.
- Common elements in PeopleBooks.

Note. PeopleBooks document only page elements, such as fields and check boxes, that require additional explanation. If a page element is not documented with the process or task in which it is used, then either it requires no additional explanation or it is documented with common elements for the section, chapter, PeopleBook, or product line. Elements that are common to all PeopleSoft applications are defined in this preface.

PeopleSoft Application Prerequisites

To benefit fully from the information that is covered in these books, you should have a basic understanding of how to use PeopleSoft applications.

You might also want to complete at least one PeopleSoft introductory training course, if applicable.

You should be familiar with navigating the system and adding, updating, and deleting information by using PeopleSoft menus, and pages, forms, or windows. You should also be comfortable using the World Wide Web and the Microsoft Windows or Windows NT graphical user interface.

These books do not review navigation and other basics. They present the information that you need to use the system and implement your PeopleSoft applications most effectively.

PeopleSoft Application Fundamentals

Each application PeopleBook provides implementation and processing information for your PeopleSoft applications.

Note. Application fundamentals PeopleBooks are not applicable to the PeopleTools product.

For some applications, additional, essential information describing the setup and design of your system appears in a companion volume of documentation called the application fundamentals PeopleBook. Most PeopleSoft product lines have a version of the application fundamentals PeopleBook. The preface of each PeopleBook identifies the application fundamentals PeopleBooks that are associated with that PeopleBook.

The application fundamentals PeopleBook consists of important topics that apply to many or all PeopleSoft applications across one or more product lines. Whether you are implementing a single application, some combination of applications within the product line, or the entire product line, you should be familiar with the contents of the appropriate application fundamentals PeopleBooks. They provide the starting points for fundamental implementation tasks.

Documentation Updates and Printed Documentation

This section discusses how to:

- Obtain documentation updates.
- Order printed documentation.

Obtaining Documentation Updates

You can find updates and additional documentation for this release, as well as previous releases, on the PeopleSoft Customer Connection website. Through the Documentation section of PeopleSoft Customer Connection, you can download files to add to your PeopleBook Library. You'll find a variety of useful and timely materials, including updates to the full PeopleSoft documentation that is delivered on your PeopleBooks CD-ROM.

Important! Before you upgrade, you must check PeopleSoft Customer Connection for updates to the upgrade instructions. PeopleSoft continually posts updates as the upgrade process is refined.

See Also

PeopleSoft Customer Connection, https://www.peoplesoft.com/corp/en/login.jsp

Ordering Printed Documentation

You can order printed, bound volumes of the complete PeopleSoft documentation that is delivered on your PeopleBooks CD-ROM. PeopleSoft makes printed documentation available for each major release shortly after the software is shipped. Customers and partners can order printed PeopleSoft documentation by using any of these methods:

- Web
- Telephone
- Email

Web

From the Documentation section of the PeopleSoft Customer Connection website, access the PeopleBooks Press website under the Ordering PeopleBooks topic. The PeopleBooks Press website is a joint venture between PeopleSoft and MMA Partners, the book print vendor. Use a credit card, money order, cashier's check, or purchase order to place your order.

Telephone

Contact MMA Partners at 877 588 2525.

Email

Send email to MMA Partners at peoplebookspress@mmapartner.com.

See Also

PeopleSoft Customer Connection, https://www.peoplesoft.com/corp/en/login.jsp

Additional Resources

The following resources are located on the PeopleSoft Customer Connection website:

Resource	Navigation
Application maintenance information	Updates + Fixes
Business process diagrams	Support, Documentation, Business Process Maps
Interactive Services Repository	Interactive Services Repository
Hardware and software requirements	Implement, Optimize + Upgrade, Implementation Guide, Implementation Documentation & Software, Hardware and Software Requirements
Installation guides	Implement, Optimize + Upgrade, Implementation Guide, Implementation Documentation & Software, Installation Guides and Notes
Integration information	Implement, Optimize + Upgrade, Implementation Guide, Implementation Documentation and Software, Pre-built Integrations for PeopleSoft Enterprise and PeopleSoft EnterpriseOne Applications
Minimum technical requirements (MTRs) (EnterpriseOne only)	Implement, Optimize + Upgrade, Implementation Guide, Supported Platforms
PeopleBook documentation updates	Support, Documentation, Documentation Updates
PeopleSoft support policy	Support, Support Policy
Prerelease notes	Support, Documentation, Documentation Updates, Category, Prerelease Notes
Product release roadmap	Support, Roadmaps + Schedules
Release notes	Support, Documentation, Documentation Updates, Category, Release Notes

Resource	Navigation
Release value proposition	Support, Documentation, Documentation Updates, Category, Release Value Proposition
Statement of direction	Support, Documentation, Documentation Updates, Category, Statement of Direction
Troubleshooting information	Support, Troubleshooting
Upgrade documentation	Support, Documentation, Upgrade Documentation and Scripts

Typographical Conventions and Visual Cues

This section discusses:

- Typographical conventions.
- Visual cues.
- Country, region, and industry identifiers.
- Currency codes.

Typographical Conventions

This table contains the typographical conventions that are used in PeopleBooks:

Typographical Convention or Visual Cue	Description
Bold	Indicates PeopleCode function names, business function names, event names, system function names, method names, language constructs, and PeopleCode reserved words that must be included literally in the function call.
Italics	Indicates field values, emphasis, and PeopleSoft or other book-length publication titles. In PeopleCode syntax, italic items are placeholders for arguments that your program must supply. We also use italics when we refer to words as words or letters as letters, as in the following: Enter the letter *O*.
KEY+KEY	Indicates a key combination action. For example, a plus sign (+) between keys means that you must hold down the first key while you press the second key. For ALT+W, hold down the ALT key while you press the W key.
`Monospace font`	Indicates a PeopleCode program or other code example.

Typographical Convention or Visual Cue	Description
“ ” (quotation marks)	Indicate chapter titles in cross-references and words that are used differently from their intended meanings.
. . . (ellipses)	Indicate that the preceding item or series can be repeated any number of times in PeopleCode syntax.
{ } (curly braces)	Indicate a choice between two options in PeopleCode syntax. Options are separated by a pipe (|).
[ ] (square brackets)	Indicate optional items in PeopleCode syntax.
& (ampersand)	When placed before a parameter in PeopleCode syntax, an ampersand indicates that the parameter is an already instantiated object. Ampersands also precede all PeopleCode variables.

Visual Cues

PeopleBooks contain the following visual cues.

Notes

Notes indicate information that you should pay particular attention to as you work with the PeopleSoft system.

Note. Example of a note.

If the note is preceded by *Important!,* the note is crucial and includes information that concerns what you must do for the system to function properly.

Important! Example of an important note.

Warnings

Warnings indicate crucial configuration considerations. Pay close attention to warning messages.

Warning! Example of a warning.

Cross-References

PeopleBooks provide cross-references either under the heading “See Also” or on a separate line preceded by the word *See.* Cross-references lead to other documentation that is pertinent to the immediately preceding documentation.

Country, Region, and Industry Identifiers

Information that applies only to a specific country, region, or industry is preceded by a standard identifier in parentheses. This identifier typically appears at the beginning of a section heading, but it may also appear at the beginning of a note or other text.

Example of a country-specific heading: "(FRA) Hiring an Employee"

Example of a region-specific heading: "(Latin America) Setting Up Depreciation"

Country Identifiers

Countries are identified with the International Organization for Standardization (ISO) country code.

Region Identifiers

Regions are identified by the region name. The following region identifiers may appear in PeopleBooks:

- Asia Pacific
- Europe
- Latin America
- North America

Industry Identifiers

Industries are identified by the industry name or by an abbreviation for that industry. The following industry identifiers may appear in PeopleBooks:

- USF (U.S. Federal)
- E&G (Education and Government)

Currency Codes

Monetary amounts are identified by the ISO currency code.

Comments and Suggestions

Your comments are important to us. We encourage you to tell us what you like, or what you would like to see changed about PeopleBooks and other PeopleSoft reference and training materials. Please send your suggestions to:

PeopleSoft Product Documentation Manager PeopleSoft, Inc. 4460 Hacienda Drive Pleasanton, CA 94588

Or send email comments to doc@peoplesoft.com.

While we cannot guarantee to answer every email message, we will pay careful attention to your comments and suggestions.

Common Elements Used in PeopleBooks

As of Date	The last date for which a report or process includes data.
Business Unit	An ID that represents a high-level organization of business information. You can use a business unit to define regional or departmental units within a larger organization.
Description	Enter up to 30 characters of text.
Effective Date	The date on which a table row becomes effective; the date that an action begins. For example, to close out a ledger on June 30, the effective date for the ledger closing would be July 1. This date also determines when you can view and change the information. Pages or panels and batch processes that use the information use the current row.
Once, Always, and **Don't Run**	Select Once to run the request the next time the batch process runs. After the batch process runs, the process frequency is automatically set to Don't Run. Select Always to run the request every time the batch process runs. Select Don't Run to ignore the request when the batch process runs.
Process Monitor	Click to access the Process List page, where you can view the status of submitted process requests.
Report Manager	Click to access the Report List page, where you can view report content, check the status of a report, and see content detail messages (which show you a description of the report and the distribution list).
Request ID	An ID that represents a set of selection criteria for a report or process.
Run	Click to access the Process Scheduler request page, where you can specify the location where a process or job runs and the process output format.
SetID	An ID that represents a set of control table information, or TableSets. TableSets enable you to share control table information and processing options among business units. The goal is to minimize redundant data and system maintenance tasks. When you assign a setID to a record group in a business unit, you indicate that all of the tables in the record group are shared between that business unit and any other business unit that also assigns that setID to that record group. For example, you can define a group of common job codes that are shared between several business units. Each business unit that shares the job codes is assigned the same setID for that record group.
Short Description	Enter up to 15 characters of text.
User ID	An ID that represents the person who generates a transaction.

See Also

Enterprise PeopleTools 8.46 PeopleBook: PeopleSoft Process Scheduler

Enterprise PeopleTools 8.46 PeopleBook: Using PeopleSoft Applications

PeopleSoft Enterprise Cost Management 8.9 Preface

This preface discusses:

- PeopleSoft products.
- PeopleSoft application fundamentals.
- Common elements in this PeopleBook.

Note. This PeopleBook documents only page elements that require additional explanation. If a page element is not documented with the process or task in which it is used, then it either requires no additional explanation or is documented with the common elements for the section, chapter, or PeopleBook.

PeopleSoft Products

This PeopleBook refers to these products:

- PeopleSoft Inventory
- PeopleSoft Purchasing
- PeopleSoft Order Management
- PeopleSoft Manufacturing
- PeopleSoft eProcurement
- PeopleSoft General Ledger
- PeopleSoft Commitment Control
- PeopleSoft Payables
- PeopleSoft Billing
- PeopleSoft Project Costing

PeopleSoft Application Fundamentals

The *PeopleSoft Cost Management PeopleBook* provides you with implementation and processing information for your PeopleSoft Cost Management system. However, additional, essential information describing the setup and design of your system resides in companion documentation. The companion documentation consists of important topics that apply to many or all PeopleSoft applications across the Financials, Enterprise Service Automation, and Supply Chain Management product lines. You should be familiar with the contents of these PeopleBooks.

These companion PeopleBooks contain information that applies specifically to PeopleSoft Cost Management.

- *PeopleSoft Application Fundamentals for FIN, ESA, and SCM PeopleBook*

- *PeopleSoft Global Options and Reports PeopleBook*
- *PeopleSoft Commitment Control PeopleBook*
- *PeopleSoft Setting Up Procurement Options PeopleBook*
- *PeopleSoft Managing Items PeopleBook*

Common Elements Used in This PeopleBook

As of Date	The last date for which a report or process includes data.
Business Unit	An identification code that represents a high-level organization of business information. You can use a business unit to define regional or departmental units within a larger organization.
Description	Alphanumeric text up to 30 characters.
Effective Date	Date on which a table row becomes effective; the date that an action begins. For example, if you want to close out a ledger on June 30, the effective date for the ledger closing would be July 1. This date also determines when you can view and change the information. Pages or panels and batch processes that use the information use the current row.
EmplID (employee ID)	Unique identification code for an individual associated with your organization.
Language or **Language Code**	The language in which you want the field labels and report headings of your reports to print. The field values appear as you enter them. Language also refers to the language spoken by an employee, applicant, or non-employee.
Process Frequency (group box)	Designates the appropriate frequency in the Process Frequency group box: Once executes the request the next time the batch process runs. After the batch process runs, the process frequency is automatically set to Don't Run. Always executes the request every time the batch process runs. Don't Run ignores the request when the batch process runs.
Process Monitor	This button takes you to the Process List page, where you can view the status of submitted process requests.
Report ID	The report identifier.
Report Manager	This button takes you to the Report List page, where you can view report content, check the status of a report, and see content detail messages (which show you a description of the report and the distribution list).
Run	This button takes you to the Process Scheduler request page, where you can specify the location where a process or job runs and the process output format.
Run Control ID	A request identification that represents a set of selection criteria for a report or process.

SetID	An identification code that represents a set of control table information or TableSets. A TableSet is a group of tables (records) necessary to define your organization's structure and processing options.
Short Description	Alphanumeric text up to 15 characters.
Standard Unit of Measure (UOM)	A type of unit used for quantifying in PeopleSoft systems, and usually associated with items. Depending on the application, units of measure might describe dimensions, weights, volumes, or amounts of locations, containers, or business activities. Examples include inches, pounds, workhours, and standard cost dollars.
Unit (Business Unit)	An identification code that represents a high-level organization of business information. You can use a business unit to define regional or departmental units within a larger organization.
User ID	The system identifier for the individual who generates a transaction.

See Also

PeopleTools 8.46 PeopleBook: PeopleSoft Process Scheduler

PeopleTools 8.46 PeopleBook: Using PeopleSoft Applications

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Defining and Using ChartFields," Understanding PeopleSoft ChartFields

CHAPTER 1

Getting Started With PeopleSoft Supply Chain Management Cost Management

This chapter provides an overview of PeopleSoft Supply Chain Management (SCM) Cost Management and discusses:

- PeopleSoft SCM Cost Management overview.
- PeopleSoft SCM Cost Management business processes.
- PeopleSoft SCM Cost Management integration.
- PeopleSoft SCM Cost Management implementation.

PeopleSoft SCM Cost Management Overview

PeopleSoft Enterprise SCM Cost Management provides the control and flexibility you need to manage costs throughout your inventory and manufacturing processes. With powerful features that support multiple methods of costing, PeopleSoft Cost Management enables you to model your business exactly as you require it. With PeopleSoft Cost Management, you can:

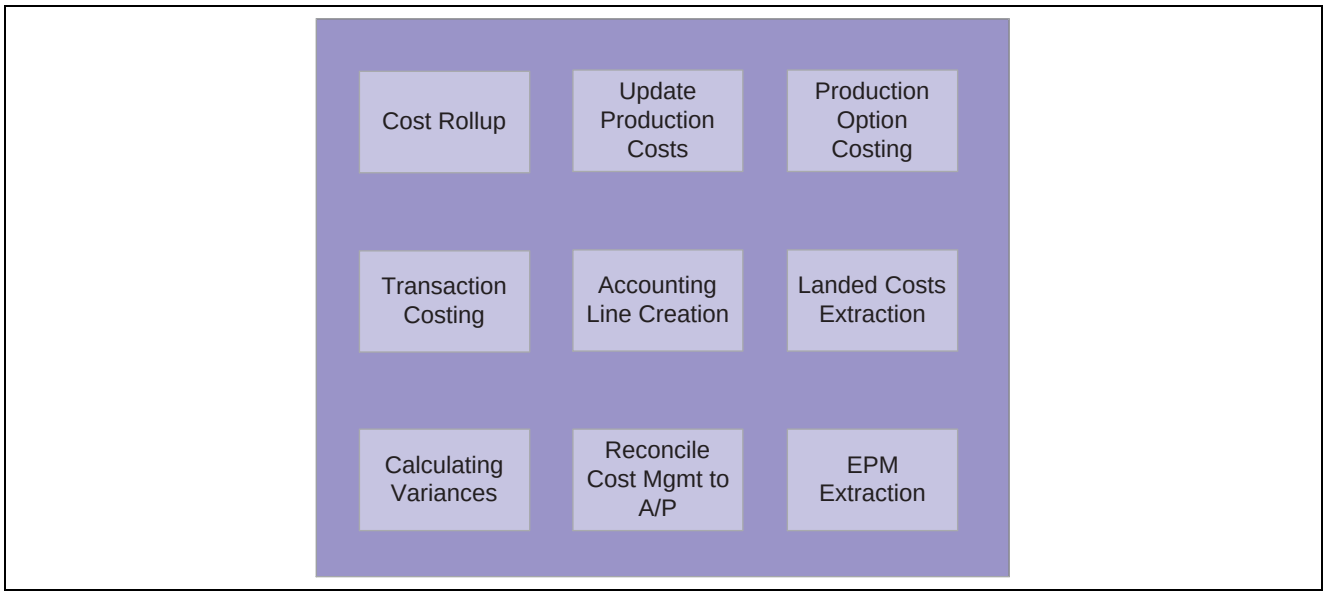
- Maintain multiple sets of books within an inventory business unit for financial, governmental, and management reporting purposes.
- Define any number of cost methods to value inventory transactions; including, standard, actual, FIFO actual, LIFO actual, by specific lot ID or serial ID, perpetual weighted average, retroactive perpetual weighted average, periodic weighted average, or non-cost.
- Determine the type of costing by item, inventory business unit, and cost book combination. This flexibility allows you to mix the type of costing within one inventory business unit; some items can use standard cost, other items can use actual cost, and so on. In addition, the same item can be costed differently using different cost books within the same inventory business unit.
- Calculate the cost of each inventory transaction, including, material, conversion, conversion overhead, landed, inbound, outbound, and other costs based on your cost methods. The system also calculates and updates weighted average costs, purchase price variances, exchange rate variances, negative inventory depletions, consigned items, and return to vendor items.
- Create accounting entries for all inventory transactions that have a financial impact on PeopleSoft Inventory and PeopleSoft Manufacturing. You can design transaction accounting for the basic transactions, location accounting, budget checking, interunit transfers, fund accounting, shipments on behalf of another revenue stream, and interunit expensed issues. These accounting entries can be posted to PeopleSoft General Ledger or a third-party general ledger system.
- Calculate and track costs for makeable items in PeopleSoft Manufacturing. You can calculate the costs of makeable items, co-products, and by-products using standard, actual, or average cost methods. Additional costs besides material, labor, machine, and conversion costs, can be added to makeable items. The system

enables you to revalue costs, analyze manufacturing performance, and perform cost simulations. You can closely monitor production costs at every stage in PeopleSoft Manufacturing using inquiry tools and reports to detect potential production variances and analyze completed production.

- Manually adjust the actual or average cost of an item.
- Include landed cost charges in an item's cost, including freight, insurance, duty, taxes, handling, and subcontracted services. Adjustments to landed costs based on the voucher in PeopleSoft Payables can be recorded in a variance account or added to the final cost of the item.
- Record the cost of items transferred between inventory business units. The system calculates the correct transfer price based on item cost, a fixed transfer price, markup percentage, or zero cost transfer. Accounting entries are created based on your business configuration, including interunit sales and payable accounts if applicable.
- Reconcile the cost of putaways in PeopleSoft Inventory with the vouchers in PeopleSoft Payables using the CM/AP Reconciliation Tool.
- Review transaction costs and accounting entries using powerful inquiry tools and reports designed for financial and management accounting needs. You can monitor accounting entries before and after they are posted to the general ledger system.

PeopleSoft SCM Cost Management Business Processes

This graphic lists the PeopleSoft Cost Management business processes:

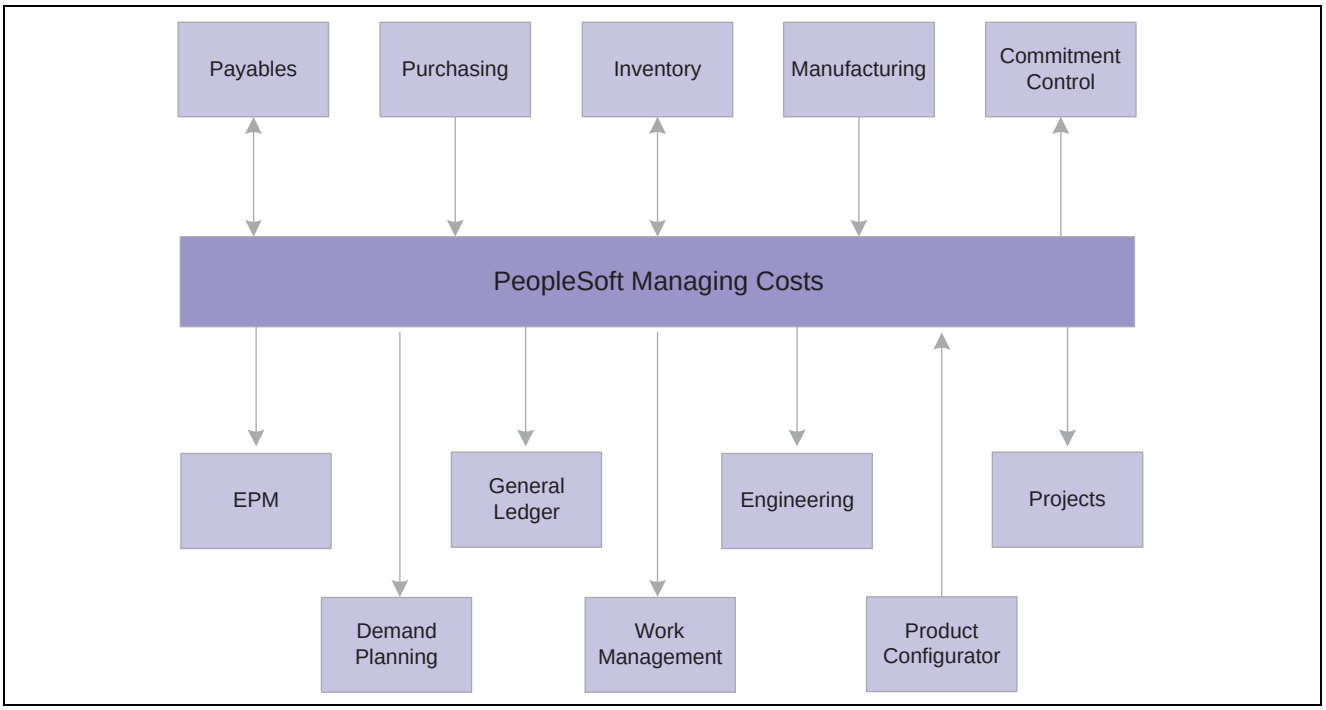


PeopleSoft Cost Management business processes

We cover these business processes in the business process chapters in this PeopleBook.

PeopleSoft SCM Cost Management Integration

PeopleSoft Cost Management integrates with these PeopleSoft applications:



PeopleSoft Cost Management integration

These PeopleSoft applications integrate with PeopleSoft Cost Management:

Inventory

Integration with PeopleSoft Inventory includes:

- PeopleSoft Cost Management calculates the cost and creates the accounting entries to record putaways, shipments, adjustments, and other material movements in PeopleSoft Inventory. PeopleSoft Cost Management receives costing information from PeopleSoft Purchasing, Payables, and Manufacturing to record and update the cost of stock in each inventory business unit.
- The Cost Rollup process in PeopleSoft Cost Management can calculate the standard costs of an inventory item. The Update Production process then records these standard costs to be used when the item is putaway in PeopleSoft Inventory.

General Ledger

Integration with PeopleSoft General Ledger includes:

- Accounting entries recording the activity in PeopleSoft Inventory are retrieved from PeopleSoft Cost Management and used as input to create journal entries that are posted in the PeopleSoft General Ledger business unit tied to the Inventory business unit.
- PeopleSoft Cost Management enables you to analyze financial transactions online by using the financial inquiry pages. You can track financial transactions throughout the audit trail by drilling up to the journal entries in GL and drilling down to the accounting entries in PeopleSoft Cost Management.

Commitment Control

Integration with PeopleSoft Commitment Control includes:

- A requisition or purchase order is entered in PeopleSoft Purchasing using commitment control and a pre-encumbrance or encumbrance is established. If the purchase order is sourced from PeopleSoft Inventory, then the encumbrance is relieved and replaced with a expenditure against the budget when the Accounting

Line Creation process in PeopleSoft Cost Management is run with the Budget Check Accounting Lines check box selected to run the Commitment Control Budget Processor.

- An expenditure is recorded in the budget when material stock request is created and stock is issued from PeopleSoft Inventory using a ChartField combination set up as a budgetary account for commitment control. The deduction to the budget occurs when you run the Accounting Line Creation process in PeopleSoft Cost Management with the Budget Check Accounting Lines check box selected.

Payables

Integration with PeopleSoft Payables includes:

- When a consigned item or VMI consigned item is consumed using any one of various transactions in PeopleSoft Inventory or Manufacturing, ownership of the items is transferred from the vendor to the business. The Transaction Costing and Accounting Line Creation processes in PeopleSoft Cost Management make consignment information available to PeopleSoft Payables for the creation of vouchers.
- The Landed Cost Extraction process in PeopleSoft Payables can pass cost adjustment information to PeopleSoft Cost Management for the stock putaways in inventory. These cost adjustments record differences between the purchase order cost and the voucher cost for direct material, subcontracted costs, and other landed costs including taxes and freight. The Transaction Costing process updates inventory putaways, depletions, and variances for the adjustments.
- When stock is returned to the vendor using the RTV feature, PeopleSoft Cost Management records an RTV variance for any differences between an item's RTV price on the debit memo derived from PeopleSoft Payables and the cost that is used to relieve the item from PeopleSoft Inventory.
- The CM/AP Reconcile process in PeopleSoft Cost Management retrieves accounting entries in PeopleSoft Payables and finds the matching accounting entire in PeopleSoft Cost Management. This reconciliation process highlights the entries that cannot be matched.

Engineering

PeopleSoft Engineering retrieves item information from PeopleSoft Cost Management and Inventory for the engineering workbench environment to help you manage product introduction and change processes throughout the enterprise.

Product Configurator

When putting away an inventory item that is configured using PeopleSoft Product Configurator, the item is stored using a lot ID and a configuration code. The cost of a configured item is calculated by the Cost Rollup process in PeopleSoft Cost Management based on the item ID and configuration code.

Purchasing

Integration with PeopleSoft Purchasing includes:

- When items on a purchase orders are received from the vendor in PeopleSoft Purchasing, the items can be put away in a PeopleSoft Inventory business unit using the putaway processes. PeopleSoft Cost Management calculates the cost of the receipts into inventory based on the purchase order price and any additional charges defined a miscellaneous charge codes (for example, landed costs).
- To return items that have been stocked in inventory, the data on the Return to Vendor (RTV) pages is entered in PeopleSoft Purchasing and passed to PeopleSoft Inventory where the items are shipped or adjusted. PeopleSoft Cost Management records an adjusting entry for the cost of the returned items.

Manufacturing

Integration with PeopleSoft Manufacturing includes:

- As PeopleSoft Manufacturing moves raw materials and subassemblies from inventory storage locations to WIP locations or directly to production, PeopleSoft Cost Management creates accounting entries to debit or credit storage locations as the materials move down the production line. This enables the system to accurately track the costs included in raw material and WIP at any point in time.
- After the make item is produced, completions are recorded and the item is putaway in PeopleSoft Inventory. The Transaction Costing process in PeopleSoft Cost Management calculates the cost of the make item once the production ID or production schedule is closed for accounting. Later, if additional costs are recorded in PeopleSoft Manufacturing, the Transaction Costing process adjusts the original putaway and any depletions based on the putaway.

Demand Planning

PeopleSoft Demand Planning retrieves item cost information from PeopleSoft Cost Management to generate forecasts used to manage the item levels within PeopleSoft Inventory. After developing a satisfactory forecast, you can create specifications or text files containing the forecast data and publish the files for other applications using the PeopleSoft Enterprise Warehouse.

EPM (Enterprise Performance Management)

Use the EPM Costing Extract process to pass costing data from PeopleSoft Cost Management to PeopleSoft EPM by populating an on-hand staging table. A PeopleSoft EPM process extracts data from this table, transforms it, and places it into a PeopleSoft EPM data warehouse.

Project Costing

The costing data for project-related transactions is retrieved from PeopleSoft Cost Management records by the PeopleSoft Project Costing application in order to create resource transactions.

Maintenance Management

PeopleSoft Maintenance Management is a product within the asset life cycle management suite. This product manages the maintenance and repair of an asset.

- PeopleSoft Cost Management provides estimated costs for each inventory item on a parts list or work order in PeopleSoft Maintenance Management.
- When items are issued from PeopleSoft Inventory to a work order, PeopleSoft Maintenance Management can provide overriding ChartField combinations. These account distribution overrides are used with the existing accounting logic in PeopleSoft Cost Management to create the necessary accounting entries.

We cover integration considerations in the implementation chapters in this PeopleBook.

Supplemental information about third-party application integration is located on the PeopleSoft Customer Connection web site.

PeopleSoft SCM Cost Management Implementation

PeopleSoft Setup Manager enables you to generate a list of setup tasks for the organization based on the features that you are implementing. The setup tasks include the components that you must set up, listed in the order in which you must enter data into the component tables, and links to the corresponding PeopleBook documentation.

PeopleSoft Cost Management also provides component interfaces to help load data from the existing system into PeopleSoft Cost Management tables. Use the Excel to Component Interface utility with the component interfaces to populate the tables.

This table lists all of the components that have component interfaces:

Component	Component Interface	Reference
Distribution Type	CM_DISTR_TYPE	See Chapter 3, "Setting Up the Accounting Rules Structure," Defining Distribution Types, page 57.
Storage Area Accounting	STORAGE_ACCTS	See Chapter 3, "Setting Up the Accounting Rules Structure," Using Storage Area Control, page 66.
Production Conversion Codes	CE_CONCODE	See Chapter 4, "Defining the Cost Foundation for Makeable Items," Defining Conversion Codes, page 91.
Costing Conversion Overhead Rates	CE_CONV_OH_RATE	See Chapter 4, "Defining the Cost Foundation for Makeable Items," Creating Cost Conversion Overhead Rates, page 93.
Costing Conversion Rates	CE_CONV_RATE	See Chapter 4, "Defining the Cost Foundation for Makeable Items," Creating Cost Conversion Rates, page 92.
Forecasted Purchase Rates	CE_FCST	See Chapter 4, "Defining the Cost Foundation for Makeable Items," Forecasting Purchase Costs, page 96.
Additional Costs by Item	CE_ITEMEXP	See Chapter 4, "Defining the Cost Foundation for Makeable Items," Adding Additional Costs, page 97.
Conversion Overhead Codes	CE_OHCODE_CODE	See Chapter 4, "Defining the Cost Foundation for Makeable Items," Defining Conversion Overhead Codes, page 92.
Item Transfer Price	STD_PRICE_INV	See Chapter 10, "Managing Transfers," Defining Transfer Prices, page 232.
Item Price Markup	MARKUP_PCT_INV	See Chapter 10, "Managing Transfers," Defining Transfer Prices, page 232.
Floor and Ceiling Values	CM_VALUE_REF_PGRP	See Chapter 15, "Analyzing Financial Transactions," Generating Reports of Financial Transactions, page 311.

Component	Component Interface	Reference
Assign Crew Actual Costs	CM_CREW_RATE	See Chapter 7, "Setting Up Actual and Average Costing for Makeable Items," Establishing Actual Costs for Crew, page 159.
InterUnit Transfer Accounting	INTERUNIT_DEF_INV	See Chapter 10, "Managing Transfers," Creating an Interunit Pair in PeopleSoft Inventory, page 236.

Other Sources of Information

In the planning phase of the implementation, take advantage of all PeopleSoft sources of information, including the installation guides, table-loading sequences, data models, and business process maps. A complete list of these resources appears in the preface in the *PeopleSoft Application Fundamentals for Financials, Enterprise Service Automation, and Supply Chain Management 8.8 PeopleBook,*with information about where to find the most current version of each.

See Also

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "PeopleSoft Enterprise Application Fundamentals PeopleBook Preface"

PeopleTools 8.46 PeopleBook: PeopleSoft Component Interfaces

CHAPTER 2

Structuring Your Cost Management System

This chapter provides an overview of cost structure and discusses how to:

- Set up the cost structure.
- Review costing examples.
- Determine the cost structure strategy.
- Determine your negative inventory strategy.
- Select the method to number accounting lines.

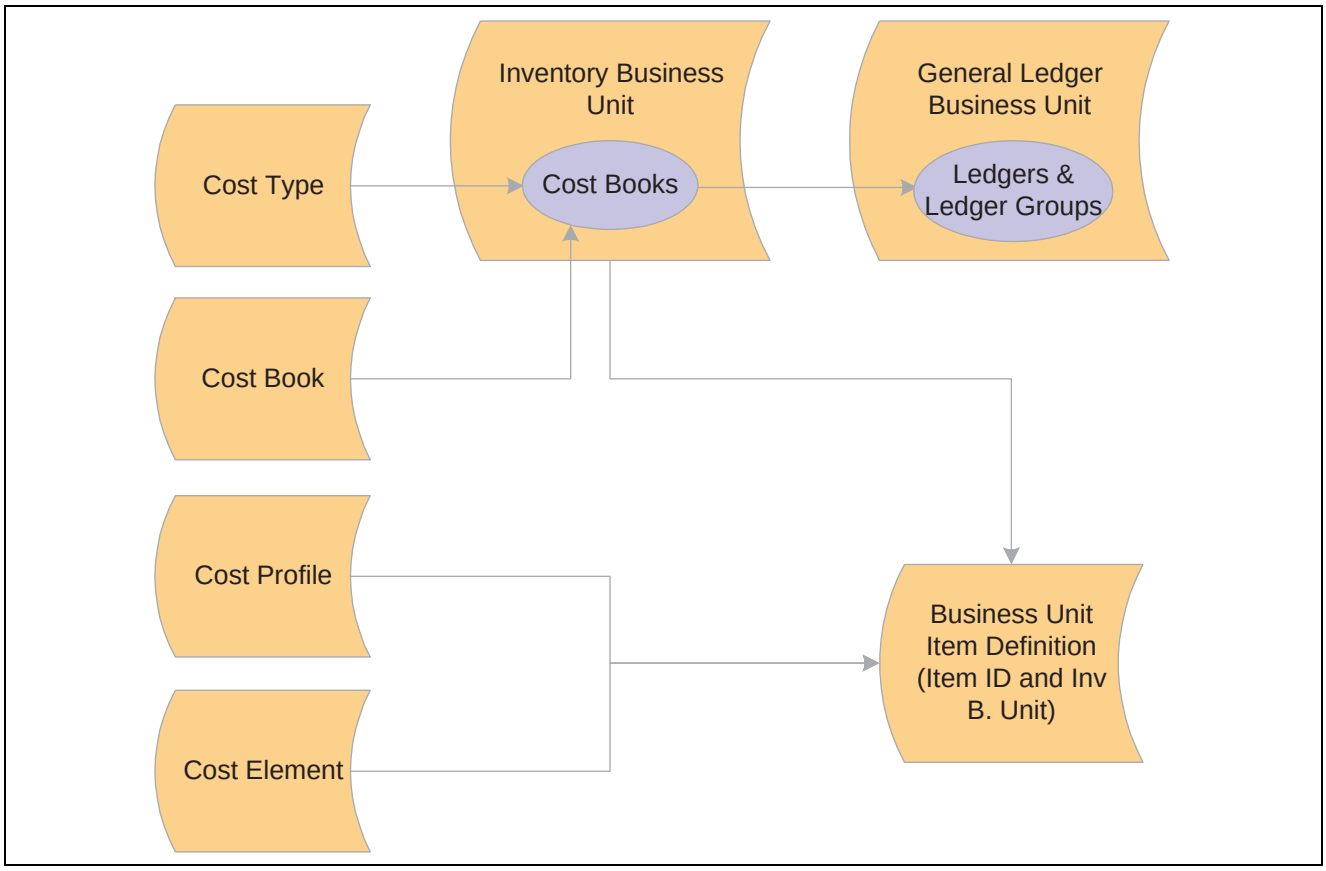
Understanding Cost Structure

Costing structure determines how inventory transactions are calculated, where accounting entries are posted, and how many sets of books are maintained. PeopleSoft Cost Management gives you enormous flexibility in defining costing structure. You can choose to maintain any number of simultaneous books. Using different sets of books enables you to clearly track financial records, tax records, management records, and so on without any additional work. PeopleSoft Cost Management maintains all the books simultaneously.

PeopleSoft Cost Management also enables you to determine the type of costing by item, Inventory business unit, and cost book combination. This flexibility allows you to mix the type of costing within one inventory business unit. For example, one inventory business unit can have some items that use standard costing, other items that use actual costing, and so on. Also, one item can use different cost profiles in different business units.

In addition, the same item can be costed differently using different cost books within the same business unit. For example, an enterprise may want to track costs using local generally accepted accounting principles for financial reporting, and it may also want to track costs by using an internal activity based management model for decision-making purposes (product lines, marketing channels, target markets and so on). These two approaches can have different purposes and are often not compatible with each other; they each end with different answers as to what cost is. The power of the multiple book structure enables divergent cost approaches to be implemented in conjunction yet separate from each other.

This diagram illustrates the cost method relationships without using cost profile groups:



Cost method relationships without cost profile groups

The diagram displays the different parts of the PeopleSoft Cost Management costing structure and how these parts are related to each other.

Cost Type

Cost types define a working space for cost calculations. You can define several different cost types, such as, current, revised, and forecasted costs. You calculate the cost of makeable items using cost types. Also, purchased items using the standard cost method can use cost type to calculate a standard cost. For example, in a manufacturing environment, cost books can use different cost types, enabling you to use GAAP rates for financial reporting and ABM rates for manufacturing reporting.

Cost Books

Define a separate cost book for each type of accounting records that you wish to maintain. For example, define a cost book for financial records, another cost book for tax records, management decision-making, and so on.

Inventory Business Units

When you define an inventory business unit, you identify the general ledger business unit that accepts the financial data. In addition, you define one or more combinations of cost books and ledger or ledger groups. The cost book is used to store accounting entries that are generated by inventory transactions. Each book enables you to use different cost methods; for example, a financials book can use standard costing for items, and the tax book can use LIFO costing for items. You can define any number of simultaneous books to be used within an inventory business unit. Each inventory transaction that has a financial impact creates a separate set of accounting entries in each book that is assigned to it. The accounting entries are then posted to the specified ledger or ledger group (set of books) within PeopleSoft General Ledger.

Cost Profiles

Define the methods that are used to value the inventory items, such as standard costing, actual costing, and so on. In PeopleSoft Cost Management, you assign cost profiles to items to determine the cost method. There are a number of options for cost profiles that you may mix and match to suit your requirements. Different items or groups of items within a business unit may use different cost profiles and the same item in different business units may also use different cost profiles.

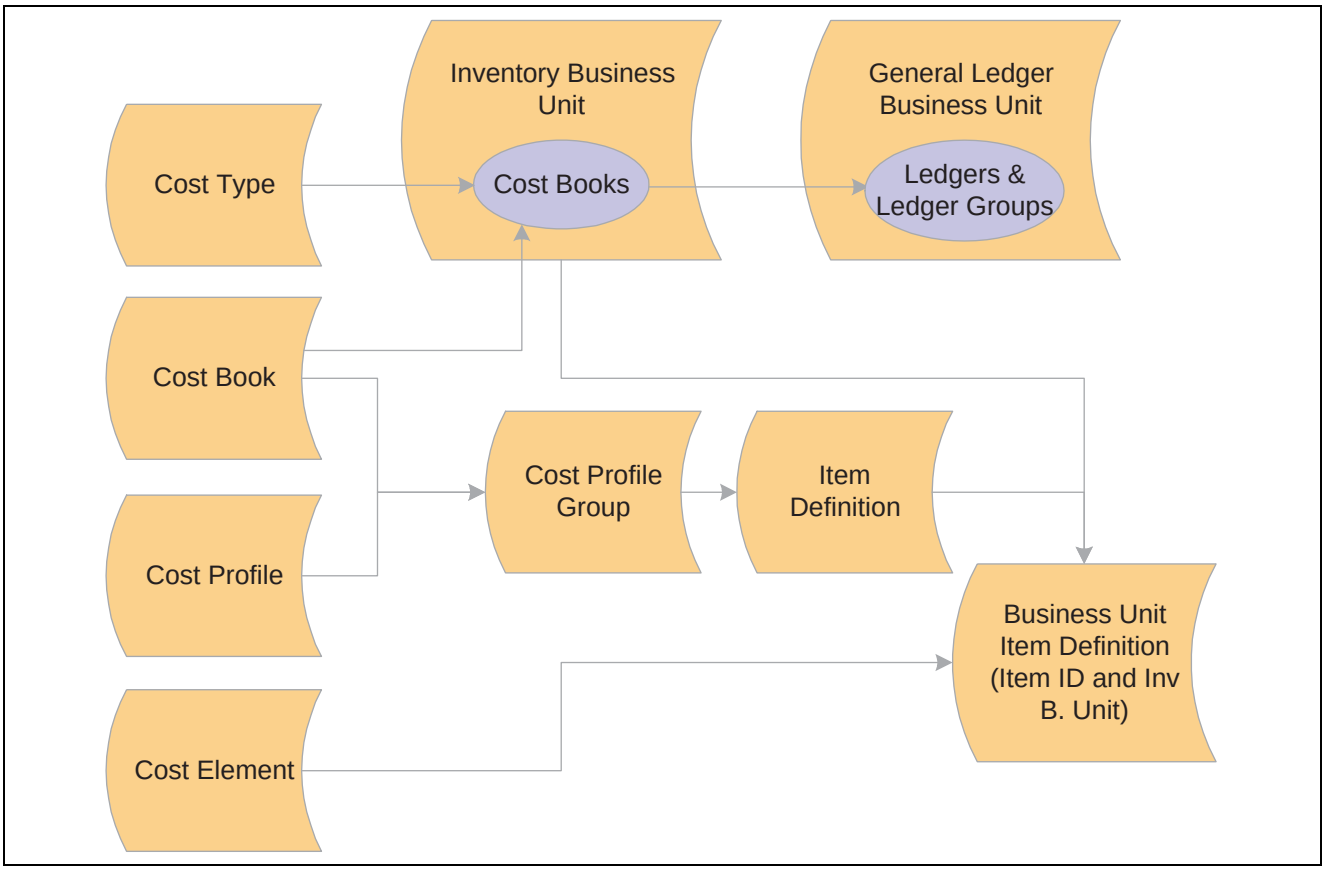
Cost Elements

Cost elements are used to categorize the different components of an item's cost, such as material, landed, conversions costs, and so on. Also, cost elements define the debit and credit ChartFields for each cost component of an item so that accounting entries can be created.

Business Unit Item Definition

The cost profile can be added here or appear default from a cost profile group that is defined at the item definition level.

This diagram illustrates the cost method relationships when using cost profile groups:



Cost method relationships using cost profile groups

Cost Profile Groups

Cost profile groups are an optional step that enables you to define item costing for both efficient order entry and control. A cost profile group joins together a cost profile and a cost book that can be attached to multiple items. The cost profile group is attached to the Item Definition page, and then the cost profile group appears by default on the item's definition by inventory business unit, the Define Business Unit Item component. If the item uses the same cost profile and cost book across several inventory business units, then the cost profile group reduces the time that is needed to define item costing. Also, when defining a cost profile group you have the option to prevent users from changing the default cost profile and cost book on the Define Business Unit Item component; giving you a level of control over item setup.

Common Elements Used in this Chapter

Book Name	The name of the cost book. A book contains a set of accounting entries that are posted to ledgers in the general ledger. An inventory business unit can have one or more cost books that post to ledgers within a ledger group in the general ledger.
Ledger Group	Within PeopleSoft General Ledger, you can group ledgers together into ledger groups. A ledger group provides the functionality for managing multibook transactions that must post to all ledgers within a group simultaneously.
Ledger	Within PeopleSoft General Ledger, ledgers organize the accounting data. You can define as many ledgers as you need to record financial, budget, and nonfinancial transactions.
Ledger Template	Within PeopleSoft General Ledger, defines the physical attributes of a ledger. It streamlines ledger definition. The template is defined once and used for multiple ledgers.
Book Status	The status of the cost book, including; *Pending, Active, Inactive, Stopped,* and *Cancel*.
Profile	The cost profile that determines the methods to value and cost inventory items and transactions. Items have cost profiles for the cost books that the inventory business unit uses.
Cost Profile Group	A grouping of the cost profile and cost book that can be attached to the item by using the Define Item component. Groups are used to default cost profiles into item definitions as items are added to an inventory business unit.
Cost Element	A code that is used to categorize the different components of an item's cost and also define the debit and credit ChartFields for accounting entries. Cost elements can be used to add an optional level of granularity to the accounting entries recorded.
Transaction Group	Predefined codes identifying different types of transactions, such as putaways, shipments, user adjustments, and so on.
Cost Type	Creates separate costing groupings with different methods of costing, such as current, revised, or forecasted costs.

Setting Up the Cost Structure

The cost structure determines how inventory transactions are calculated, where accounting entries are posted, and how many sets of books are maintained.

To set up cost structure:

1. Establish the ledgers and ledger groups for the PeopleSoft General Ledger business unit or verify that the financials implementation team creates them.
2. Define the cost books at the setID level.
3. Define the cost types at the setID level.
4. Associate the cost books and cost types with the PeopleSoft Inventory business units and ledgers or ledger groups.
5. Define the cost profiles at the setID level.

   You determine the receipt cost method, cost flow, and deplete cost method for the items. For an item that is manufactured with PeopleSoft Manufacturing, a cost profile also determines the costing method that is used to value labor and machine costs.
6. Create cost profile groups at the setID level.

   This page combines the cost book and cost profile.
7. Associate the inventory items with a cost book and a cost profile.

   This can be done in the Define Item component or the Define Business Unit Item component.
8. Define the cost elements to categorize the different cost components for an item, including material, conversion, landed, and outbound costs.
9. Attach the cost element to the various PeopleSoft pages that generate costs.

   For the material costs of the item, add the cost element that is defined for material to the item by using the Define Business Unit Item-General: Common page.

Pages Used to Define Cost Structure

Page Name	Object Name	Navigation	Usage
Books	CM_BOOK_DEFN	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Books, Books	Create cost accounting books to identify the type of accounting records that are to be maintained. The books are added to the inventory business unit and the cost profile group.
Cost Types	CE_TYPE	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Types	Create separate costing groupings with different methods of costing, such as current, revised or forecasting.

Page Name	Object Name	Navigation	Usage
Ledger Group - Definition	LEDGER_GROUP	General Ledger, Ledger, Ledger Group, Definition	Define a ledger group and link it to a ledger template. Also used to assign ledger details to the group and to identify the unique attributes of each ledger within the group.
Inventory Definition - Business Unit Books	CM_BU_BOOK	Set Up Financials/Supply Chain, Business Unit Related, Inventory, Inventory Definition, Business Unit Books	Link the cost books and cost type with a PeopleSoft Inventory business unit, ledger, and ledger group. Define the books to populate with accounting entries for each business unit.
Cost Profiles	CM_PROFILE_DEFN	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Profiles, Profiles	Establish the cost profile to determine how items are costed in the business unit's cost book.
Cost Profiles - Manufacturing	CM_PROFILE_DEF_MFG	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Profiles, Manufacturing	For items that are used in PeopleSoft Manufacturing, enter additional cost profile information to define the costing methods for labor and machine costs.
Cost Profile Groups - Definition	CM_GROUP_DEFN	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Profile Groups, Definition	Define a cost profile group by entering a description and any comments.
Cost Profile Groups - Books	CM_GROUP_DETAIL	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Profile Groups, Books	Link the cost book and cost profile together under the cost profile group.
Item Definition - General: Common	INV_ITEMS_DEFIN1	Items, Review Item Information, Items, General Items, Define Items and Attributes, Define Item, General	Enter a cost profile group for an item. Although this is not required, associating the items to a Cost Profile Group simplifies setup when defining items at the inventory business unit level.
Define Business Unit Item - General: Costing	CM_ITEM_METHOD	Items, Define Items and Attributes, Define Business Unit Item, General, Costing	Define the cost profile of an item by business unit and cost book.

Page Name	Object Name	Navigation	Usage
Cost Elements	CM_ELEMENT	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Elements	Cost elements categorize the components of an item's cost. The system maintains an item's cost-by-cost element. Cost elements also help define the debit and credit ChartFields in transaction processing.
Define Business Unit Item - General: Common	GEN_ATTRIB_INV	Items, Define Items and Attributes, Define Business Unit Item, General	Define the cost element for an item's material costs.

Establishing PeopleSoft General Ledger Business Units, Ledger Groups, and Ledgers

Before beginning the process of defining PeopleSoft Inventory business units, you need to establish PeopleSoft General Ledger business units, ledgers and ledger groups. Ledgers and ledger groups represent a set of books and store the posted financial entries (journal entries) by accounting period and fiscal year. Different ledgers can be defined for recording financial records, tax records, management reports, and so on.

See Also

PeopleSoft Enterprise General Ledger 8.9 PeopleBook, "Defining Your Operational Structure," Defining General Ledger Business Units

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Setting Up Ledgers," Linking Ledgers to a Ledger Group

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Setting Up Ledgers," Defining Ledgers for a Business Unit

Defining Your Cost Books

To define the types of accounting records to maintain, use the Cost Book (CM_BOOK_DEFN) component.

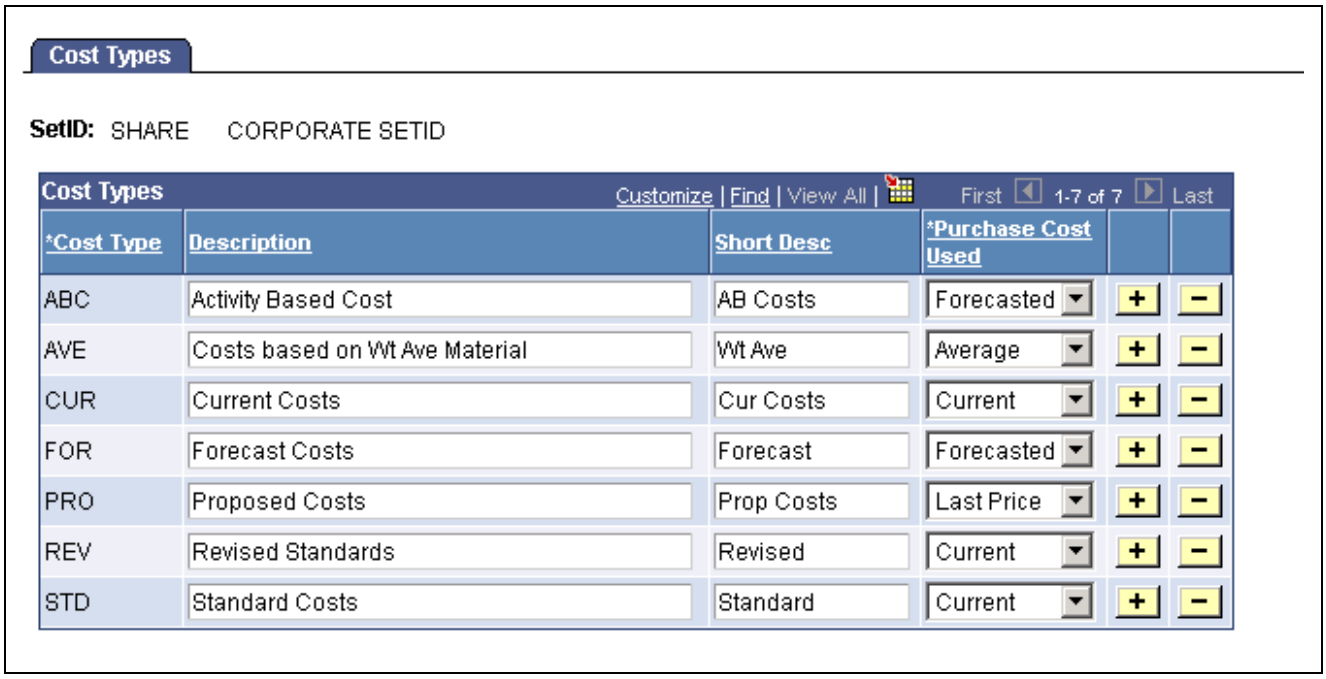
Define a separate cost book for each type of accounting records that you want to maintain. For example, define a cost book for financial records; another cost book for tax records, and so on.

You can create any number of books and assign the books to a PeopleSoft Inventory business unit. Each book enables you to use different cost methods; for example, a financials book can use standard costing for items, and the tax book can use LIFO costing for items. You can define any number of simultaneous books to be used. Each inventory transaction that has a financial impact creates a separate set of accounting entries in each book that is assigned to it. The accounting entries are then posted to the specified ledger or ledger group within PeopleSoft General Ledger.

Defining Cost Types

To define cost types, use the Cost Types component.

Access the Cost Types page.



Cost Types

SetID: SHARE CORPORATE SETID

Cost Types — Customize | Find | View All | First 1-7 of 7 Last

*Cost Type	Description	Short Desc	*Purchase Cost Used
ABC	Activity Based Cost	AB Costs	Forecasted
AVE	Costs based on Wt Ave Material	Wt Ave	Average
CUR	Current Costs	Cur Costs	Current
FOR	Forecast Costs	Forecast	Forecasted
PRO	Proposed Costs	Prop Costs	Last Price
REV	Revised Standards	Revised	Current
STD	Standard Costs	Standard	Current

Cost Types page

Define different cost types, such as current, revised, and forecasted costs, to create a working space with which you can perform what-if analysis. You calculate the cost of a manufactured item based on cost types. Purchased or make items using the standard cost method can use cost types to calculate a standard cost. Cost types are used as a key to conversion costs and overhead conversion costs to calculate both standard cost and actual cost make items. The cost type is added to the Cost Rollup process page when calculating the standard cost of an item. For a manufactured item using an actual or average costing method, the cost type should be defined on the Inventory Definition-Business Unit Books page that is to be used by the Transaction Costing process when computing the item cost.

Select the method to calculate the cost of purchased components when computing the cost of an item. The method that you choose here applies to all cost versions using this cost type. Options for Purchase Cost Used include:

Average Average cost. This represents a rolling weighted average cost calculated as: [(current average cost) * (current QOH)] +{(putaway qty) * (PO price for material only)] / [(current QOH) + (putaway qty)].

QOH (quantity on hand).

PO (purchase order).

Qty (quantity).

This cost is automatically updated in the Business Unit Item Definition record (the AVERAGE_COST_MAT field of the BU_ITEMS_INV record) when a purchase receipt is put away. The current value is displayed in the Avg Matl Cost field on the Define Business Unit Item-General: Common page. Use this cost when you want to reflect the vendor's price in the cost of the item. This average cost calculation only includes the material portion of the PO cost; it does not include landed costs, voucher updates, or cost adjustments. This average cost can be used by the Cost Rollup process to compute the material portion of the standard cost.

Current The current purchase cost is a per unit cost which you manually enter in the Define Business Unit Item - General page (the CURRENT_COST field of the BU_ITEMS_INV record). Use current purchase cost if there is no need to vary material costs for cost simulations and what-if analysis.

Forecasted Enter a forecasted purchase cost by a combination of item, business unit, cost type, and cost version using the Forecasted Purchase Costs page (CE_FCST_PUR record). Use forecasted costs when you want to manually maintain the material cost of purchased items. For example, you can base forecasted purchase costs on vendor quotes for items that are purchased during the standard cost period. If the purchase costs vary based on volume that is purchased from the vendor, you can set up two different versions and vary the forecasted cost for each version based on the volume assumptions.

Last Price You can cost the item based on the price that is paid the last time that you purchased the item. This *Last Price* value (the LAST_PRICE_PAID field of the BU_ITEMS_INV record) is updated by the Complete Putaway process (PUTAWAY_REQ_INV) based on the PO price of the item's last receipt. Because it is constantly replaced, the value is an indication of an item's price at a specific point in time. In the cost calculation, you can use that price to represent the purchase cost of the component items.

See Also

Chapter 4, "Defining the Cost Foundation for Makeable Items," Adding Additional Costs, page 97

PeopleSoft Enterprise Managing Items 8.9 PeopleBook, "Defining Items by Business Unit," Defining Basic Business Unit Item Attributes

Associating Cost Books with PeopleSoft Inventory Business Units, Ledgers, and Ledger Groups

A critical step in designing the inventory business unit is to define the accounting links to the general ledger system. Use the Inventory Definition component to:

- Identify the PeopleSoft General Ledger business unit that accepts financial transactions by using the Inventory Definition - Business Unit Definition Page.

  Only one general ledger business unit can be defined per inventory business unit.

- Define one or more combinations of cost book and ledger or ledger group for the inventory business unit by using the Inventory Definition - Business Unit Books Page.

  When you attach a cost book, every financial transaction that is recorded in this inventory business unit creates accounting entries in that cost book. For example, let's assume that you identify two separate cost books, FIN and TAX, and an item is shipped from the inventory business unit. Two sets of accounting entries are recorded: one in the cost book FIN, and one in the cost book TAX. For each cost book that is defined for an inventory business unit, you must also define the ledger or ledger group that receives the accounting entries for the general ledger side. These ledgers and ledger groups must be part of the general ledger business unit that is defined for the inventory business unit.

- Identify the cost type for makeable items by using actual or average cost methods.

  If makeable items use actual or average costing methods, then enter a cost type for each cost book. The cost type is used by the Transaction Costing process when calculating the cost of an item that is manufactured in PeopleSoft Manufacturing. Cost types enable the Transaction Costing process to pick up the correct conversion rates and overhead conversion rates, plus any additional costs.

Designating the Primary Book

The inventory business unit must have at least one book. When you associate a cost book with a PeopleSoft Inventory business unit, one book must be designated as the primary book. This is done by associating it with the primary ledger or default ledger group for the PeopleSoft General Ledger business unit. These ledgers and groups are defined on the Ledger Group - Definition page. This page also contains a Keep Ledgers in Sync option.

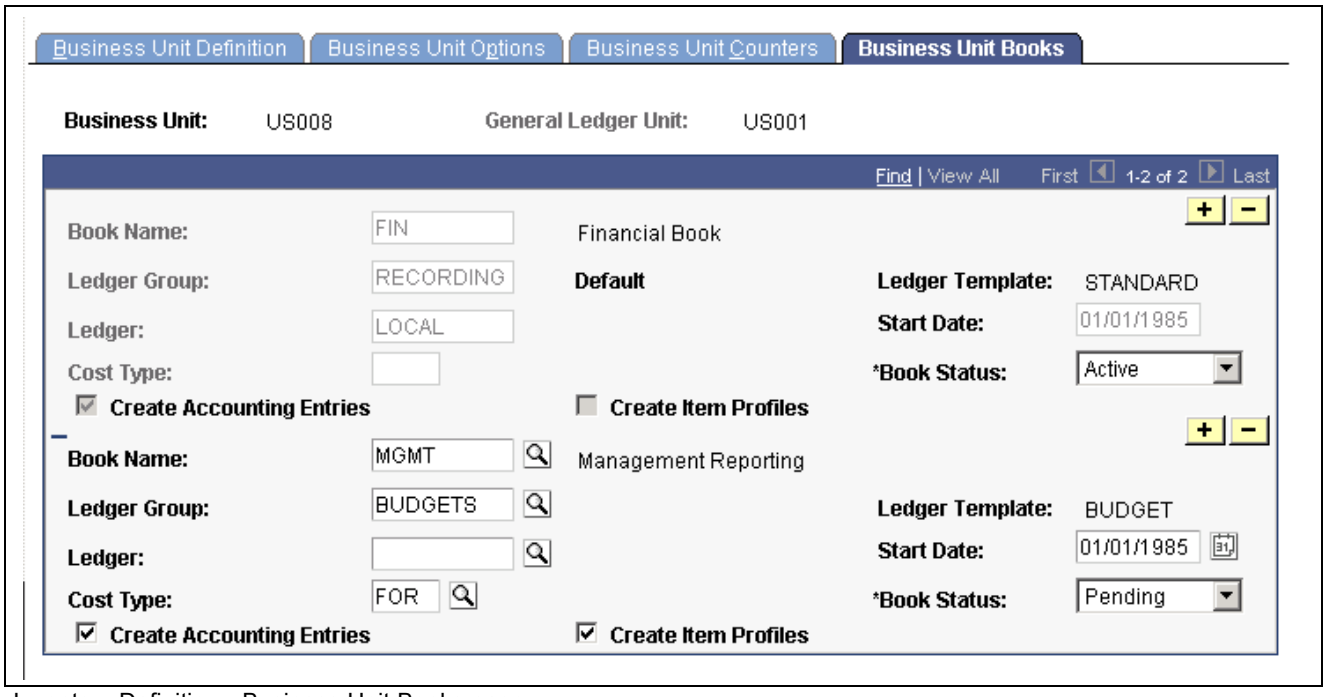
If the Keep Ledgers in Sync option on the Ledgerfield is unavailable on the Ledger Group - Definition page, transactions are posted to all ledgers in the ledger group that you select for the book. Exactly one book for the business unit must be pointing to the default ledger group.

If the Keep Ledgers in Sync option is off, you can select the ledger within the ledger group to which you want to post transactions for the book. In that case, the primary book must be pointing to the primary ledger within the default ledger. With the option off, you can also leave the Ledger field blank and transactions are posted to all ledgers in the ledger group that you select for the book. In that case, the book must be pointing to the default ledger group.

If you select a primary ledger, it must use the base currency of the PeopleSoft Inventory business unit and PeopleSoft General Ledger business unit. If you select a default ledger group, the primary ledger of that ledger group must use the base currency of the PeopleSoft Inventory business unit and PeopleSoft General Ledger business unit.

Inventory Definition - Business Unit Books Page

Access the Inventory Definition - Business Unit Books page.



Inventory Definition - Business Unit Books page

Cost Type Enter a cost type for the inventory business unit cost book. This enables you to use different actual cost conversion rates and overhead conversion rates in different cost books. Cost types are user-defined, and different cost types can point to different conversion and overhead rate structures. Users may wish to use a set of GAAP rates for their GAAP cost type, full absorption rates for their FULLABS cost type, and activity-based cost rates for their

ABM cost type. Books point to ledgers in the general ledger, so with this structure users can use different cost rates for their various books which may each have different management and financial reporting purposes. Books that use the frozen standard cost profile always simply use the frozen standard, which is an attribute of items in business units across all books. In other words, the cost types that make up the frozen standards are not affected by the entry in this field.

Create Accounting Entries Select to have transactions in this book create accounting entries in the associated ledger or ledger group when the status of the book is active. This check box should remain selected unless you are an advanced user and you wish to turn off accounting entry creation for an alternative cost book.

Create Item Profiles If one or more items do not have profiles in the book, you can check Create Item Profiles and the system creates the missing profile for those items in that book, if those items are already associated with a cost profile group. If they are not, when you try to save the new book as an active status book, an error message appears, and you must manually assign the profiles for those items for that book by using the Define Business Unit Item - General: Costing page. This check box is unavailable if every business unit item has a profile associated with that book. This option is not necessary if all items already have a cost profile.

In the Book Status field, enter the status of the book:

Pending When a book is added to a business unit, the default status is *Pending.* Use the pending status while preparing the book. When the book is ready, change the status to *Active.* If plans change, you can also change the status from *Pending* to *Inactive* or *Cancelled.*

Active Active books can be used with the Transaction Costing process and the Accounting Line Creation job. When you set a book to *Active* status, the system confirms that all items contain a cost profile for this book. This ensures that the active book can create complete accounting transactions.

Inactive When an active book is no longer required, set the status to *Inactive* to prevent the book from creating further accounting entries. With an inactive status, the recorded accounting entries are not available for historical inquiries or reports.

Stopped When an active book is no longer required, set the status to *Stopped* to prevent the book from creating further accounting entries. With a stopped status, the recorded accounting entries are still available for historical inquiries or reports. A warning message appears when changing an active book to *Stopped.*

Warning! Once an active book has been set to the status of *Stopped,* it can never again be set to *Active* status.

Cancel You can cancel a cost book if it is never used to record accounting entries.

This table lists the conditions under which you can change the book status:

Change From This Status	To Active	To Inactive	To Pending	To Stopped	To Cancel
Active	---	Okay (warning appears).	Not allowed	Okay (warning appears).	Not allowed.
Inactive	Not allowed.	---	Not allowed	Okay.	Not allowed.
Pending	Okay, if: All items in the business unit have a profile for the pending book. The book is seeded. The start date is greater than the present.	Okay, if: The book is seeded.	---	Not allowed.	Okay, if: The book is not seeded.
Stopped	Not allowed.	Okay.	Not allowed	---	Not allowed.
Cancel	Not allowed.	Not allowed.	Okay	Not allowed.	---

See Also

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Setting Up Ledgers," Linking Ledgers to a Ledger Group

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Setting Up Ledgers," Defining a Ledger Template

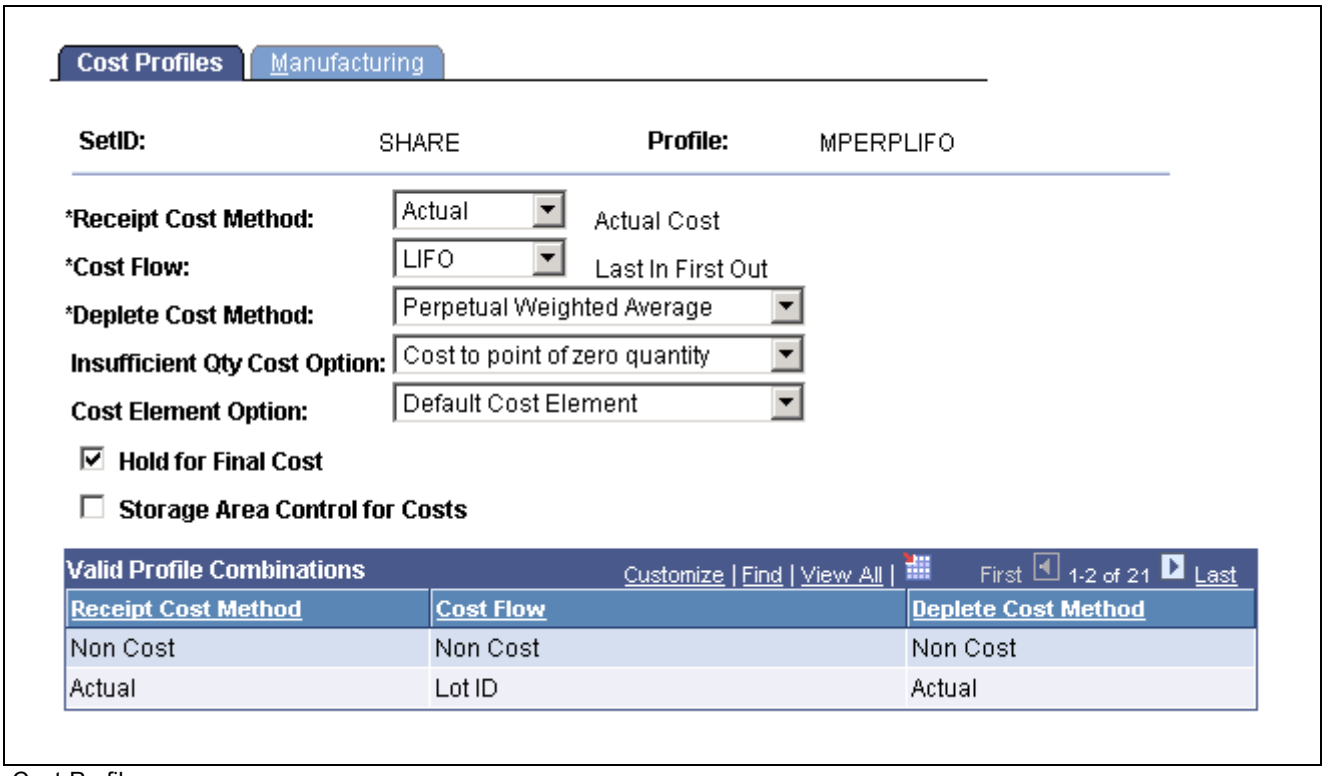
PeopleSoft Enterprise General Ledger 8.9 PeopleBook, "Defining Your Operational Structure," Defining General Ledger Business Units

PeopleSoft Enterprise Managing Items 8.9 PeopleBook, "Defining Items by Business Unit," Defining Item Cost Profiles

Defining Cost Profiles

To define cost profiles for items, use the Cost Profiles (CM_PROFILE_DEFN) component.

Access the Cost Profiles page.



Cost Profiles page

The next step in setting up the system is to determine the methods that you want to use to value inventory items. In PeopleSoft Cost Management, you assign cost profiles to items to determine the costing of inventory transactions for that item. PeopleSoft Cost Management offers a number of options for cost profiles that you can mix and match to suit your requirements. Different items or groups of items within a business unit may use different cost profiles, and the same item in different business units may also use different cost profiles.

A profile determines the costing method that is used to value receipts, depletions, and inventory stock.

Receipt Cost Method

The Receipt Cost Method is the method that PeopleSoft Cost Management uses to account for receipts to inventory. Receipts from PeopleSoft Purchasing and completions from PeopleSoft Purchasing become putaways into PeopleSoft Inventory. PeopleSoft Cost Management tracks and accounts for each putaway. The Receipt Cost Method tells the system how the putaway is costed.

Actual The purchased item is valued at the PO price. You can also optionally adjust the cost based on the invoice price. The manufactured item is valued by the production ID that is closed for accounting.

Non Cost The receipt of the inventory item carries no cost and is not processed by PeopleSoft Cost Management. This profile is used for inventory items for which you want to maintain quantity-on-hand information but do not want to account for value.

Std Cost The receipt is valued at the current frozen standard cost. The cost can be manually entered by you or calculated as a result of a cost roll-up.

Cost Flow

The Cost Flow determines how you want depletions to occur. Although the choice is often a reflection of the physical flow of goods, the choice that you make here does not need to follow the true physical flow of items, especially when it is not practical or significant enough to track the specific flow of quantities. This is the accounting assumption for a particular book. As depletions from inventory are processed, PeopleSoft Cost Management uses this part of the cost profile to determine which putaway can be assumed to have satisfied the depletion and assign putaways to depletions.

FIFO (first in, first out)	The oldest items and therefore the oldest costs are used to value inventory depletions (customer shipments, material stock requests, or issues from one stock location to another). The remaining inventory is valued at the most recent costs. When each putaway tends to be similar to all other putaways, this frees users from the need to track item attributes other than the item itself when processing inventory transactions. PeopleSoft Cost Management takes on the task of tracking which putaways are assumed to have available quantities and satisfies depletions in a first-in, first-out manner. The flow of costs are independent of the physical material movement. If you prefer, more physical flow granularity can be achieved with the storage area control option.
LIFO (last in, first out)	The newest items and therefore the newest costs are used to value depletions. The remaining inventory is valued at the oldest costs. Similar to FIFO, this method allows you to assign costs to depletions without detailed tracking of physical movement.
Lot ID (specific identification by lot ID)	If the item is lot controlled, the cost of the specific lot is used. This offers you a specific method of tracking quantities and costs by lot.
Non Cost	This value is entered by the system when you select *Non Cost* for the receipt cost method. The receipt of the inventory item carries no cost and is not processed by PeopleSoft Cost Management. This profile is used for inventory items for which you want to maintain quantity-on-hand information but do not want to account for value.
Serial ID (specific identification by serial ID)	If the item is serial-controlled, the cost of the specific serial ID is used. This offers you a specific method of tracking quantities and costs by serial ID.

For lot ID, FIFO and LIFO items, it may take more than one putaway to satisfy depletions. A fully satisfied depletion is referred to as a depleted depletion. That is, using the cost flow that is specified, PeopleSoft Cost Management found enough on-hand quantities in putaways to satisfy the depletion.

Deplete Cost Method

The deplete cost method is the method that is used to assign a cost to the depleted depletion. Options are:

Actual	Items use the actual cost of the putaway for the depleted depletion cost. Since PeopleSoft Cost Management tracks the actual cost for each putaway and knows which putaways are used to satisfy each depletion, the system knows the cost of the goods that are depleted. In the case of a specific identification cost flow such as lot ID or serial ID, the cost of goods that is depleted is more exact. In the case of FIFO or LIFO flowing items, PeopleSoft Cost Management lets you trade exactness for ease of administration, especially when it is not feasible or effective to track individual instances of items. For purchased items, the actual cost is the PO price, or an entered cost if you're doing express putaways, or the invoice price from PeopleSoft Payables, if it's available. For makeable items, the cost is calculated when the production ID is

closed for accounting in PeopleSoft Manufacturing, and applied to PeopleSoft Inventory when the item is putaway. Actual costs are stored in the records CE_ACTUAL_COST and CM_ACTUAL_COSTB.

Non Cost This value is entered by the system when you select *Non Cost* for the receipt cost method. The receipt of the inventory item carries no cost and isn't processed by PeopleSoft Cost Management. This profile is used for inventory items for which you want to maintain quantity-on-hand information but do not want to account for value.

Period Avg(periodic average) Depleted items use the periodic average cost calculated as of the run date that is used on the Transaction Costing process (CM_COSTING). The Transaction Costing process may be run in two modes: Mid Period mode or Regular mode. If the process is run in Mid Period mode, the depleted depletion costing is postponed. The process waits to be run in Regular mode before attempting to calculate a periodic average cost for the depleted depletions. This allows you to run the Transaction Costing process as often as you like during a period to capture other information that you need to manage the business without prematurely computing periodic costs for these items. Once the Transaction Costing process is run in Regular mode, the periodic average cost is calculated and this one average is applied to all depleted depletions for the item during this period. The period is defined as the time that elapsed since the last time that the Transaction Costing process was run in Regular mode. Periodic average costs are stored in the CM_PERDAVG_COST record.

Perp Avg(perpetual average) The perpetual average cost is a rolling average that is based on the current quantity on hand valued at the current average cost, plus the receipts at the receipt cost, divided by the quantity on hand and the quantity received. The perpetual average is recomputed for every putaway by the inventory putaway processes based on PO price or manufacturing cost. Perpetual average cost items use the average cost that is in effect at the moment that the depletion transaction occurs. For example, if a purchased item is put away at the PO price and the invoice (voucher) is not yet received and processed, then the weighted average calculation includes the PO price at the time of putaway. The invoice price is not part of the weighted average at this time. In the case of a manufactured item being placed into PeopleSoft Inventory, the production ID may not yet be completed and the actual cost may not be available at the time that the finished goods are put away. Therefore, the putaway processes use the current weighted average cost. As vouchers and production completions are posted, the average costs are adjusted if the Transaction Costing process is run with the Apply Perpetual Average Adjs check box selected. Perpetual average costs are stored in the CM_PERPAVG_COST record.

RetPerpAvg(retroactive perpetual average) The retroactive perpetual average cost computes a new average for each putaway, just like the perpetual average method; however, this perpetual average cost is calculated at the end of the period and applied retroactively to the depleted depletions. The *period* is defined as the time that elapsed since the last time the Transaction Costing process was run in Regular mode. This method enables you to value each individual depleted depletion transaction using the current perpetual average cost at depletion time and yet still delay the calculation of the average until the end of the period when more cost information is captured for a more accurate average cost. In other words, this method enables you to capture a more accurate average by delaying the calculation of the average until later in the period when the vouchers or production completions are available. This increases the accuracy of

	the average cost. The retroactive perpetual average is calculated when the Transaction Costing process is run in Regular mode. If the Transaction Costing process is run in Mid Period mode, no retroactive perpetual averages are calculated. Retroactive perpetual average costs are stored in the CM_PERRAVG_COST record.
Val CurStd (value at current standard)	Items use their current frozen standard cost for the depleted depletion cost. Frozen standard costs are stored in the production cost (CM_PRODCOST) record.

Insufficient Qty Cost Option

If you are using the negative inventory feature in PeopleSoft Inventory, this option enables you to control how depletion transactions are costed when the item quantity dips into negative quantity. The options are:

Always cost insufficient qty	Enables the Transaction Costing process to cost negative inventory depletion transactions before sufficient quantity is entered into the business unit. These costs can later be adjusted when sufficient quantity is placed in the Inventory business unit by putaway or adjustment transactions.
Cost in Regular Mode Only	Enables the Transaction Costing process, run in *Regular* mode only, to cost negative inventory depletion transactions before sufficient quantity is entered into the business unit. These costs can later be adjusted when sufficient quantity is placed in the Inventory business unit by putaway or adjustment transactions. If Transaction Costing is run in *Mid Period* mode, then the depletion transaction is costed up to the currently available quantity and the remainder is held.
Cost to point of zero quantity	Enables the Transaction Costing process to split a negative inventory depletion transaction and cost part of the depletion transaction up to the currently available stock quantity. The remaining depletion transaction is held until sufficient stock is received.
Don't cost if insufficient qty	Enables the Transaction Costing process to delay costing the entire negative inventory depletion transaction until sufficient stock is received to cover the depletion transaction. This is the default setting.

Note. The negative inventory feature is activated by selecting the Allow Negative Inventory check box on the Inventory Definition-Business Unit Options page.

Note. If *Periodic Weighted Average* is entered as the Deplete Cost Method, then negative inventory depletion transactions cannot be costed before sufficient quantity has been received into the business unit. The Cost Profile can only use *Don't cost if insufficient qty* or *Cost to point of zero quantity* as the Insufficient Qty Cost Option.

See Chapter 8, "Costing Transactions and Creating Accounting Entries," Costing Negative Inventory, page 172.

Cost Element Option

This option is enabled when you select a deplete cost method of perpetual average or retroactive perpetual average.

Default	Maintain the item's perpetual average cost by the default cost element. This option combines all costs into the primary cost element and calculates one average cost per item.
Detail	Maintain the item's perpetual average cost broken out by each cost element that is defined for the item.

Average cost at the cost element detail level only makes sense for items that consistently use the same cost elements for all putaways and if cost element level averages are required for reporting and accounting purposes.

Hold for Final Cost

The Hold for Final Cost check box delays the calculation of actual cost and standard cost variances for items until the final costs are received from PeopleSoft Payables or PeopleSoft Manufacturing. The benefit of this option is to minimize the number of extra accounting entries from PeopleSoft Cost Management. Without this option, the cost of the item is calculated when the item is put away into inventory at the currently available price (from the PO or production ID). This cost is later adjusted for any prices variances, such a, the invoice price or additional manufacturing costs. With this option and the Transaction Costing process run in Mid Period mode, the costing of all putaways and depleted depletions that are tied to unfinished costs (unvouchered and unmatched POs or production IDs with incomplete costs) are postponed. Costing of receipts and depletions is put on hold until the production is complete or PO, receipt, and vouchers are matched; this reduces the need for adjustments. If you run a period-end process, all transactions are costed by using the available cost, regardless of this check box setting.

For purchased items using actual cost, as vendor invoices (vouchers) are entered and matched to the PO and receipt ID by PeopleSoft Payables, PeopleSoft Cost Management is notified of the exact amounts that are vouchered for each receipt. PeopleSoft Cost Management is then able to adjust all receipts, depleted depletions, and variance calculations for costed transactions to the new revised cost and creates the necessary accounting entries for these adjustments. However, if you prefer to postpone the costing of quantity movements until the vouchers are been fully matched, you may select this option.

For makeable items, the Hold for Final Cost option delays the cost calculation of the manufactured item until the final costs from PeopleSoft Manufacturing for all components, conversion costs, or overhead costs are completed; reducing the number of variance adjustments that are needed. If you do not select the Hold for Final Cost option, then the Transaction Costing process calculates the cost of a manufactured item when the production ID is closed for accounting.

The Hold for Final Cost check box does not restrict the flow of item quantities through inventory. PeopleSoft Cost Management keeps track of uncosted and unaccounted-for quantity flows and catches the cost up with those flows as required by period-end requirements or when the final cost is determined, whichever comes first.

Writeoff PPV and ERV

For purchased items only, select this check box to record any differences between the purchase order price and the vouchered price in an expense account rather than catching up the adjustments with the inventory receipt and depletion transactions. This check box is only available if you have selected *Actual* for the Deplete Cost Method. The variance is inserted into CM_VARIANC_COST record using the transaction group 400 (standard cost variance receipts).

Storage Area Control for Costs

Check Storage Area Control for Costs if you want to apply the FIFO or LIFO depletion method at the storage area level. This means that the system uses FIFO or LIFO costing based on the receipts to the specific storage area from which the item is depleted. You can use storage area control with or without location accounting. However, if you use location accounting, it is strongly recommended that you use storage area control. If the FIFO or LIFO costing of depletions should apply to all receipts at the business unit level, this option can be set to *off* (unchecked).

Valid Profile Combinations

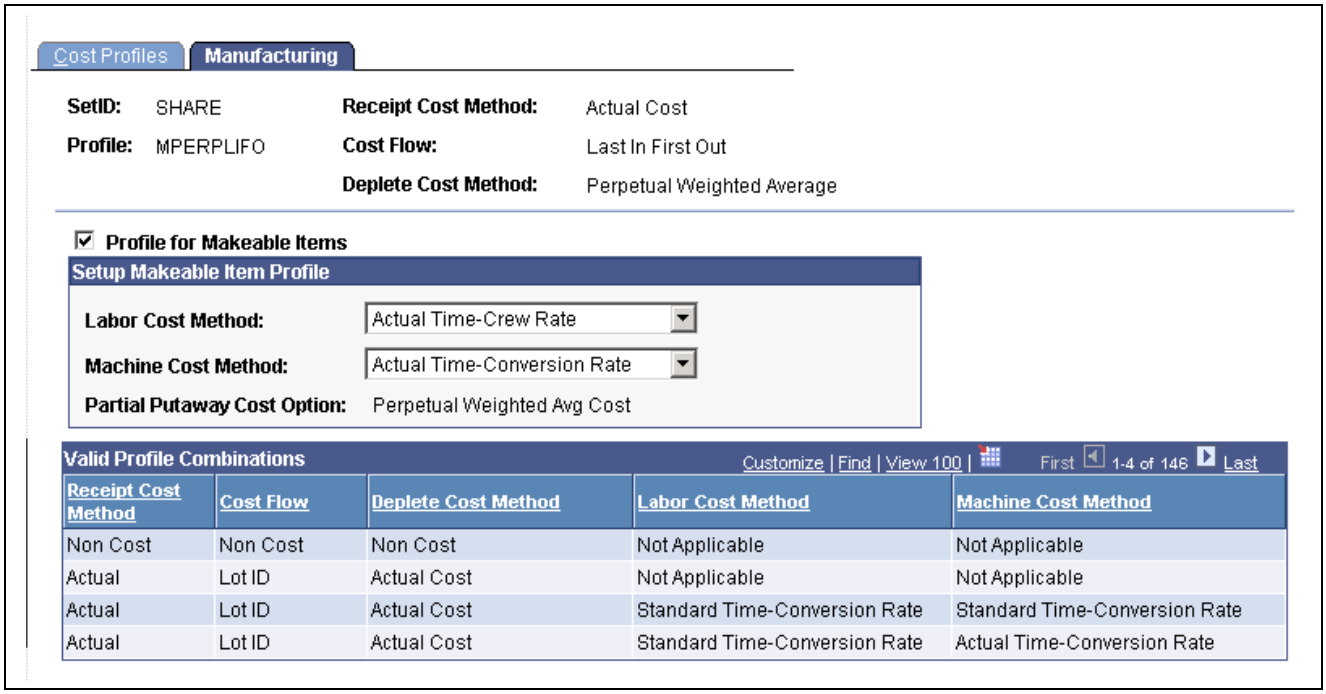
The combination of receipt cost method, cost flow, and deplete cost method that you select must match one of the valid combinations that appear at the bottom of the page.

If you select a receipt cost method of *Non Cost,* the system sets the cost flow and deplete cost method fields to *Non Cost.*

If you select a receipt cost method of *Actual* or *Std Cost,* neither the cost flow nor the deplete cost method can be *Non Cost.* Otherwise, an error message appears.

Cost Profiles - Manufacturing Page

Access the Cost Profiles - Manufacturing page.



Receipt Cost Method	Cost Flow	Deplete Cost Method	Labor Cost Method	Machine Cost Method
Non Cost	Non Cost	Non Cost	Not Applicable	Not Applicable
Actual	Lot ID	Actual Cost	Not Applicable	Not Applicable
Actual	Lot ID	Actual Cost	Standard Time-Conversion Rate	Standard Time-Conversion Rate
Actual	Lot ID	Actual Cost	Standard Time-Conversion Rate	Actual Time-Conversion Rate

Cost Profiles - Manufacturing page

Profile for Makeable Items Select to define this cost profile for makeable items used in PeopleSoft Manufacturing. This check box activates the Labor Cost Method and Machine Cost Method fields for entry. For standard cost items, the relevant values are defaulted into the Labor Cost Method and Machine Cost Method fields and are not editable.

Labor Cost Method

If you use PeopleSoft Manufacturing, use this field to specify how labor costs are calculated. This cost profile should be attached to the make item.

Actual Time - Conversion Rate	Labor costs are computed by using the production ID's actual time on the Record Actual Hours page and the conversion rates on the Costing Conversion Rates page (by cost type/cost version).
Actual Time - Crew Rate	Labor costs are computed by using the production ID's actual time on the Record Actual Hours page and the rates on the Crew Actual Cost page.
Not Applicable	Labor costs are not calculated for this item.
Standard Time - Conversion Rate	Labor costs are computed by using the standard times that are established on the Define Routings - Operations: Times page and the conversion rates that are on the Costing Conversion Rates page (by cost type or cost version). This is the default setting for standard cost items.

Machine Cost Method

If you use PeopleSoft Manufacturing, use this field to specify how machine costs are calculated. This cost profile should be attached to the make item.

Actual Time - Conversion Rate	Machine costs are computed by using the production ID's actual time that is on the Record Actual Hours page and the conversion rates that are on the Costing Conversion Rates page (by cost type or cost version).
Not Applicable	Machine costs are not calculated for this make item.
Standard Time- Conversion Rate	Machine costs are computed by using the standard times that are established on the Define Routings - Operations: Times page and the conversion rates that are on the Costing Conversion Rates page (by cost type or cost version). This is the default setting for standard cost items.

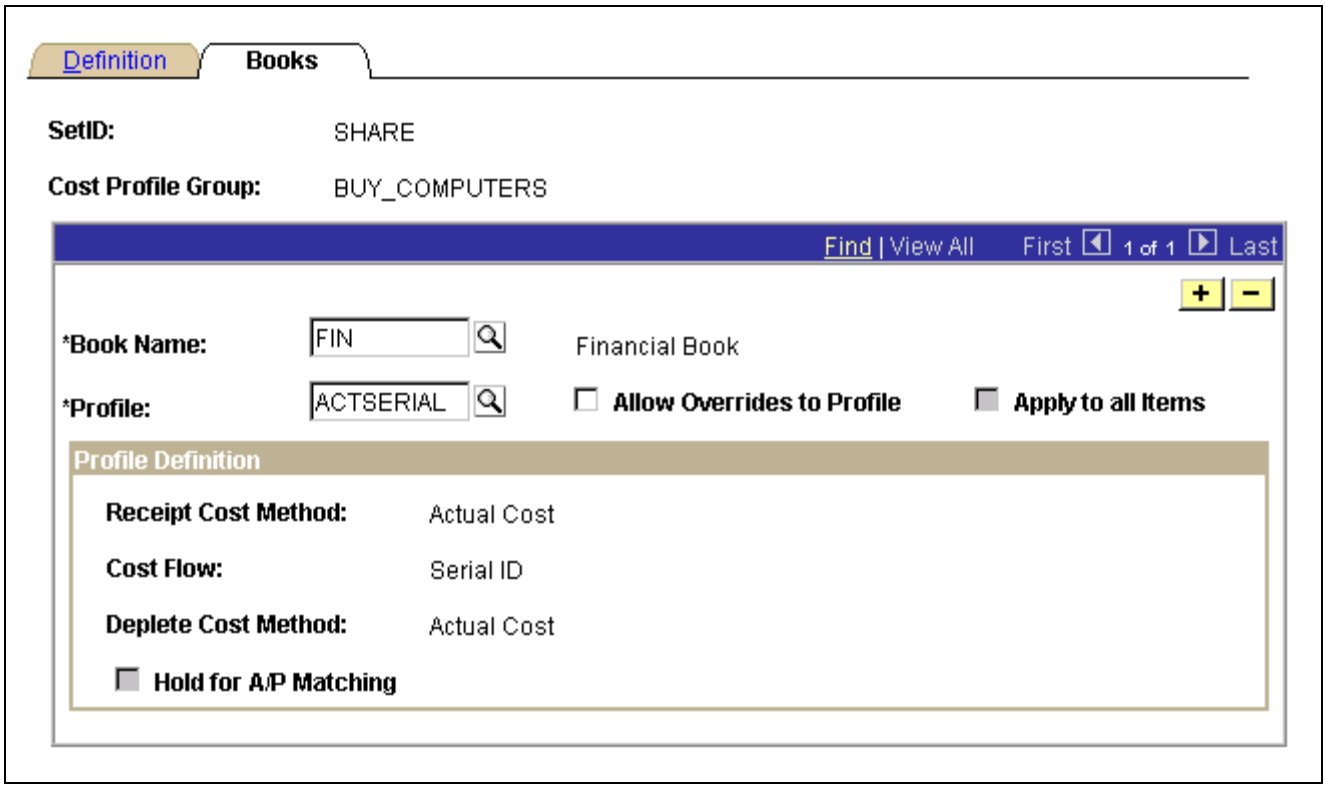
Valid Profile Combinations

The combination of receipt cost method, cost flow, deplete cost method, labor cost method, and machine cost method that you select must match one of the valid combinations that are displayed at the bottom of the page.

Creating Cost Profile Groups

To define cost profile groups, use the Cost Profile Group (CM_GROUP_DEFN) component.

Access the Groups - Books page.



Groups - Books page

Cost Profile Groups are designed to minimize the maintenance of item cost profiles by defaulting the proper cost profile into the business unit, item, and cost book combination. Cost Profile Groups are used to associate items with like costing profiles. First you give the cost profile group a description, then you associate it with a cost book and cost profile. By assigning the profile to the book and associating the book and profile to a cost profile group, all items that are assigned to that group use the specified cost profile as the default.

You can have any number of profiles to cost the items. Each profile can be associated to a unique book so that entries can be made to various ledgers based on different cost assumptions.

Allow Override to Profile If you select this option, the cost profile can be changed on the Define Business Unit Item - General: Costing page. The value for the cost profile can appear by default from the cost profile group that is entered on the Item Definition - General page. If this option is not selected, then the cost profile cannot be changed on the Define Business Unit Item - General: Costing page.

Apply to all Items If you change the profile for a book, you can optionally check Apply to all Items. This function provides a utility to apply cost profile changes throughout all business units in this setID that use this book and have items that are in this cost group. This feature is especially useful during initial implementation if you develop item definitions in a repetitive manner. You may make changes at the setID level and have those changes propagated down through the business units automatically with this function.

When you first enter the page, this option is always clear. If the option is selected, the changes that you make are propagated through the business units upon saving the PeopleSoft Inventory business unit. The system is careful to not allow changes to cost profiles in those business units where you have already started processing transactions. Once transactions have started with

active cost profiles, changes are no longer allowed to protect the accounting validity of the book.

Associating Items With Cost Books and Cost Profiles

As items are added to inventory business units, it is required that a cost profile be defined for each cost book that is used by the business unit. This ensures a complete set of accounting entries for each book. Methods for adding the cost book and cost profile to the item within an inventory business unit include:

- *Automatic Default Approach:* Enter the cost profile group on the Item Definition - General: Common page as you define the item at the setID level.

  Then, when you create the item ID and inventory business unit combinations by using the Define Business Unit Item component, the cost book and cost profile that is defined for the cost profile group appear by default on the Define Business Unit Item - General: Costing page. Use this method if you plan to use the same cost book and cost profile for every inventory business unit where this item is used.

- *Non-Automatic Default Approach:* Enter the cost profile for each item ID and inventory business unit combination by using the Define Business Unit Item - General: Costing page.

  The cost book appears by default from the inventory business unit definition. Use this method if the cost profile that is used for the item varies by inventory business unit.

- Use a combination of both methods by moving the book and profile by default from the setID level and then changing the cost profile on any Define Business Unit Item - General: Costing page that does not follow the default method.

  Be sure to select Allow Overrides to Profile on the cost profile group if users at that item-in-business unit level should be able to modify cost profiles.

Note. An item cannot use a cost profile with the cost flow methods of lot ID or serial ID unless the item is defined as lot or serial controlled.

Note. On the Define Business Unit Item - General: Costing page, the Used in Mfg check box indicates that the item is used in manufacturing.

See Also

PeopleSoft Enterprise Managing Items 8.9 PeopleBook, “Defining Items by SetID,” Defining General Item Information

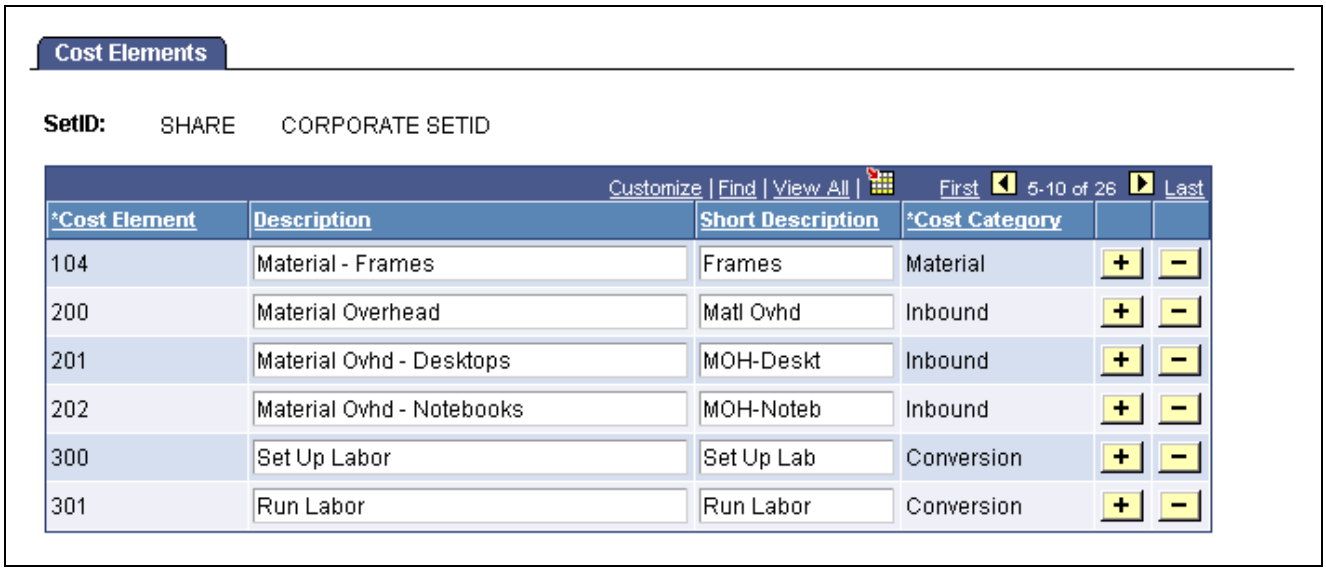
PeopleSoft Enterprise Managing Items 8.9 PeopleBook, “Defining Items by Business Unit,” Defining Item Cost Profiles

PeopleSoft Enterprise Inventory 8.9 PeopleBook, “Defining Your Operational Structure in PeopleSoft Inventory,” Associating Cost Books with a PeopleSoft Inventory Business Unit, Ledger, and Ledger Group

Using the Cost Elements Page

To define cost elements, use the Cost Elements component.

Access the Cost Elements page.



Cost Elements page

Use the Cost Elements page to define or maintain cost elements, which are used to categorize different components of an item's cost. An item's cost is calculated and maintained by cost elements. You can use cost element categories to define the costs at a summarized or very detailed level by using one or many cost elements. Cost elements also help define the ChartField combinations that are used to create accounting entries during the Accounting Line Creation process.

When defining cost elements, you must associate the element with a predefined cost category. Options are:

Con Ovhd (conversion overhead)	Conversion overhead costs are the overhead expenses that are associated with the assembly process. They include expenses such as utilities, operating supplies, rent, manufacturing supervisor expenses, or assembly department benefit expenses. This category is used only in a manufacturing environment.
Conversion	Conversion costs are the direct, nonmaterial costs (including labor and machine costs) that are involved in the manufacture of items. This category is used only in a manufacturing environment.
Inbound	Inbound costs are the overhead expenses that are associated with procuring material such as inbound freight, duty, purchasing, receiving and inspection, or warehousing. Use the inbound cost category when you do not need to track the variances that are associated with these types of costs.
Landed	Landed costs are the miscellaneous charges that are needed to bring an item in-house. They can include charges such as freight, handling, sales and use tax, and value-added tax. Landed costs can be charged by the merchandise vendor or by a third-party such as a shipping organization. Use the landed cost category to track the variances that are associated with these types of costs.
Material	Material costs are associated with the direct cost of an item, typically the cost to procure the item exclusive of any overhead (if purchased), or the sum of the lower level component's purchase costs (if manufactured).
Other	Other costs are used for any additional costs that are not covered in the other categories.
Outbound	Outbound costs are the overhead expenses such as material handling, staging, or warehousing that is associated with shipping material.

PeopleSoft Cost Management uses the cost categories throughout for reporting purposes. Additionally, the system uses only certain categories of costs for certain transactions. PeopleSoft Cost Management uses the costs that are associated with conversion, conversion overhead, material, inbound, landed, and other cost categories to value inventory and all the transactions. For shipments, outbound costs are also included.

Attaching Cost Elements to Generate Costs

Once you define the cost elements, attach the appropriate cost elements to the different costs that are generated by PeopleSoft Cost Management, including:

- Attach a default cost element to items by using the Define Business Unit Item page. This cost element is used when valuing receipts.
- Use landed cost elements to categorize landed costs by using the Misc Charge/Landed Cost Definition page.
- For a purchased item using standard cost:
  - If you are not using the Cost Rollup process, then define cost elements for the items by using the Item Production Costs page. This is not a recommended method.
  - If you are using the Cost Rollup process to calculate standard costs, then define cost elements on the Additional Costs by Item page.
- For makeable items, use the cost elements to define costing conversion rates, costing conversion overhead rates, additional costs by items, and forecasted purchase costs.

See Also

Chapter 5, “Using Standard Costing for Purchased Items,” page 101

Chapter 4, “Defining the Cost Foundation for Makeable Items,” Creating Cost Conversion Rates, page 92

Chapter 4, “Defining the Cost Foundation for Makeable Items,” Creating Cost Conversion Overhead Rates, page 93

Chapter 4, “Defining the Cost Foundation for Makeable Items,” Forecasting Purchase Costs, page 96

Chapter 4, “Defining the Cost Foundation for Makeable Items,” Adding Additional Costs, page 97

Chapter 10, “Managing Transfers,” Establishing Inventory Business Unit Pairs, page 235

PeopleSoft Enterprise Managing Items 8.9 PeopleBook, “Defining Items by Business Unit,” Defining Basic Business Unit Item Attributes

PeopleSoft Enterprise Purchasing 8.9 PeopleBook, “Defining Miscellaneous Charges and Landed Costs”

Reviewing Costing Examples

These examples illustrate how the costing structure operates. Transactions for PeopleSoft Inventory and PeopleSoft Manufacturing are inserted into the PeopleSoft Transaction History (TRANSACTION_INV) table. The Transaction Costing process in PeopleSoft Cost Management uses the transaction data along with the costing structure to determine the cost for each transaction.

The Transaction Costing process is discussed in detail in the Costing Transactions and Creating Accounting Entries chapter of this PeopleBook.

These diagrams illustrate how the Transaction Costing process uses the cost profile setup (receipt cost, cost flow, and deplete cost methods) to calculate transactions cost for:

- Lot control items.
- FIFO and LIFO items.
- Average cost items.
- Standard cost items.

See Also

Chapter 8, "Costing Transactions and Creating Accounting Entries," page 169

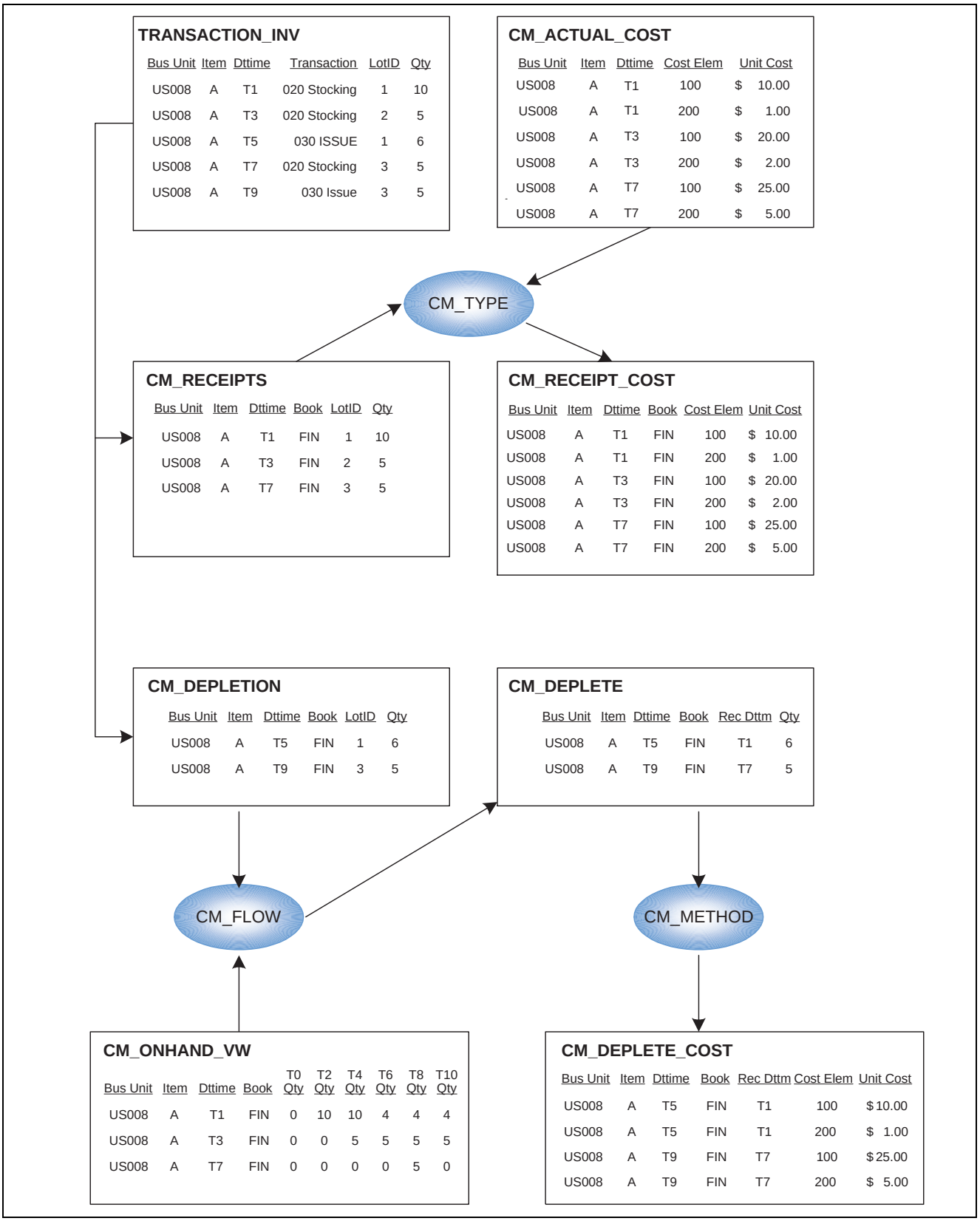
Chapter 3, "Setting Up the Accounting Rules Structure," page 49

Costing Lot Controlled Items

This example illustrates the records that are used while costing lot controlled items. For this example, this information is used:

Inventory Business Unit	US008
Item ID	A
Cost Book	FIN
From Cost Profile	
Receipt Cost Method (CM_TYPE)	Actual
Cost Flow (CM_FLOW)	Lot ID
Deplete Cost Method (CM_METHOD)	Actual

This diagram illustrates the cost flow for a lot controlled item:



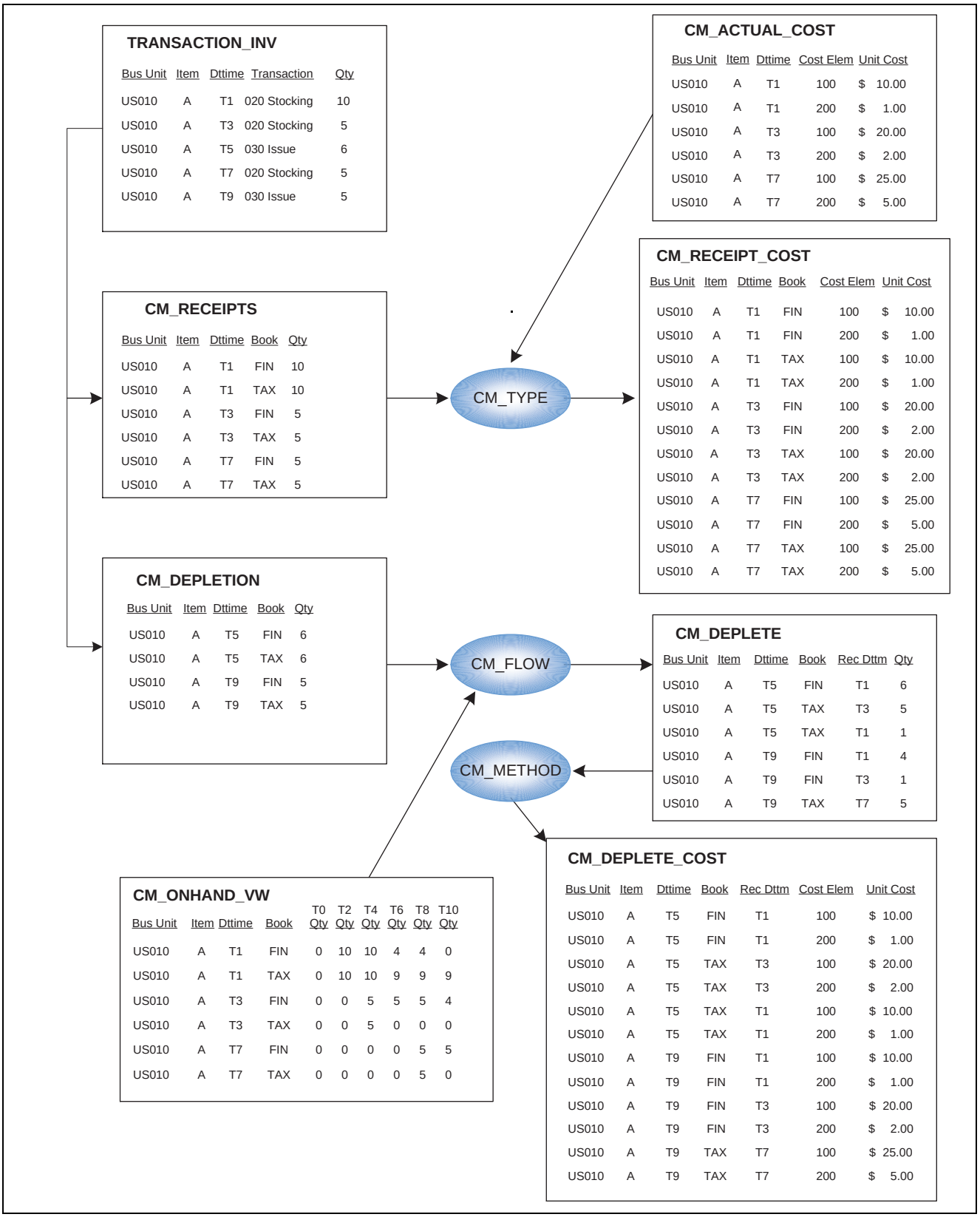
Lot ID costing example

Costing FIFO/LIFO Items

This example illustrates costing using the FIFO/LIFO methods. For this example, this information is used:

Inventory Business Unit	US010	US010
Item ID	A	A
Cost Book	FIN	TAX
From Cost Profile		
Receipt Cost Method (CM_TYPE)	Actual	Actual
Cost Flow (CM_FLOW)	FIFO	LIFO
Deplete Cost Method (CM_METHOD)	Actual	Actual

This diagram illustrates the cost flow for a FIFO or LIFO item:



FIFO and LIFO costing example

Costing Average Cost Items

This example details the perpetual and periodic average cost methods that are used in PeopleSoft Cost Management. For this example, this information is used:

Inventory Business Unit	US011	US011
Item ID	A	A
Cost Book	FIN	TAX
From Cost Profile		
Receipt Cost Method (CM_TYPE)	Actual	Actual
Cost Flow (CM_FLOW)	FIFO	FIFO
Deplete Cost Method (CM_METHOD)	Perpetual Average	Periodic Average
Cost Element Option	Production	N/A

For the TAX cost book, assume that the average is calculated only once, at the end of the period (periodic).

For the FIN cost book, assume that the average is calculated after each putaway.

Perpetual Average Is Calculated:

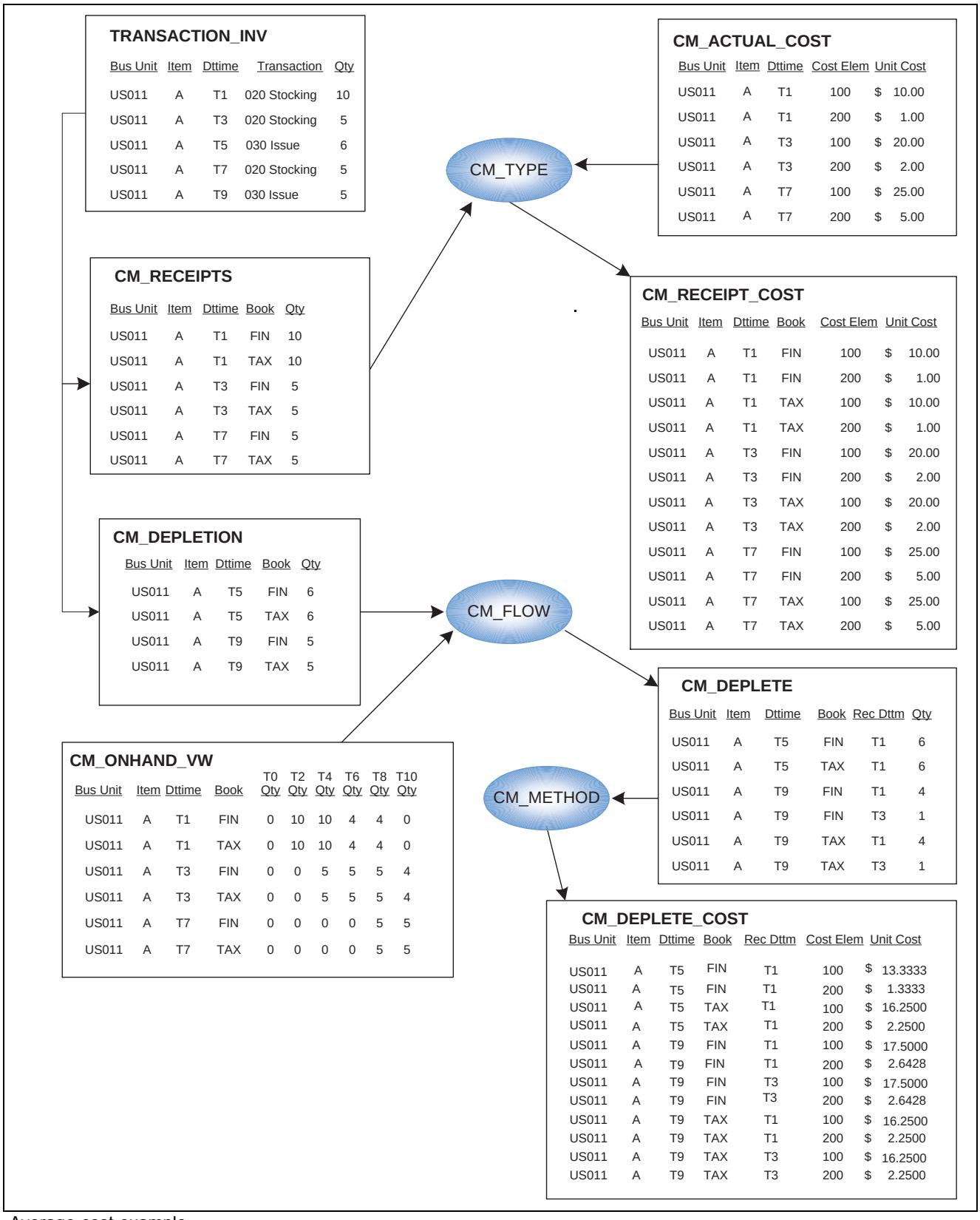
Date /Time	Cost Element	Existing Onhand Stock	Shipments	Actual Cost of New Receipt	New Average Cost per Unit
T1	100	None		10 units @ 10/unit	10.00/unit
T1	200	None		10 units @ 1/unit	1.00/unit
T3	100	10 units @ 10/unit		5 units @ 20/unit	13.33/unit
T3	200	10 units @ 1/unit		5 units @ 2/unit	1.33/unit
T5	100		6 units shipped		
T5	200		6 units shipped		

Date /Time	Cost Element	Existing Onhand Stock	Shipments	Actual Cost of New Receipt	New Average Cost per Unit
T7	100	9 units @ 13.3/unit		5/units @ 25/unit	17.50/unit
T7	200	9 units @ 1.33/unit		5/units @ 5/unit	2.64/unit

Periodic Average is Calculated:

Date /Time	Cost Element	Actual Cost of New Receipt	Total Average Cost	Avg Cost/Unit to Cost all Shipments within Period
T1	100	10 units @ 10/unit	100.00	
T1	200	10 units @ 1/unit	10.00	
T3	100	5 units @ 20/unit	100.00	
T3	200	5 units @ 2/unit	10.00	
T5	100	5 units @ 25/unit	125.00	
T5	200	5 units @ 5/unit	25.00	
Totals		20 units	325.00 for cost element 100 45.00 for cost element 200	16.25/unit for cost element 100 2.25/unit for cost element 200

This diagram illustrates the cost flow for a perpetual and periodic average cost item:



Average cost example

Costing Standard Cost Items

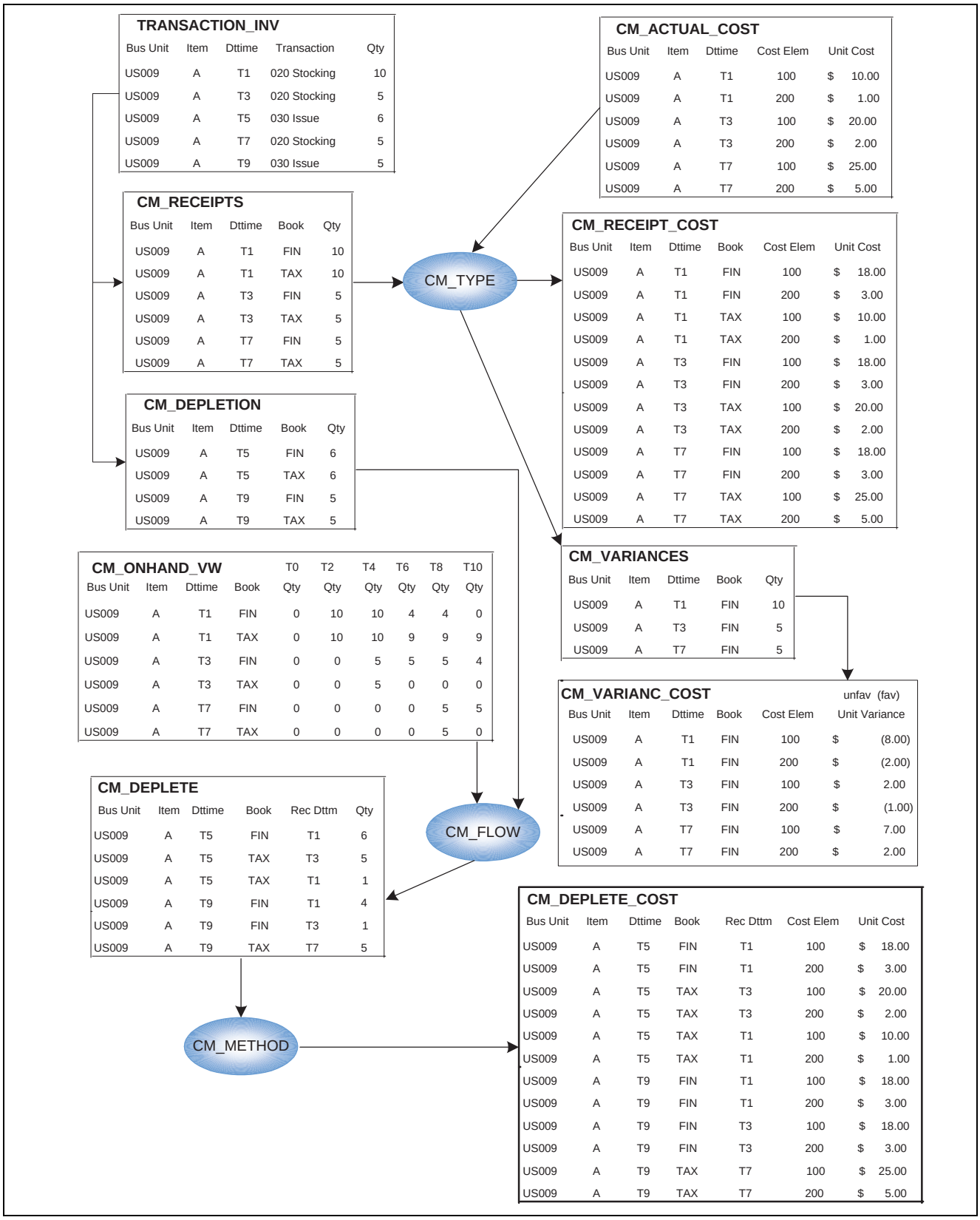
This diagram details the standard cost method used in PeopleSoft Cost Management. For this example, this information is used:

Inventory Business Unit	US009	US009
Item ID	A	A
Cost Book	FIN	TAX
From Cost Profile		
Receipt Cost Method (CM_TYPE)	Standard	Actual
Cost Flow (CM_FLOW)	FIFO	LIFO
Deplete Cost Method (CM_METHOD)	Standard	Actual

Standard costs used for item A:

Inventory Business Unit	US009	US009
Item ID	A	A
Cost Element	100	200
Unit Cost	18.00	3.00

This diagram illustrates the cost flow for a standard cost item:



Standard cost example

Determining the Cost Structure Strategy

This is a list of the different strategies for setting up the books and profiles, along with the steps that are necessary for each option. When deciding on an approach, be sure to consider future as well as current accounting and management requirements.

Using One Cost Profile and One Book

This method is employed for environments where all items use the same cost method. Additionally, if the financial reporting requirements are simple, you can utilize the single book/single profile setup. For example, if all the items use the same costing method for all business units and you want to use one cost book, the steps to set up PeopleSoft Cost Management are simple and straightforward:

- Define a single cost book.
- Define a single cost profile.
- Define a single cost group and assign the book and cost profile to that cost group.
- As items are created at the setID level, assign them the cost group.
- Define the PeopleSoft Inventory business units, and point to a corresponding PeopleSoft General Ledger business unit. Add the book to the PeopleSoft Inventory business units and point it to the primary ledgers that are in the default ledger groups for the PeopleSoft General Ledger business unit. If you manufacture items by using actual or average costing, also enter a cost type on the inventory business unit.

Now you are ready to add items to the PeopleSoft Inventory business unit. As you add items, the cost profile appears as the default value. No further set up is necessary.

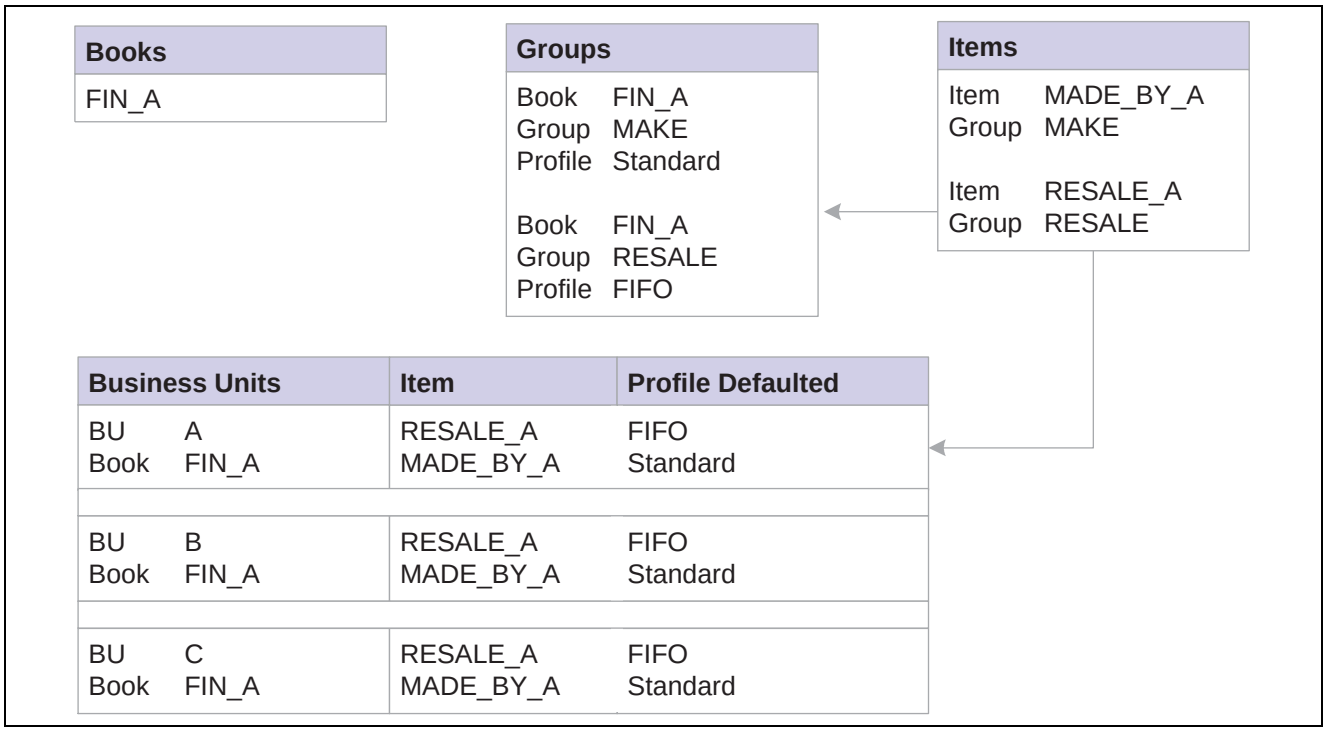
Using Different Cost Profiles in a Business Unit

This option allows you to select a costing method on an item-by-item basis. This method may be utilized in environments where you might want to track the cost of selected items by lot or serial ID and others by FIFO or LIFO actual costs and still others by using a weighted average. In this instance, you need to create cost profiles for all the costing methods you want to employ and cost groups to categorize the items according to the various costing methods. To do this, perform these steps:

- Define a single cost book.
- Define the cost profiles.
- Define cost groups to categorize items according to the costing methods that are employed. Assign the book to each cost group. Select the appropriate cost profile for the cost group.
- As items are created at the setID level, assign them to the appropriate cost group.
- Define the PeopleSoft Inventory business units, and point to a corresponding PeopleSoft General Ledger business unit. Add the book to the PeopleSoft Inventory business units and point it to the primary ledgers in the Default Ledger Groups for the PeopleSoft General Ledger business unit. If you manufacture items by using actual or average costing, also enter a cost type on the inventory business unit.

Now you are ready to add items to the PeopleSoft Inventory business unit. As you add items, the cost profile appears as the default value. No further set up is necessary.

This diagram illustrates how to select a cost method on an item-by-item basis:



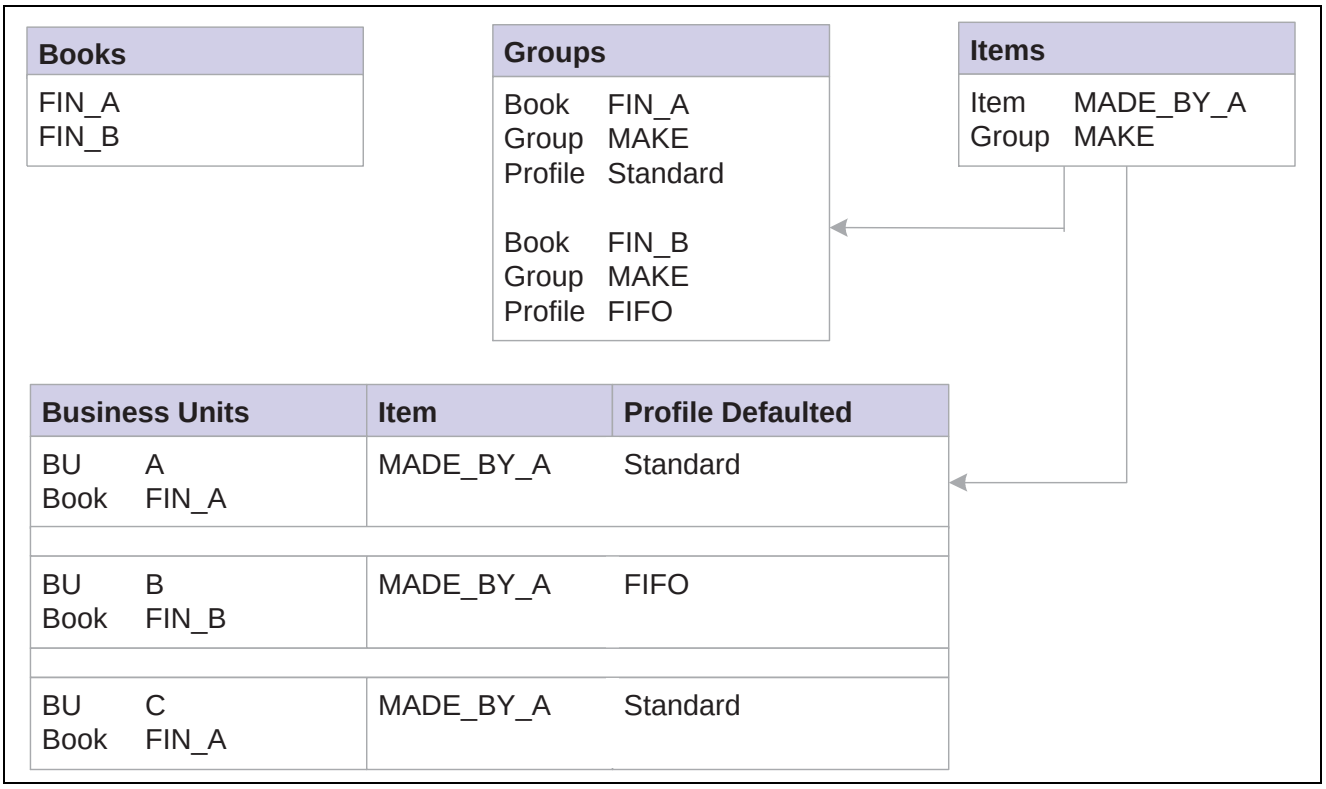
Selecting a costing method on an item-by-item basis

Using Different Cost Profiles in Different Business Units

This scenario allows you to cost an item differently in each business unit. You could, for example, use the standard cost method for all of the items that are in one business unit and FIFO actual in another. To set up this scenario:

- Define two or more books at the setID level. Each book could represent a costing method. By using the preceding example, you could set up a book called FIN_A and FIN_B.
- Define the different costing profiles that are used in each business unit. Examples are STD and FIFO.
- Define a cost group. You could create a single group or multiple groups, depending on whether all items use the same costing method within a business unit.
- Assign both books to the cost group, and then assign a profile to each book. For example, cost group MAKE is assigned Book FIN_A and FIN_B. FIN_A uses the STD profile and FIN_B uses the FIFO profile.
- Define the items at the setID. Assign the items to a cost group (MAKE in this example).
- Assign a book to a PeopleSoft Inventory business unit depending on the costing method that is used in the business unit. For this example, FIN_A is assigned to BU A; FIN_B is assigned to BU B.
- Add items to each business unit. As items are added to BU A, they are assigned a costing profile of STD. As items are added to BU B, they are assigned a costing profile of FIFO.

This diagram illustrates how to cost an item differently in different business units:



Costing an item differently in different business units

Using Multiple Simultaneous Costing Methods in One Business Unit

To support varying requirements for financial, government, and management reporting, you can maintain multiple books within a PeopleSoft Inventory business unit, with each book based on different costing methods. You can cost an item differently in the business unit's financial reporting book than you do in the tax or management reporting books. For example, you could use the actual LIFO method cost for tax reporting, and at the same time use the periodic average cost method for customer profitability analysis. When you use simultaneous costing methods, you generate accounting entries for each book.

The setup for using multiple books within a single business unit is similar to the setup in the preceding example. However, both books are defined in a single PeopleSoft Inventory business unit. As items are added to the business unit, they inherit the profiles for all the books. When transactions for the items are costed and the Accounting Line Creation process (CM_ALC) is run, accounting entries are created for each book using the appropriate costing method.

Determining Your Negative Inventory Strategy

PeopleSoft's negative inventory feature enables you to move or ship stock that sends the item's quantity balance into negative numbers within the PeopleSoft system. Negative inventory is an optional feature that is activated at the PeopleSoft Inventory business unit level.

A negative inventory depletion transaction is a depletion transaction that drives the item quantity to a negative balance in the system even though physically the quantities did exist. Causes of negative inventory in the system could include:

- The receipt transaction is entered into the system after the shipment transaction.
- A bin-to-bin transfer is entered into the system after the consumption transaction.
- An error in entering transaction quantities.

Once PeopleSoft Inventory has shipped a negative inventory depletion transaction, you have options in PeopleSoft Cost Management on how to cost the transaction. Since there is no corresponding receipt or receipt cost to apply to the negative inventory depletion transaction, you can :

- Place the transaction on hold. You have the option to split the depletion transaction, cost up to the currently available quantity in the unit, then hold the negative inventory part of the transaction. Each time the Transaction Costing process is run, any negative inventory depletion transactions on hold are examined to determine if there is sufficient quantity available to satisfy the depletion. Once sufficient quantity is entered into the business unit through putaway and adjustment transactions, then the depletion transactions are costed.
- Cost the transaction based on the most current cost. If a portion of the stock is currently available in the unit, then the depletion transaction is split, one part is costed up to the currently available stock and the negative inventory part is costed based on the most current cost. Later, when sufficient quantity is entered into the business unit through putaway and adjustment transactions, then the Negative Inventory Resolver process within the Transaction Costing process can use the new receipt cost to adjust the negative inventory depletion records.

Users are cautioned that negative inventory is an invalid state and these conditions should be investigated and reconciled on a timely basis. The negative inventory options are provided as a convenience to users where, in the user's judgment, the principle of materiality is not violated by the negative inventory state.

Setting Up Negative Inventory

The negative inventory feature is activated by selecting the Allow Negative Inventory check box on the Inventory Definition-Business Unit Options page. The Insufficient Qty Cost Option on the Cost Profiles page determines how the Transaction Costing process applies costing to negative inventory transactions.

Accounting for Transactions on Hold Due to Negative Inventory

If you allow negative inventory balances in the PeopleSoft Inventory business unit and you choose not to cost a negative inventory depletion transaction, then you will want to determine the approach to accounting for these held transactions at period end. These depletion transactions are not reflected in the financial records since they have not been processed by the Transaction Costing process, therefore, they are not passed downstream to the Accounting Line Creation process or the Journal Generator process. The options are:

- Use the Transaction Costing process to cost the depletion transactions once sufficient receipts exists. The Transaction Costing process will post the depletion transaction costs in the original period of the shipment, as long as that period is still open per the open period page for inventory and GL and per the ledger calendar. If the negative inventory balances are relatively small and do not impact the financial balances, then use the Transaction Costing process to update a prior period depletion transaction.
- Enter manual journal entries at period end to accrue negative inventory depletion transactions. Be sure to use the GL open period feature and set the open period lag days to zero so the cutoff day is the last day of the period. This enables you to enter manual journal entries in the closing period without concern that the Transaction Costing process will later post depletion transaction costs into this period, therefore doubling the accrual. By setting up the period end control in GL to zero lag days for inventory, the Transaction Costing process is prevented from posting delayed depletion transaction into the prior period and instead posts them into the current period.

See Also

Chapter 2, “Structuring Your Cost Management System,” Defining Cost Profiles, page 20

Chapter 8, “Costing Transactions and Creating Accounting Entries,” Costing Negative Inventory, page 172

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, “Defining Accounting Calendars”

Pages Used to Determine Your Negative Inventory Strategy

Page Name	Object Name	Navigation	Usage
Open Period Update	OPEN_PERIOD_SINGLE	Set Up Financials/Supply Chain, Business Unit Related, General Ledger, Open Periods, Open Periods Update	Determine the number of open period lag days that enable any PeopleSoft Inventory or Cost Management process, such as the Transaction Costing process, to post a depleted depletion into a closing period. The lag days are defined by PeopleSoft Inventory business unit.
Inventory Definition - Business Unit Options	BUS_UNIT_INV5	Set Up Financials/Supply Chain, Business Unit Related, Inventory, Inventory Definition, Business Unit Options	Select the Allow Negative Inventory check box to record depletion transactions in PeopleSoft Inventory business unit that will drive the item's balance negative. If this option is not selected, the system rejects any inventory transaction that results in a negative inventory balance for the item.
Cost Profiles	CM_PROFILE_DEFN	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Profiles, Profiles	Define the Insufficient Qty Cost Option on the Cost Profiles page to determine how the Transaction Costing process applies costing to negative inventory depletion transactions.
Pending Transactions	CM_NPOSTED	Cost Accounting, Inventory and Mfg Accounting, Analyze Inventory Accounting, Pending Transactions	View the number of depletion transactions on hold due to negative inventory. Click the Details links to view current transaction information generated by a predefined query.
Insufficient Qty Tool	RUN_CM_NEG_INV	Cost Accounting, Inventory and Mfg Accounting, Analyze Inventory Accounting, Insufficient Quantity Tool	Run this PeopleSoft application engine program, (CM_NEG_INV) to generate a query of the accounting line entries that would be generated for those transactions held back in CM_DEPLETIONS due to insufficient quantities.

Selecting the Method to Number Accounting Lines

Within the Accounting Line Creation process, a substantial reduction in processing time can be achieved by using set-based processing to number the lines of the newly-created accounting entries. As delivered, the system uses row-by-row processing to create the sequential accounting line numbers. By performing additional set up steps you can switch from row-based processing to set-based processing to generate the line numbers.

Note. The set-based approach is optional. The delivered default option is the row-by-row approach.

Set-based processing of the line numbers can be accomplished by using the database platform's approach and syntax to generate sequential numbers. All PeopleSoft supported database platforms have an approach for generating sequence numbers within the database. The Cost Accounting Creation process can take advantage of this feature with some minor additional set up steps.

The architecture of the set-based sequence approach is similar across all platforms with just a few changes for platform specific syntax:

- Create a temporary working table with an identity column or use a database specific rownumber function on the database platform, depending on the platform. The syntax is platform specific but the behavior is fairly common. The create table syntax is delivered as a special PeopleSoft Data Mover Script (DMS) for installation, however, some platforms will require further intervention by your database administrator.
- During the Accounting Line Creation process, the SQL statement to insert the data to the special temporary work table has slightly different syntax on different database platforms but the behaviors are very common across platforms. This syntax is delivered as part of the process logic and requires no special user intervention.

Database Platform	Sequential Numbering Method
Microsoft SQL Server, Sybase, DB2, and OS390	These platforms use an IDENTITY type column. When a table is created with an identity column, the sequence numbers are generated automatically by the database behind the scenes.
Informix	This platform uses a SERIES type column. When a table is created with a series column, the sequence numbers are generated automatically by the database behind the scenes.
Oracle	This platform uses a ROWNUM function to generate sequential numbers.

The set-based sequencing approach depends on a special installation process to set up the objects. The setup has the following steps on all platforms except Oracle:

1. Find the DMS for your specific database platform. The scripts are located on the scripts folder: <PeopleTools home>\scripts.

Database Platform	PeopleSoft Data Mover Script
Microsoft SQL Server	cm_id_create_mss.dms
Sybase	cm_id_create_syb.dms
DB2	cm_id_create_db2unix.dms
OS390	cm_id_create_db2os390.dms

Database Platform	PeopleSoft Data Mover Script
Informix	cm_id_create_inf.dms
Oracle	(no DMS needed)

2. Engage your Database Administrator and review the provided PeopleTools DMS. If your system uses customized ChartField column names, then the DMS must be modified manually. If the database is configured to use the unicode character set, then the DMS must be modified manually. Some platforms require tablespace names and other database administration parameters to be defined as part of the create table command.
3. Run the provided PeopleTools DMS to recreate the sequence numbering work table (the CM_ACCTG_LN_TM2 record) with an IDENTITY type column (or SERIES type column on Informix).
4. The *Set based Sequencing* check box on the Installation Options- Inventory page should now be available. Select the check box to use set-based sequencing.

On Oracle the installation process for set-based sequencing is just one step. Select the Set based Sequencing check box on the Installation Options- Inventory page. It is always available on an Oracle platform. The system uses a built-in database ROWNUM function and work table (the CM_ACCTG_LN_TMP record) as originally installed by PeopleTools.

At run time, the Cost Accounting Creation process checks for three specific issues before deciding to use set-based sequencing:

- Verifies the DMS has been run (This is always set for ORACLE).
- Verifies the *Set based Sequencing* check box has been selected on the Installation Options - Inventory page.
- Verifies the table structure of the sequence numbering work table (PS_CM_ACCTG_LN_TMP in Oracle and PS_CM_ACCTG_LN_TM2 in the rest of the platforms) and its sub record have not changed since the time the Set based Sequencing check box was selected.

The message log for the Cost Accounting Creation process displays which type of sequencing is being used to create accounting lines (row-by-row or set-based). This can be used to confirm the type of sequencing selected.

Note. Using the set-based processing method to generate the sequential accounting line number is significantly faster than row-based processing. However, set-based processing can produce gaps in numbering. For example, within one accounting entry with four lines, the lines can be numbered 1, 5, 6, and 11, rather than 1, 2, 3, and 4.

See Also

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Setting Installation Options for PeopleSoft Applications," Setting Up Inventory Installation Options

Pages Used to Select the Method to Number Accounting Lines

Page Name	Object Name	Navigation	Usage
Inventory	INSTALLATION_INV	Set Up Financials/Supply Chain, Install, Installation Options, Inventory	Select the Set based Sequencing check box to use set-based sequencing to number your accounting lines created by the Accounting Line Creation process.

CHAPTER 3

Setting Up the Accounting Rules Structure

This chapter provides an overview of the accounting structure and discusses how to:

- Define the accounting structure.
- Define location accounting.
- Establish commitment control.
- Define interunit transfers.
- Set up intraunit processing.
- Design shipment on behalf of.
- Create and reverse interunit expensed issues.

Understanding the Accounting Structure

This chapter explains the elements that the Accounting Line Creation job process (CM_ALC) uses to create accounting entries. PeopleSoft Cost Management enables you to create accounting entries, at any level of detail, for all transactions that have a financial impact on PeopleSoft Inventory and PeopleSoft Manufacturing. When setting up the accounting structure, you decide how you want to post transactions. You can post transactions for any combination of business unit, transaction group, distribution type, and either item or item group. You can design transaction accounting for the basic transactions, location accounting, budget checking, interunit transfers, fund accounting, shipments on behalf of another revenue stream, and interunit expensed issues. The Accounting Line Creation process is discussed in the "Costing Transactions and Creating Accounting Entries" chapter.

See Also

Chapter 8, “Costing Transactions and Creating Accounting Entries,” Creating Accounting Entries, page 176

Chapter 2, “Structuring Your Cost Management System,” page 9

Common Elements Used in This Chapter

FERC Code (Federal Energy Regulatory Commission code) — Federal Energy Regulatory Commission identification codes. This field appears only if you select FERC reporting on the PeopleSoft Inventory Options page.

ChartFields — Chart of accounts used to record accounting entries and journal entries in PeopleSoft.

Cost Element — Code used to categorize the different components of an item’s cost and also define the debit and credit ChartFields for accounting entries.

Transaction Group	Predefined codes attached to different types of transactions, such as stocking, issues and adjustments.
Distribution Type	User-defined codes that are a subset of transaction groups. This enables you to break down a transaction group into customized categories.
Item Group	A grouping of items that enable you to design the accounting structure for a group of similar items, such as sporting equipment or dress shoes. The item group is attached to an item using the Item Definition - General page.

Defining the Accounting Structure

Using the Accounting Rules page, you can create your steps for accounting entries, at any level of detail, for all transactions that have a financial impact on inventory. When a transaction is created, it contains the information that is used to find and create the accounting entries, including:

Transaction Group	A system-defined code automatically embedded in each inventory transaction that defines the type of transaction. For example, the transaction code 030 (Issues) is embedded on the Express Issues page for external issues. Any transaction that is recorded by using this page is coded with the transaction group 030.
Distribution Type	(Optional) A subset of transaction groups that can further define the transactions. This code is user-defined and can be added during transaction entry. For example, you could decide that the transaction group 030 (Usage & Shipments) is too general and opt to use distribution types to further define it as *shipments to wholesale customers* and *shipments to retail customers.*
Unit	The PeopleSoft Inventory business unit in which the transaction is recorded.
Item ID or **Item Group**	The item used in the transaction or the item group to which this transaction belongs.
Cost Element	A code used to categorize the different components of an item's cost and also define the debit and credit ChartFields for accounting entries. Adding a cost element to the Define Business Unit Item - General page, identifies an item's material cost.

When you run the Accounting Line Creation process, the system searches through the accounting rules definition data that you defined on the Accounting Rules page, looking for a match to the transaction's data going from most granular to least granular. For example, suppose that you process an entry from the Express Issues page (using the transaction group 030) for item ID 10001 in the business unit US008. The process searches for an Accounting Rules page with business unit US008, transaction group 030, and item ID 1001. If the system finds this combination, then it creates the accounting entries based on this transaction accounting rule. If more than one accounting rule can be used for the transaction, then the process uses the more specific rule, for example, item ID instead of item group.

If location accounting is turned on, then the process searches storage area accounts to find the credit account and uses the transaction accounting rule to find the debit account. Additional information about the Accounting Line Creation process is located in the Costing Transactions and Creating Accounting Entries chapter.

To define the inventory accounting structure:

1. Verify that the PeopleSoft financial structure has been defined including ChartFields and combination editing.
2. Verify that the cost elements have been defined and attached to the various PeopleSoft pages that generate costs including:
   - The Define Business Unit Item page.

     A purchased item must always have a cost element defined.
   - The Misc Charge/Landed Cost Definition page.
   - The Costing Conversion Rates page
   - The Costing Conversion Overhead Rates page.
   - The Additional Costs by Items page.
   - The Forecasted Purchase Costs page.
3. Review the list of transaction groups codes.
4. Define any distribution types needed to further breakdown the transaction groups.
5. (Optional) Use the Default Distribution Type page to establish any default distribution types by transaction group.
6. Define any item groups.
7. Establish the accounting entries to be created using the Accounting Rules page.

After establishing the accounting structure, the Transaction Costing process (CM_COSTING) costs transactions and the Accounting Line Creation job process creates accounting entries.

See Also

Chapter 8, “Costing Transactions and Creating Accounting Entries,” page 169

Pages Used to Define the Accounting Structure

Page Name	Object Name	Navigation	Usage
Cost Elements	CM_ELEMENT	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Elements	Define cost elements to categorize different components of an item's cost.
Distribution Type	CM_DISTR_TYPE	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Distribution Type	Use to define debit and credit account ChartFields at a finer level of granularity.
Default Distribution Type	CM_TRANS_GROUP	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Distribution Type Default, Default Distribution Type	Assign default distribution types for transactions.
Item Groups	INV_ITEM_GROUP	Items, Define Controls, Item Groups	Create groups of similar items that should use the same ChartField combinations in their accounting entries.
Accounting Rules	CM_ACCTG_DIST	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Transaction Accounting Rules, Accounting Rules	Create the debit and credit lines for the accounting entries based on the business unit, transaction group, distribution type, item or item group, and cost element.
Define Item - General: Common	INV_ITEMS_DEFIN1	• Items, Review Item Information, Items, General • Items, Define Items and Attributes, Define Item, General	Define the item group to which this item belongs.

See Also

PeopleSoft Enterprise Managing Items 8.9 PeopleBook, "Defining Items by SetID," Defining General Item Information

Verifying Your PeopleSoft Financial Structure

Verify that the PeopleSoft financial structure has been defined, including ChartFields and combination editing. Note whether ChartField combination edits are being used. ChartField combination editing displays an error message when incorrect combinations are used. Combo edits are always based on the COMBO_DATA_TBL record. When the combo rules are changed, the new rules are not used until the Build Combo Data process is run to repopulate the record.

See Also

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Defining and Using ChartFields"

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Editing ChartField Combinations"

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Using Alternate Account"

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Defining Financials and Supply Chain Management Common Definitions"

PeopleSoft Enterprise Inventory 8.9 PeopleBook, "Defining Your Operational Structure in PeopleSoft Inventory," Activating Optional Business Unit Features

Verifying That Cost Elements are Defined and Applied to Items

Use the Cost Elements page to define or maintain cost elements, that you use to categorize different components of an item's cost. When you perform a cost roll-up, you maintain an item's cost by cost element. You can use cost element categories to define the costs at a summarized or very detailed level by using one or many cost elements. Cost elements also help define the ChartField combinations that you used to create accounting entries during the Accounting Line Creation process. Once you define the cost elements, attach the appropriate cost elements to the different costs that PeopleSoft Cost Management generates including:

- Attach a default cost element to each item on the Define Business Unit Item page.
- Use landed cost elements to categorize landed costs on the Misc Charge/Landed Cost Definition page.
- For make items, use the cost elements to define costing conversion rates, costing conversion overhead rates, additional costs by items, and forecasted purchase costs.

See Also

Chapter 2, "Structuring Your Cost Management System," Using the Cost Elements Page, page 29

Chapter 5, "Using Standard Costing for Purchased Items," Understanding Standard Costing for Purchased Items, page 101

Chapter 4, "Defining the Cost Foundation for Makeable Items," Creating Cost Conversion Rates, page 92

Chapter 4, "Defining the Cost Foundation for Makeable Items," Creating Cost Conversion Overhead Rates, page 93

Chapter 4, "Defining the Cost Foundation for Makeable Items," Forecasting Purchase Costs, page 96

Chapter 4, "Defining the Cost Foundation for Makeable Items," Adding Additional Costs, page 97

Chapter 10, "Managing Transfers," Establishing Inventory Business Unit Pairs, page 235

PeopleSoft Enterprise Managing Items 8.9 PeopleBook, "Defining Items by Business Unit," Defining Basic Business Unit Item Attributes

PeopleSoft Enterprise Purchasing 8.9 PeopleBook, "Defining Miscellaneous Charges and Landed Costs"

Using Transaction Group Codes

Each transaction, with a financial impact, is embedded with a predetermined transaction group. The transaction group identifies the type of transaction entered and determines what records are populated, how costing is calculated, and what ChartFields are used to record accounting entries. PeopleSoft Cost Management maintains a transaction history for all transactions with a transaction group. See Appendix A for a complete description of these transaction groups. This table lists the transaction group codes and descriptions:

Transaction Group Code	Transaction Group Description
001	CM Only NegQty Costing Opt
010	Receipt to Inspection
012	Return to Vendor
013	Return to Vendor from Inspection
020	Putaway
021	Receipts from Production*
022	IBU Transfer Receipts
024	Customer Returns
025	InterCompany Receipts
026	Expensed Issue Return
030	Usage & Shipments
031	InterBU Transfer Shipments
032	Non Stock Shipments
034	Ship on Behalf of Other BU
035	InterCompany Transfers
036	InterUnit Expensed Issue

Transaction Group Code	Transaction Group Description
037	VMI Interunit shipment
038	VMI Consumption
040	Physical Count Adjustments
041	Cycle Count Adjustments
042	IBU Transfer Adjustments
050	User Adjustments
051	Inventory Scrap
052	Shipping Adjustment
053	Floor Stock Issues/Ret*
054	Inventory Scrap for RTV
060	Bin-to-Bin Transfers
200	Inventory Revalue
201	Inventory Reval - Inspection
205	Value Adjustment
206	Value Adjust/ActCost Items
210	WIP Revalue (Comps, Assys)*
211	WIP Revalue (Conv Costs)*
212	WIP Revaluation (Scrap)*
220	Component Kit*

Transaction Group Code	Transaction Group Description
221	Route to Production Kit*
222	Waste Completion
223	Component/Output Transfers
230	Component Consumption*
231	WM Usage (Maintenance Management Usage)
240	Earned Labor*
250	Assembly Scrap*
261	Material Variances*
262	Conversion Variances*
263	Rework Expense*
264	Outside Processing PPV*
265	Teardown Variance*
300	Gain/Loss on Transfer Price
301	InterCompany Cost of Goods
400	Std Cost Variance Receipts
401	Wt Avg Updates from AP
402	Std Cost Exchange Rate Var
403	Wt Avg Cost Updates - ERV
405	Wt Avg Update Writeoffs

Transaction Group Code	Transaction Group Description
415	RTV Variances
461	Voucher Variance Writeoffs
500	Miscellaneous Charges
501	Freight Charges
601	Wt Avg Upd Production Var*
605	Wt Avg Upd Prod Writeoffs*
622	Actual Waste Cost*
630	Overhead*
640	Actual Labor Costs*
645	Actual Machine Costs*
651	Production Cost Writeoff*
661	Actual Cost Variances*
664	Subcontracted Cost

*Indicates a transaction group that is related to transactions generated in PeopleSoft Manufacturing.

See Also

Appendix A, "Additional Information for the Costing Structure," Using Transaction Groups, page 315

Defining Distribution Types

To define distribution types, use the Distribution Type (CM_DISTR_TYPE) component. Use the Distribution Type component interface (CM_DISTR_TYPE_CI) to load data into the tables for this component.

Access the Distribution Type page.

In most instances, the transaction determines the debit and credit account to charge. For example, a customer shipment typically debits a cost of goods sold account and credits inventory. For some transactions, like a miscellaneous issue from stock, the transaction accounting rule can depend on the party to whom you issue the material. You could charge different departmental expense accounts for the receipt of inventory, depending on who requisitions the material from stock. Use distribution types to have the option to define different departments or cost centers.

When used in conjunction with the transaction group, distribution types enable you to define debit and credit ChartFields at a finer level of granularity. A manufacturing organization, for example, can set up a distribution type for each of its production departments. You assign these distribution types to the appropriate work center when you define the manufacturing data. When you record assembly completions at an operation or to stock, the system records the earned labor, machine, and overhead costs. If you have assigned a distribution type to the work center, the system records this distribution type along with the costs. This identifies the department or cost center that earned the labor, machine, and overhead costs. You can then set up transaction accounting rules for the transaction group Earned Labor (240) and the distribution type (for example, one of the assembly departments). Debit the production area account for the value of costs added to WIP and credit each department expense for the earned labor and applied overhead.

You can set up distribution sets in PeopleSoft Order Management with a distribution type that can be transferred to PeopleSoft Inventory and PeopleSoft Cost Management. This enables you to use the distribution type to classify costs of sales appropriate to the sales account.

See Also

PeopleSoft Enterprise Order Management 8.9 PeopleBook, "Implementing PeopleSoft Order Management Options," Setting Up Order Processing Options

Using the Default Distribution Type Page

To define default distribution types, use the Default Distribution Types (CM_TRANS_GROUP) component.

Access the Default Distribution Type page.

Use the Default Distribution Type page to assign default distribution types for transactions. Once you define at least one distribution type, you can also assign a default distribution type that appears whenever you process a transaction. It is not required that you define a default distribution type for every transaction group; however, it can reduce entry errors. For example, you can assign a distribution type to the transaction group User Adjustments (050). Then, if an inventory adjustment occurs, the distribution type associated with the transaction appears as the default. You can override the default distribution type on a transaction by transaction basis. The use of distribution types for a transaction group is optional.

Using Item Groups

You can assign transaction accounting rules to a grouping of items by using item groups.

To use item groups for defining transaction accounting rules:

1. Define the item groups using the Item Group page.
2. Attach the item groups to the corresponding items using the Item Definition - General: Common page.
3. Use the item groups on the Accounting Rules page to define the ChartField combinations to be used for the accounting entries.

See Also

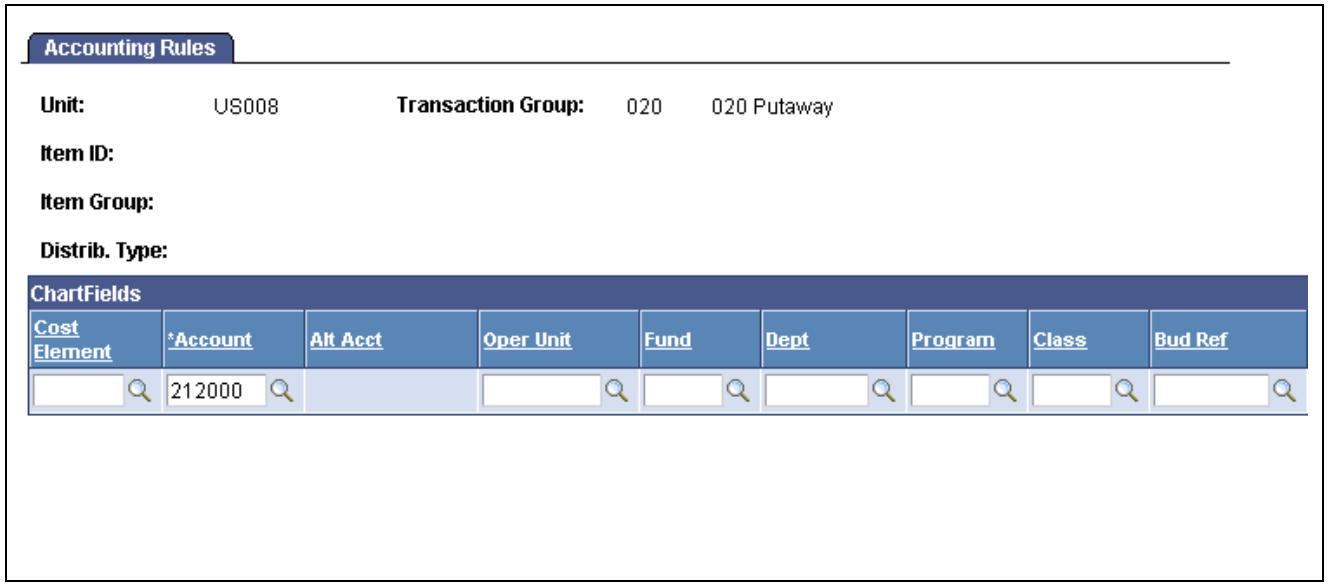
PeopleSoft Enterprise Managing Items 8.9 PeopleBook, "Defining Item Control Values," Assigning Items to Groups

PeopleSoft Enterprise Managing Items 8.9 PeopleBook, "Defining Items by SetID," Defining General Item Information

Setting Up the Accounting Rules page

To define accounting distribution, use the Account Distribution component (Transaction Accounting Rules component).

Access the Accounting Rules page.



Accounting Rules page

On this page, create a template of the ChartField combinations (chart of accounts) to be used for creating accounting entries. Use separate rows for the debit and credit entries. Create a separate page (or template) for each type of transaction. Once you determine how you want to model accounting entries, you can assign the debit and credit ChartFields for any combination of business Unit, Transaction Group, Distrib. Type (distribution type), either Item ID or Item Group, and Cost Element. Business Unit and Transaction Group are the only required fields.

To save maintenance time, three of the transaction groups do not need to be created or maintained on the Accounting Rules page. The transaction group 206 uses the account distribution setup defined for the transaction group 205. The transaction groups 211 and 212 use the account distribution setup defined for the transaction group 210.

Searching for the Correct Transaction Accounting Rule

As you define transaction accounting rules, there are some situations where more than one Accounting Rules page can be used for the same transaction. The system uses the transaction accounting rules with the most specific information matching the transaction. The search for the correct Accounting Rules page uses the logic in the table starting with the first row and continuing until a match is found.

Row	Unit	Trans Group	Item ID	Item Group	Distrib Type	Cost Element
1	Business Unit	Transaction Group	Item ID	blank	Distribution Type	Cost Element
2	Business Unit	Transaction Group	Item ID	blank	Distribution Type	blank
3	Business Unit	Transaction Group	Item ID	blank	blank	Cost Element
4	Business Unit	Transaction Group	Item ID	blank	blank	blank
5	Business Unit	Transaction Group	blank	Item Group	Distribution Type	Cost Element
6	Business Unit	Transaction Group	blank	Item Group	Distribution Type	blank
7	Business Unit	Transaction Group	blank	Item Group	blank	Cost Element
8	Business Unit	Transaction Group	blank	Item Group	blank	blank
9	Business Unit	Transaction Group	blank	blank	Distribution Type	Cost Element
10	Business Unit	Transaction Group	blank	blank	Distribution Type	blank
11	Business Unit	Transaction Group	blank	blank	blank	Cost Element
12	Business Unit	Transaction Group	blank	blank	blank	blank

Working with Cost Elements and Using Blank Spaces for Cost Elements

An item can have one or more cost elements defined in its product structure. The Transaction Costing process calculates and stores the costs by cost element. In the Accounting Line Creation process, the system attempts to match up the item's transaction costs (categorized by cost element) to a transaction accounting rule with the same information. The system finds the correct ChartField combination by searching for a row in the Accounting Rules page with a cost element matching the transaction costs of the item. If the system does not locate this, then it uses a row with a blank cost element. Therefore, you add flexibility to the system by adding different combinations of cost elements using different rows on the same Accounting Rules page. You can use any combination of debit and credit rows. You can use rows with a blank cost element for any unspecified cost elements. If you can use the same ChartFields, regardless of the cost element, leave the Cost Element field blank.

Entering Adjustments

Adjustments can be either an increase or decrease. You only need to define the accounting to record an expense. The system reverses the entry to record an income transaction. For example, a cycle count adjustment could increase or decrease inventory stock. When defining adjustments in PeopleSoft Cost Management, you need only define the decrease (expense) scenario and the system knows to reverse the entry for any increase in stock or income. For example, when defining the transaction accounting rules for the Cycle Count Adjustments transaction group, you define the inventory adjustment expense as the debit account. The credit account in this example is an inventory asset account. When creating accounting lines for cycle count adjustments, the system creates an entry debiting the expense account and crediting the inventory account for all inventory losses. For any inventory gains, the system creates the entry in reverse, debiting the inventory account and crediting the expense account.

This table lists the adjustment and variance transaction groups for which this rule applies:

Transaction Group	Description
040	Physical Count Adjustments
041	Cycle Count Adjustments
042	IBU Transfer Adjustments
050	User Adjustments
052	Shipping Adjustments
053	Floor Stock Issues/Ret
200	Inventory Revalue
201	Inventory Reval - Inspection
205	Value Adjustment

Transaction Group	Description
206	Value Adjust/ActCost Items
210	WIP Revalue (Comps, Assys)
211	WIP Revalue (Conv Costs)
212	WIP Revaluation (Scrap)
261	Material Variances
262	Conversion Variances
263	Rework Expense
264	Outside Processing PPV
265	Teardown Variance
300	Gain/Loss on Transfer Price
400	Std Cost Variance Receipts
401	Wt Avg Updates from AP*
402	Std Cost Exchange Rate Var
403	Wt Avg Cost Updates - ERV*
405	Wt Avg Update Writeoffs
415	RTV Variances
461	PO Voucher Variance
601	Wt Avg Upd Production Var*
605	Wt Avg Upd Prod Writeoffs

Transaction Group	Description
651	Production Cost Writeoff*
661	Actual Cost Variances*

*In the case of transaction groups 401 (Wt Avg Updates from AP), 403 (Wt Avg Cost Updates - ERV), and 601 (Wt Avg Upd Production Var) the debit account is really the inventory account. The system updates the inventory value with any unfavorable purchase price variance or exchange rate variance.

Using the Accounting Rules page with Location or Production Area Accounting

If you are using the Location Accounting function, define only the debit or the credit side for certain transactions. The system derives the offsetting entry line from the ChartField combinations that you define for the production area, storage area, or the interunit ownership setup.

See Also

Chapter 3, “Setting Up the Accounting Rules Structure,” Using the Accounting Rules Page with Location Accounting, page 67

Defining Location Accounting

One option for structuring accounting rules is with the location accounting approach. Location accounting enables you to define different ChartField combinations for each storage area within an inventory business unit. For example, you can assign a raw material account to one storage area and a finished goods account to another storage area. Any material residing in the raw material storage area debits or credits the raw material inventory account when material moves in or out of that storage area. Any material residing in the finished goods storage area debits or credits the finished goods inventory account.

When using the location accounting option in a manufacturing environment, assign ChartFields to both storage areas and production areas. By assigning ChartFields to storage and production areas, you can segregate raw material, in process material, and finished goods inventory for accounting purposes.

Note. For location accounting, you perform many of the same steps used to define the basic accounting structure. Please read the preceding section, “ Defining the Accounting Structure” before setting up location accounting.

To define the location accounting structure:

1. Select the Location Accounting Required check box on the Inventory Options page.

   This page is defined by setID. Any inventory business unit using this setID for the record group IN_01 (business unit attributes) uses location accounting.

2. Define cost profiles to use storage area control.
3. Use the Storage Area Accounting page to establish ChartField combinations for each storage area within the inventory business unit.

4. (Manufacturing environment only) Use the Production Area Accounts page to define the ChartField combinations for each production area.
5. Use the Accounting Rules page to define ChartField combinations that are not included in the Storage Area Accounting page.

   The system uses both pages to create the complete accounting entries.

After establishing the accounting structure, the Transaction Costing process costs transactions and the Accounting Line Creation process creates accounting entries.

See Also

Chapter 3, “Setting Up the Accounting Rules Structure,” Defining the Accounting Structure, page 50

Pages Used to Define Location Accounting

Page Name	Object Name	Navigation	Usage
Inventory Options	BUS_UNIT_OPT_IN	Set Up Financials/Supply Chain, Business Unit Related, Inventory, Inventory Options	Select the Location Accounting Required check box to turn on location accounting.
Set Control - Record Group	SET_CNTRL_TABLE1	PeopleTools, Utilities, Administration, TableSet Control, Record Group	Verify that the inventory business unit uses the setID from the Inventory Options page. Check the record group IN_01.
Profiles	CM_PROFILE_DEFN	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Profiles, Profiles	Use cost profiles to determine how the system costs items in the business unit's cost book. When using location accounting, select the Storage Area Control for Costs check box.
Storage Area Accounting	STORAGE_ACCT_INV	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Storage Area Accounting Rules, Storage Area Accounting	Define the ChartField combinations for each storage area. The system debits and credits these ChartFields when material is moved in and out of the storage area.
Production Area Accounts	SF_PRAREA_ACCT	Production Control, Define Production, Production IDs/Schedules, Production Area, Accounts	Define the ChartField combinations for each production area. The system debits and credits these ChartFields when material is received into or issued from the production ID or schedule. This page applies to a manufacturing environment only.
Accounting Rules	CM_ACCTG_DIST	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Transaction Accounting Rules, Accounting Rules	Create the debit and credit lines for the accounting entries based on the business unit, transaction group, distribution type, item or item group, and cost element. The system uses this page in combination with the Storage Area Accounting page.

Defining the Inventory Options page

Access the Inventory Options page.

To use storage location accounting, select the Location Accounting Required check box on the Inventory Options page. This page enables you to set up storage location structures and attributes (such as stocking units and dimensions) at the TableSet level. You can share these attributes with one or more inventory business units. Use the Set Control - Record Group page to attach these inventory options to an inventory business unit by setting the record group IN_01 to the same setID that you used to define the Inventory Options page.

See Also

PeopleSoft Enterprise Inventory 8.9 PeopleBook, "Defining Your Operational Structure in PeopleSoft Inventory," Defining Default Storage Location Structures and Attributes

Using Storage Area Control

It is highly recommended that if you are using location accounting, you should use the storage area control option located on the Cost Profile page. Select the Storage Area Control for Costs check box to apply the FIFO or LIFO depletion method (defined in the cost profile) at the storage-area level. The system uses FIFO or LIFO as the cost based on the receipts to the specific storage area from which the item was depleted. In PeopleSoft Cost Management, you assign cost profiles to items to determine how to cost inventory transactions.

Storage area control can be used even with storage area accounting off. This enables you to stratify the granularity of FIFO and LIFO layers. For example, suppose that there is a FIFO cost flow method on the cost profile. Three receipts are putaway in an inventory business unit (receipts 1, 2, and 3). Each has a separate receipt cost. Receipt 1 is placed in the storage area Zone A. Receipts 2 and 3 are placed in Zone B. Then, items are issued from Zone B. Without storage area control, the deplete cost would be from receipt 1 in a FIFO environment, but with storage area control, the deplete cost comes from receipt 2, because it is the first within Zone B.

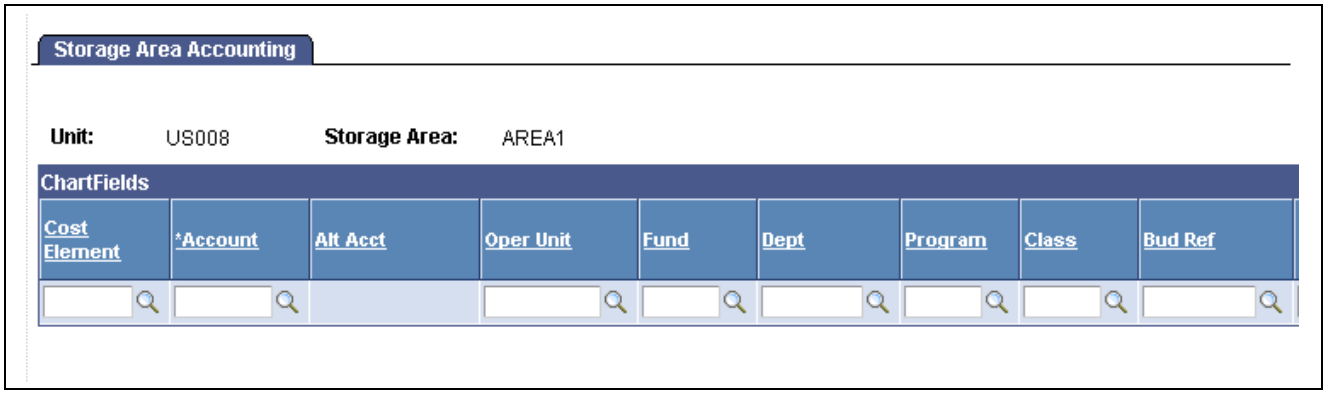
See Also

Chapter 2, "Structuring Your Cost Management System," Defining Cost Profiles, page 20

Using the Storage Area Accounting Page

To define accounting by storage area, use the Storage Area Accounting component. Use the Storage Area Accounting Rules component interface (STORAGE_ACCTS_CI) to load data into the tables for this component.

Access the Storage Area Accounting page.



Storage Area Accounting page

If you are using location accounting, enter the ChartField combinations for each storage area using the Storage Area Accounting page. Use these ChartField combinations to create the debit entry when materials are received in the storage area and to create the credit entry when materials are issued from the storage area. The other side of the entry comes from the matching Accounting Rules page.

This page remains available to edit, thus, giving you the ability to alter the ChartField combinations over time.

Working with Cost Elements

An item can have one or more cost elements defined in its product structure. The Transaction Costing process calculates and stores the costs by cost element. During the Accounting Line Creation process, the system attempts to match up the item's transaction costs by cost element to any rows using the same cost element on the Storage Area Accounting page. If this is not found, then the system uses a row with a blank cost element. Therefore, you add flexibility to the system by adding different combinations of cost elements using different rows on the same page. Rows with a blank cost element can be used for any unspecified cost elements. If you can use the same ChartFields, regardless of the cost element, leave the Cost Element field blank.

Defining Production Area Accounts (Manufacturing Environments)

Access the Production Area Accounts page.

If you are using location accounting in a manufacturing environment, use this page to define the ChartField combinations for the production areas to track in-process inventory. As material is received or issued from a production ID or production schedule, the system uses the ChartField combinations of the production area to create debit or credit entries. When you create accounting entries, the system debits the ChartFields specified here for any material consumption, earned labor, applied overhead, or favorable variances. The system also credits the ChartFields for any assembly completions to stock or to another production area, assembly scrap, or unfavorable variances. The other side of the entry comes from the matching Accounting Rules page.

This page remains available to edit, thus, giving you the ability to alter the ChartField combinations over time.

Select the production type for which the ChartFields are defined. You can define a set of accounts for *Production*, *Rework,* and *Teardown* production types.

Working with Cost Elements

In the Accounting Line Creation process, the system attempts to match up the item's transaction costs by cost element to any rows using the same cost element on the Production Area Accounts page. If this is not found, then the system uses a row with a blank cost element. If you can use the same ChartFields, regardless of the cost element, leave the Cost Element field blank.

Using the Accounting Rules Page with Location Accounting

Access the Accounting Rules page.

The Storage Area Accounting page and Production Area Accounts page defines one side of the accounting entry when material is putaway, issued, or adjusted within a storage or production area. The other side of the accounting entry comes from the corresponding Accounting Rules page based on the business Unit, Transaction Group, Item ID or Item Group, and Distribution Type fields. If the transaction is not directly related to a storage or production area, then they system derives both sides of the transaction from the appropriate Accounting Rules page.

If you are using location accounting, the system derives ChartField combinations that it uses to create accounting entries from these pages:

Transaction Group	Description	DR	CR
010	Receipt to Inspection	Storage Area Accounting	Accounting Rules
012	Return to Vendor	Accounting Rules	Storage Area Accounting
013	Return to Vendor From Inspection	Accounting Rules	Storage Area Accounting
020	Putaway	Storage Area Accounting	Accounting Rules
021	Receipts from Production	Storage Area Accounting	Production Area Accounts
024	Customer Returns	Storage Area Accounting	Accounting Rules
030	Usages & Shipments	Accounting Rules	Storage Area Accounting
032	Non Stock Shipment	Accounting Rules	Accounting Rules
037	VMI Interunit shipment	Accounting Rules	Storage Area Accounting
038	VMI Consumption	Accounting Rules	Storage Area Accounting
040	Physical Count Adjustments	Accounting Rules	Storage Area Accounting
041	Cycle Count Adjustment	Accounting Rules	Storage Area Accounting
050	User Adjustments	Accounting Rules	Storage Area Accounting
051	Inventory Scrap	Accounting Rules	Storage Area Accounting
052	Shipping Adjustment	Accounting Rules	Storage Area Accounting
053	Floor Stock Issues/Ret	Accounting Rules	Storage Area Accounting
054	Inventory Scrap for RTV	Accounting Rules	Storage Area Accounting
060	Bin-to-Bin Transfers	Storage Area Accounting	Storage Area Accounting

Transaction Group	Description	DR	CR
200	Inventory Revalue	Accounting Rules	Storage Area Accounting
201	Inventory Reval - Inspection	Accounting Rules	Storage Area Accounting
205	Value Adjustment	Accounting Rules	Storage Area Accounting
206	Value Adjust/ActCost Items	Accounting Rules	Storage Area Accounting
210	WIP Revalue (Comps, Assys)	Accounting Rules	Production Area Accounts
211	WIP Revalue (Conv Costs)	Accounting Rules	Production Area Accounts
212	WIP Revaluation (Scrap)	Accounting Rules	Production Area Accounts
220	Component Kit	Production Area Accounts	Storage Area Accounting
221	Route to Production Kit	Production Area Accounts	Production Area Accounts
222	Waste Completion	Production Area Accounts	Accounting Rules
223	Component/Output Transfers	Production Area Accounts	Production Area Accounts
230	Component Consumption	Production Area Accounts	Storage Area Accounting
231	WM Usage (Maintenance Management Usage)	Accounting Rules	Storage Area Accounting
240	Earned Labor	Production Area Accounts	Accounting Rules
250	Assembly Scrap	Accounting Rules	Production Area Accounts
261	Material Variances	Accounting Rules	Production Area Accounts
262	Conversion Variances	Accounting Rules	Production Area Accounts
263	Rework Expense	Accounting Rules	Production Area Accounts

Transaction Group	Description	DR	CR
264	Outside Processing PPV	Accounting Rules	Accounting Rules
265	Teardown Variance	Accounting Rules	Production Area Accounts
400	Std Cost Variance Receipts	Accounting Rules	Accounting Rules
401	Wt Avg Updates from AP	Storage Area Accounting	Accounting Rules
402	Std Cost Exchange Rate Var	Accounting Rules	Accounting Rules
403	Wt Avg Cost Updates - ERV	Storage Area Accounting	Accounting Rules
405	Wt Avg Update Writeoffs	Accounting Rules	Accounting Rules
415	RTV Variances	Accounting Rules	Accounting Rules
461	Voucher Variance Writeoffs	Accounting Rules	Accounting Rules
500	Miscellaneous Charges	Accounting Rules	Accounting Rules
501	Freight Charges	Accounting Rules	Accounting Rules
601	Wt Avg Upd Production Var	Storage Area Accounting	Accounting Rules
605	Wt Avg Upd Prod Writeoffs	Accounting Rules	Accounting Rules
622	Actual Waste Cost	Production Area Accounts	Accounting Rules
630	Overhead	Production Area Accounts	Accounting Rules
640	Actual Labor Costs	Production Area Accounts	Accounting Rules
645	Actual Machine Costs	Production Area Accounts	Accounting Rules
651	Production Cost Writeoff	Production Area Accounts	Accounting Rules

Transaction Group	Description	DR	CR
661	Actual Cost Variances	Production Area Accounts	Accounting Rules
664	Subcontracted Cost	Accounting Rules	Accounting Rules

If the transaction involves interunit or intercompany transfers, then part of the accounting entries are derived from pages defined for the interunit model explained in the "Managing Transfers" chapter. The interunit and intercompany transaction groups include:

- 022 - IBU Transfer Receipts.
- 025 - InterCompany Receipts.
- 031 - InterBU Transfer Shipments.
- 035 - InterCompany Transfers.
- 042 - IBU Transfer Adjustments.
- 300 - Gain/Loss on Transfer Price.
- 301 - InterCompany Cost of Goods.

If the transactions involve Shipment On Behalf Of or InterUnit Expensed Issues, see the sections in this chapter related to these subjects. These transaction groups are:

- 034 - Ship on Behalf of Other BU.
- 036 - InterUnit Expensed Issue.
- 026 - Expensed Issue Return.

See Also

Chapter 10, "Managing Transfers," page 229

Chapter 3, "Setting Up the Accounting Rules Structure," Designing Shipment On Behalf Of, page 74

Chapter 3, "Setting Up the Accounting Rules Structure," Creating and Reversing Interunit Expensed Issues, page 78

Chapter 3, "Setting Up the Accounting Rules Structure," Setting Up the Accounting Rules page, page 59

PeopleSoft Enterprise Inventory 8.9 PeopleBook, "Transferring Stock Between Business Units"

Establishing Commitment Control

The PeopleSoft commitment control feature enables you to check expenditures against a predefined budget. In PeopleSoft Cost Management, these expenditures typically occur when you expense inventory material to the department or to an expense account. Commitment control considers actual expenditures and imminent future obligations (encumbrances and pre-encumbrances). To use commitment control, select the commitment control option at both the installation options level and ledger group (product) level. Set up ChartField combinations as budgetary accounts for commitment control. There is a predefined source transaction definition, CM_TRNXTN, for PeopleSoft Cost Management. For further information on setting up PeopleSoft Cost Management to use commitment control, see the *Setting Up and Using Commitment Control 8.8 PeopleBook.*

If you select the commitment control option, then the Accounting Line Creation process page includes the check box for running the Commitment Control (Budget Checking) process (FSPKBDP3) against accounting lines prior to posting them to the general ledger. Any transaction using a ChartField combination setup as a budgetary account for commitment control will be processed through the Budget Checking process.

Commitment control can be used in PeopleSoft Cost Management by:

- A requisition or purchase order is entered in PeopleSoft Purchasing using commitment control and a pre-encumbrance or encumbrance is established. If the purchase order is sourced from PeopleSoft Inventory, then the encumbrance is relieved and replaced with a expenditure against the budget when the Accounting Line Creation process is run with the Budget Check Accounting Lines check box selected to run the Commitment Control Budget Processor.
- A material stock request is created and stock is issued from PeopleSoft Inventory using a ChartField combination set up as a budgetary account for commitment control. The deduction to the budget occurs when you run Accounting Line Creation, no pre-encumbrance or encumbrance is created or relieved.

Note. Budget checking is not applied to manufacturing transactions.

See Also

Chapter 8, "Costing Transactions and Creating Accounting Entries," Creating Accounting Entries, page 176

Chapter 10, "Managing Transfers," page 229

PeopleSoft Enterprise Commitment Control 8.9 PeopleBook, "Processing Source Transactions Against Control Budgets"

PeopleSoft Enterprise General Ledger 8.9 PeopleBook, "Using Commitment Control in General Ledger"

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Using Interunit and Intraunit Accounting and ChartField Inheritance"

Defining Interunit Transfers

Interunit transfers include any transfer of inventory stock between two inventory business units. PeopleSoft Cost Management creates the transactions related to the stock transfer using the Accounting Line Creation process.

See Also

Chapter 8, "Costing Transactions and Creating Accounting Entries," Creating Accounting Entries, page 176

Chapter 10, "Managing Transfers," page 229

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Using Interunit and Intraunit Accounting and ChartField Inheritance"

Setting Up Intraunit Processing

Intraunit processing creates balancing entries for transfers between ChartFields (such as Fund) within the same business unit. You can perform intraunit balancing on any ChartField within the business unit except account. You must first define the ChartField combinations for intraunit receivables and interunit payables that the system uses to create offsetting accounting entries. When you run the Accounting Line Creation process, the system checks for intraunit entries and creates the balancing entries using a subprocessor called ChartField Balancing (CM_IU_ACCTG).

The ChartField Balancing process compares debit and credit ChartFields (except Account) for the same item and cost element. If the ChartFields are not the same, the system creates the intraunit receivables or intraunit payables accounting entry.

For example, suppose that you enter this transaction for the same item and cost element. The system is set up for intraunit balancing on the fund ChartField. The intraunit payable account is 4003 and the interunit receivables account is 4002 for the transaction:

	Account	Fund	Dept ID	Program	Class	Bdgt Pd
Expense	5002	100	20	88	10	2000
Inventory	1001	200	30	99	20	2000

The Accounting Line Creation process creates the Due To and Due From transaction:

	Account	Fund	DeptID	Program	Class	Bdgt Pd
Offsetting Inventory	4003	200	30	99	20	2000
Offsetting Expense	4002	100	20	88	10	2000

See Also

Chapter 8, "Costing Transactions and Creating Accounting Entries," Creating Accounting Entries, page 176

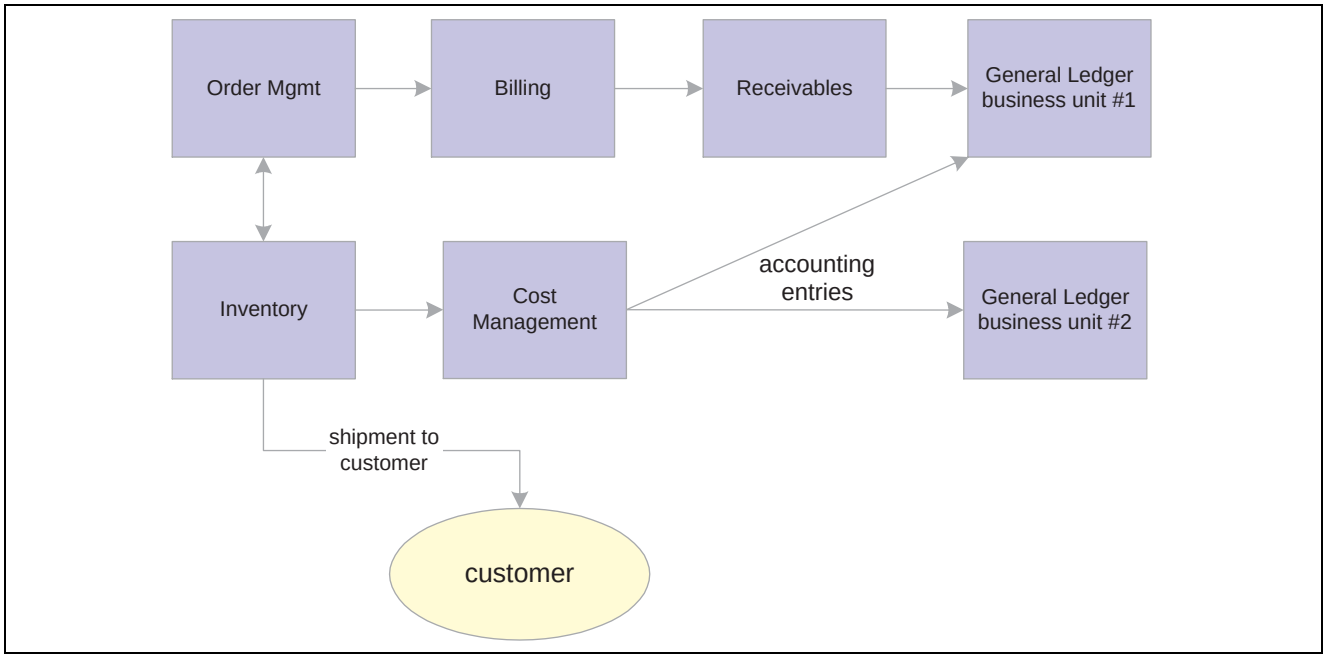
PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Using Interunit and Intraunit Accounting and ChartField Inheritance"

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Configuring ChartFields," Using Standard ChartField Configuration

Designing Shipment On Behalf Of

Shipment On Behalf Of is an order that issues stock to a customer from an inventory business unit on behalf of an order management business unit when each unit posts to a different general ledger unit. In a centralized order-taking environment, the order management business unit taking the customer order may or may not have a corresponding inventory business unit from which to ship the order. The customer order is then passed to the appropriate inventory business unit to fulfill the customer demand. When the order is shipped and inventory is depleted, the system checks to see whether the general ledger business unit associated with the order management and billing unit matches that of the inventory business unit. When they differ, the system posts the shipment as transaction group 034 - Shipment on Behalf Of Other Business Unit. To correctly match the revenue recognition in the billing business unit's general ledger with the cost of goods sold for the inventory, the Accounting Line Creation process generates accounting entries using interunit accounts.

This diagram illustrates the shipment on behalf of process flow:



Shipment on Behalf Of

For the inventory side (the general ledger business unit of the inventory unit), the Accounting Line Creation process creates the following accounting entry:

Dr/Cr	Account	Amount
Dr	interunit accounts receivable	cost of the item
Cr	inventory	cost of the item

For the OM/BI side (the general ledger business unit of the Billing unit), the Accounting Line Creation process creates the following accounting entry:

Dr/Cr	Account	Amount
Dr	interunit cost of goods for shipment on behalf of customer shipments	cost of the item
Cr	interunit accounts payable	cost of the item

These entries move the cost of the item to the correct OM/BI/GL business unit chain that contains the revenue from the sale.

Determining ChartField Combinations

For the transaction group 034 (Shipments on Behalf of Other BU), the system uses these pages to derive ChartField combinations (accounts) for each accounting line. It uses different pages based on the choice of interunit method (selected on the General Options - Overall page in the installation setup) and location accounting (selected on the Inventory Options page when defining the inventory business unit):

InterUnit Method	Location Accting	Page for DR Source BU	Page for CR Source BU	Page for DR Dest BU	Page for CR Dest BU
Direct	Off	InterUnit Template (defined on the source GL)	Accounting Rules	InterUnit Template (defined on the destination GL)	InterUnit Template (defined on the destination GL)
Direct	On	InterUnit Template (defined on the source GL)	Storage Area Accounting	InterUnit Template (defined on the destination GL)	InterUnit Template (defined on the destination GL)
Indirect	Off	InterUnit Template (defined on the destination GL)	Accounting Rules	InterUnit Template (defined on the source GL)	InterUnit Template (defined on the source GL)
Indirect	On	InterUnit Template (defined on the destination GL)	Storage Area Accounting	InterUnit Template (defined on the source GL)	InterUnit Template (defined on the source GL)

InterUnit Method	Location Accting	Page for DR Source BU	Page for CR Source BU	Page for DR Dest BU	Page for CR Dest BU
Pair	Off	InterUnit Pair	Accounting Rules	InterUnit Pair	InterUnit Pair
Pair	On	InterUnit Pair	Storage Area Accounting	InterUnit Pair	InterUnit Pair

To Set Up Shipment On Behalf Of:

1. Define the ChartField combinations for the following entry types of your inventory transaction code; interunit receivable, interunit payable, and interunit customer shipments. The entry type *interunit customer shipments* is for the cost of goods sold for shipments on behalf of.

   Where you define these entry types depends on the value that you selected in the InterUnit Method field on the General Options - Overall page. If the value is:

   - *Direct:* The ChartField combinations for the entry types are entered on the InterUnit Template page defined for both GL business units.
   - *Indirect:* The ChartField combinations for the entry types are entered on the InterUnit Template page defined for both GL business units.
   - *Pairs:* The ChartField combinations for the entry types are entered on the InterUnit Pair page. The sending GL unit must be entered in the From GL Unit field and the receiving unit must be defined in the To GL Unit field. A separate pair is defined for every combination of GL units using the Shipment on Behalf Of feature.
2. If you use the direct or indirect interunit methods, then enter the interunit template ID on the General Ledger Definition - Inter/IntraUnit page.
3. Define the ChartField combinations for your inventory account:
   - For environments not using location accounting, define the ChartFields on the Accounting Rules page using the transaction group 034 (Shipments on Behalf of Other Business Unit).
   - For environments using location accounting, define the ChartFields on the Storage Area Accounting page for each location that can ship goods.

See Also

Chapter 10, “Managing Transfers,” page 229

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, “Setting Installation Options for PeopleSoft Applications,” Setting Overall Installation Options

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, “Using Interunit and Intraunit Accounting and ChartField Inheritance”

Pages Used to Design Shipment on Behalf Of

Page Name	Object Name	Navigation	Usage
General Options - Overall	INSTALLATION_FS1	Set Up Financials/Supply Chain, Install, Installation Options, General Options, Overall	Select an interunit method.
General Ledger Definition - Inter/IntraUnit	BUS_UNIT_TBL_GL1	Set Up Financials/Supply Chain, Business Unit Related, General Ledger, General Ledger Definition, Definition	If using interunit templates, identify the template for both receiving and sending GL units.
InterUnit Template	IU_INTER_TMPLT	Set Up Financials/Supply Chain, Common Definitions, Inter/Intra Unit, InterUnit Template	Set up the following entry types of your inventory transaction code; interunit receivable, interunit payable, and interunit customer shipments. Define the ChartField combinations (accounts) for each of these entry types.
InterUnit Pair	IU_INTER_PR_BASIC	Set Up Financials/Supply Chain, Common Definitions, Inter/Intra Unit, InterUnit Pair	If the pairs method is selected on the General Options - Overall/GL page, then set up the following entry types of your inventory transaction code; interunit receivable, interunit payable, and interunit customer shipments. Define the ChartField combinations (accounts) for each of these entry types.

See Also

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Setting Installation Options for PeopleSoft Applications," Setting Overall Installation Options

PeopleSoft Enterprise General Ledger 8.9 PeopleBook, "Defining Your Operational Structure," Defining General Ledger Business Units

Shipping on Behalf Of Another Unit Example

This example illustrates when an inventory business unit ships to a customer on behalf of an order management business unit and each unit posts to a different general ledger.

This table lists the set up information:

Inv BU	GL of Inv BU	OM BU	GL of OM BU	InterUnit Shipments	Source Accts Rec	Dest Accts Payable
US008	US001	US012	US003	500000	120001	200000

This table lists the accounting entries created by the Accounting Line Creation process for the shipping transaction from US008:

Business Unit	Account	Description	Affiliate	Debit	Credit
US003	500000	Interunit Customer Shipments		1500.00	
US003	200000	Interunit A/P	US001		1500.00
US001	120001	Interunit A/R	US003	1500.00	
US001	133000	Inventory Finished Goods			1500.00

The interunit accounts (receivables, payables, and customer shipments) are derived from the InterUnit Template page or the InterUnit Pair page based on the entry in the InterUnit Method field on the General Options - Overall page. The inventory finished goods account is derived from the Accounting Rules page (if you do not use location accounting) or the Storage Area Accounting page (if you use location accounting).

Creating and Reversing Interunit Expensed Issues

An interunit expensed issue is a stock request that issues material from an Inventory business unit to an internal department that is not reporting to the same GL unit as the inventory unit. If you are shipping stock from a centralized inventory location to various internal departments within the organization, then interunit expensed issues can create the proper accounting entries when multiple GL units are involved. The system creates an interunit expensed issue when you enter a stock request using the internal issue request type and then override the GL unit on the order. You can enter an interunit expense issue using the Material Stock Request or Express Issue pages in PeopleSoft Inventory. The system also processes interunit expense issues when demand is passed from a purchasing requisition and the GL unit on the requisition line is not the same as the inventory's GL unit. Use the Stock Request Maintenance page to add or change the destination GL unit. Use the Par Location Header page to define a destination GL unit for issues to a par location. When you override the GL unit, the system validates the destination ChartFields against the new GL unit.

Occasionally, the stock from an interunit expensed issue must be returned to inventory. Use the Expense Issue Return page to record the receipt of stock originally shipped as an interunit expensed issue. The stock can be received into the original sending inventory business unit or another inventory business unit. If the stock is received into a different inventory unit than the one from which it was initially shipped, then both inventory units must share the same set of items. You can enter the returned items on the Expense Issue Return page with or without the original interunit expensed issue stock request. To create an audit trail that goes back to the original shipment, you must retrieve and use the original interunit expensed issue transaction. You can return the full shipment or just part of the items or quantities shipped that you shipped.

Note. To run an interunit expensed issue, the currency and ChartFields must be the same for all the GL business units. For transactions with multiple currencies and accounting structures, enter an intercompany transaction (interunit sales approach) described in the "Managing Transfers" chapter.

Costing and Accounting Interunit Expensed Issues

The system uses the interunit transfer pricing to cost the material issue. Define the method for interunit transfer pricing in the sending inventory business unit using the InterUnit Transfers/Expenses group box on the Fulfillment Setup page. You can change the transfer price manually on any line of a material stock request. The sending inventory business unit reduces it's inventory stock based on the deplete cost method that you selected on the Cost Profiles page. The system records any difference between the transfer price and the item's depletion cost as a gain or loss on transfer.

When you create an interunit expensed issue, the Accounting Line Creation process creates accounting entries that debit the interunit receivables of the sending GL unit and credit the interunit payables of the recipient's GL unit. The system identifies interunit expensed issues with the transaction group 036. Set up the accounting distribution for this transaction group in a different manner than the other transaction accounting rules. With this group, set up the debit for the destination GL unit and the ChartField validation against the destination GL unit. You cannot enter a cost element for the debit side of this entry. Set up the credit side for the inventory unit, if you are not using location accounting or if location accounting reports that it is using the function. Any difference between the transfer price and the item cost creates an additional entry using the transaction group 300 (Gain/Loss on Transfer Price).

This table lists the accounting for a typical interunit expensed issue:

Inv BU	GL BU	Account	Debit	Credit	Cost Derived From:
US002	US001	Intercompany A/R	1400.00		Sending Inv BU's transfer pricing.
US002	US001	Inventory		1400.00	Item's cost profile
US002	US001	Intercompany A/R	100.00		
US002	US001	Gain/Loss on Transfer		100.00	Difference. Uses the ChartField combination from transaction group 300.

Inv BU	GL BU	Account	Debit	Credit	Cost Derived From:
(none)	US005	Expense	1500.00		Sending Inv BU's transfer pricing. You can change this value using the ChartField Overrides link on the stock request.
(none)	US005	Intercompany A/P		1500.00	Sending Inv BU's transfer pricing.

For transaction group 036 (InterUnit Expensed Issue), use these pages to derive the ChartField combinations for each accounting line. Use different pages based on the choice of interunit method (that you selected on the Installation Options - Overall/GL page) and location accounting (that you selected on the Inventory Options page):

InterUnit Method	Location Accting	Page for DR to Source BU	Page for CR to Source BU	Page for DR to Dest BU	Page for CR to Dest BU
Direct	Off	InterUnit Template (defined on the source GL)	Accounting Rules	Accounting Rules (no cost element)	InterUnit Template (defined on the destination GL)
Direct	On	InterUnit Template (defined on the source GL)	Storage Area Accounting	Accounting Rules (no cost element)	InterUnit Template (defined on the destination GL)
Indirect	Off	InterUnit Template (defined on the destination GL)	Accounting Rules	Accounting Rules (no cost element)	InterUnit Template (defined on the source GL)
Indirect	On	InterUnit Template (defined on the destination GL)	Storage Area Accounting	Accounting Rules (no cost element)	InterUnit Template (defined on the source GL)

InterUnit Method	Location Accting	Page for DR to Source BU	Page for CR to Source BU	Page for DR to Dest BU	Page for CR to Dest BU
Pair	Off	InterUnit Pair	Accounting Rules	Accounting Rules (no cost element)	InterUnit Pair
Pair	On	InterUnit Pair	Storage Area Accounting	Accounting Rules (no cost element)	InterUnit Pair

Costing and Accounting InterUnit Expensed Issue Returns

Returns are completed using the Expense Issue Return page in PeopleSoft Inventory. To reverse the original interunit expensed issue transaction, the system uses the transfer price from the original stock request (if you have identified the interunit expensed issue transaction), or the value that you entered in the Transfer Price field on the Expense Issue Return page. The inventory business unit costs the receipt based on the receipt cost method that you selected on the Cost Profiles page. The system records any difference between the transfer price and the item's putaway cost as a gain or loss on transfer. For the GL unit that rejected the shipment, the system reverses the original entry by using the transfer price or you may override the price.

When you create an expensed issue return, the Accounting Line Creation process creates accounting entries that debit the interunit payables of the returning GL unit and credit the interunit receivables of the receiving inventory's GL unit, thereby reversing the original transaction. The system uses the transaction group 026 (Expensed Issue Return) to identify the ChartField combinations for the inventory account receiving the stock and the expense account to be reversed in the returning GL unit. Set up the accounting distribution for this transaction group in a different manner than the other transaction accounting rules. With this group, set up the credit to validate ChartFields against the returning GL unit. You cannot enter a cost element for the credit side of this entry. Set up the debit side for the inventory unit receiving the return, if you are not using location accounting or if location accounting reports that it is using the function. Any difference between the transfer price and the item's putaway cost creates an additional entry using the transaction group 300 (Gain/Loss on Transfer Price).

This table lists the accounting for a typical expensed issue return:

Inv BU	GL BU	Account	Debit	Credit	Cost Derived From:
US002	US001	Inventory	1600.00		Item's cost profile.
US002	US001	Intercompany A/R		1600.00	Transfer price from the original shipment or the transfer price that you entered on the Expensed Issue Return page.
US002	US001	Intercompany A/R	100.00		

Inv BU	GL BU	Account	Debit	Credit	Cost Derived From:
US002	US001	Gain/Loss on Transfer		100.00	Difference. Uses ChartField combination from transaction group 300.
(none)	US005	Intercompany A/P	1500.00		Transfer price from the original shipment or the transfer price that you entered on the Expensed Issue Return page.
(none)	US005	Expense		1500.00	Transfer price from the original shipment or the transfer price that you entered on the Expensed Issue Return page.

For the transaction group 026 (Expensed Issue Return), use these pages to derive the ChartField combinations for each accounting line. Use different pages based on the choice of interunit method (that you selected on the Installation Options - Overall/GL page) and location accounting (that you selected on the Inventory Options page). In this table, the *receiving GL* refers to the GL unit tied to the inventory unit that originally issued the stock. The *returning GL* refers to the GL unit returning the stock.

InterUnit Method	Location Accting	Page for DR Receiving Inv BU	Page for CR Receiving Inv BU	Page for DR Returning GL BU	Page for CR Returning GL BU
Direct	Off	Accounting Rules	InterUnit Template (defined on the receiving GL)	InterUnit Template (defined on the returning GL)	Accounting Rules (no cost element)
Direct	On	Storage Area Accounting	InterUnit Template (defined on the receiving GL)	InterUnit Template (defined on the returning GL)	Accounting Rules (no cost element)
Indirect	Off	Accounting Rules	InterUnit Template (defined on the returning GL)	InterUnit Template (defined on the receiving GL)	Accounting Rules (no cost element)

InterUnit Method	Location Accting	Page for DR Receiving Inv BU	Page for CR Receiving Inv BU	Page for DR Returning GL BU	Page for CR Returning GL BU
Indirect	On	Storage Area Accounting	InterUnit Template (defined on the returning GL)	InterUnit Template (defined on the receiving GL)	Accounting Rules (no cost element)
Pair	Off	Accounting Rules	InterUnit Pair	InterUnit Pair	Accounting Rules (no cost element)
Pair	On	Storage Area Accounting	InterUnit Pair	InterUnit Pair	Accounting Rules (no cost element)

Setting Up Interunit Expensed Issues

To enable Interunit Expensed Issues:

1. Enable interunit expense issues for PeopleSoft Inventory by selecting the Display GL BU Override check box on the Inventory Display Options page.

   This option displays the GL BU Override field on the Material Stock Request, Express Issue and Stock Request Inquiry pages. On the Stock Request Maintenance page, the GL BU override is visible, but you cannot enter values if this option is not selected.

2. Define the interunit receivables and payables accounts.

   Where you define these accounts depends on the value that you selected in the InterUnit Method field on the Installation Options - Overall page. If the value is:

   - *Direct:* the interunit receivables or payables accounts are entered on the InterUnit Template page defined for both GL business units.
   - *Indirect:* the interunit receivables or payables accounts are entered on the InterUnit Template page defined for both GL business units.
   - *Pairs:* the interunit receivables or payables accounts are entered on the InterUnit Pair page. The sending GL unit must be entered in the From GL Unit field and the receiving unit must be defined in the To GL Unit field. A separate pair is defined for every combination of GL units using the interunit expensed issues feature.

3. Enter the interunit template ID on the General Ledger Definition - Inter/IntraUnit page, if you use direct or indirect methods.

4. Define the interunit transfer pricing.

   InterUnit expensed issues are costed using the sending inventory business unit's transfer pricing structure.

5. Use the Accounting Rules page to define the expense account (or accrued liability) to debit and the inventory account to credit using the transaction group 036 (InterUnit Expensed Issue).

   If you are using location accounting, the inventory account (credit side) is derived from the Storage Area Accounting page. With this transaction group, the debit is set up for the returning GL business unit; you cannot enter a cost element for the debit side of this entry.

6. Use the Accounting Rules page to record the gain or loss account to debit or credit when the item's cost differs from the transfer price using the transaction group 300 (Gain/Loss on Transfer Price).
7. Use the Accounting Rules page to define the expense account (or accrued liability) to credit and the inventory account to debit using the transaction group 036 (Expensed Issue Return).

   If you are using location accounting, the inventory account (debit side) is derived from the Storage Area Accounting page. With this transaction group, the credit is set up for the GL business unit returning the stock; you cannot enter a cost element for the credit side of this entry.
8. Add reason codes for return.

   On the Reason Codes page, define reason codes to describe the reason that the stock was returned, such as over stocked, damaged in shipment, and so on. When defining the reason codes, use the Return Type of *Expense Issue Return.* This allows you to select the reason code on the Expense Issue Return page.

See Also

Chapter 3, "Setting Up the Accounting Rules Structure," Using Transaction Group Codes, page 54

Chapter 3, "Setting Up the Accounting Rules Structure," Setting Up the Accounting Rules page, page 59

Chapter 10, "Managing Transfers," Defining Transfer Prices, page 232

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Setting Installation Options for PeopleSoft Applications," Setting Overall Installation Options

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Using Interunit and Intraunit Accounting and ChartField Inheritance"

Pages Used to Create and Reverse Interunit Expensed Issues

Page Name	Object Name	Navigation	Usage
Inventory Display Options	BUS_UNIT_DSP_IN	Set Up Financials/Supply Chain, Business Unit Related, Inventory, Inventory Display Options	Select the Display GL BU Override check box to enable interunit expense issues for the inventory business unit.
Accounting Rules page	CM_ACCTG_DIST	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Transaction Accounting Rules, Accounting Rules	Create the debit and credit lines for accounting entries based on the business unit, transaction group, distribution type, item or item group, and cost element.
Fulfillment Setup	OF_SETUP_INV	Inventory, Fulfill Stock Orders, Fulfillment Rules, Setup Fulfillment, Fulfillment Setup	Select the price markup option to establish transfer prices by markup percentage rather than a fixed item price. The stock can also be issued at zero cost.

Page Name	Object Name	Navigation	Usage
Item Transfer Price	STD_PRICE_INV	Cost Accounting, Item Costs, Define Rates and Costs, Item Transfer Price	Establish the set price for interunit expensed issues. Indicate on the Fulfillment Setup page that you base the transfers on a set transfer price instead of a markup percentage.
Item Price Markup	MARKUP_PCT_INV	Cost Accounting, Item Costs, Define Rates and Costs, Item Transfer Markup, Item Price Markup	Indicate the percentage markup for items used in an interunit expensed issue. Indicate on the Fulfillment Setup page that you base the transfer prices on a percentage markup instead of a set transfer price.
Installation Options - Overall/GL	INSTALLATION_FS1	Set Up Financials/Supply Chain, Install, Installation Options, Overall	Select an interunit method.
General Ledger Definition - Inter/IntraUnit	BUS_UNIT_TBL_GL1	Set Up Financials/Supply Chain, Business Unit Related, General Ledger, General Ledger Definition, Definition	If using interunit templates, define the template for both receiving and sending GL units.
InterUnit Template	IU_INTER_TMPLT	Set Up Financials/Supply Chain, Common Definitions, Inter/Intra Unit, InterUnit Template	If you selected the direct or indirect method on the Installation Options - Overall/GL page, then enter the interunit receivables and payables.
InterUnit Pair	IU_INTER_PR_BASIC	Set Up Financials/Supply Chain, Common Definitions, Inter/Intra Unit, InterUnit Pair	If you selected the pairs method on the Installation Options - Overall/GL page, then enter the interunit receivables and payables for the GL pair.
Reason Code	REASON_CD	Set Up Financials/Supply Chain, Common Definitions, Codes and Auto Numbering, Reason Codes	Enter reason codes to describe the various reasons that stock was returned. Use the Reason Type of Expense Issue Return.

See Also

PeopleSoft Enterprise General Ledger 8.9 PeopleBook, "Defining Your Operational Structure," Defining General Ledger Business Units

CHAPTER 4

Defining the Cost Foundation for Makeable Items

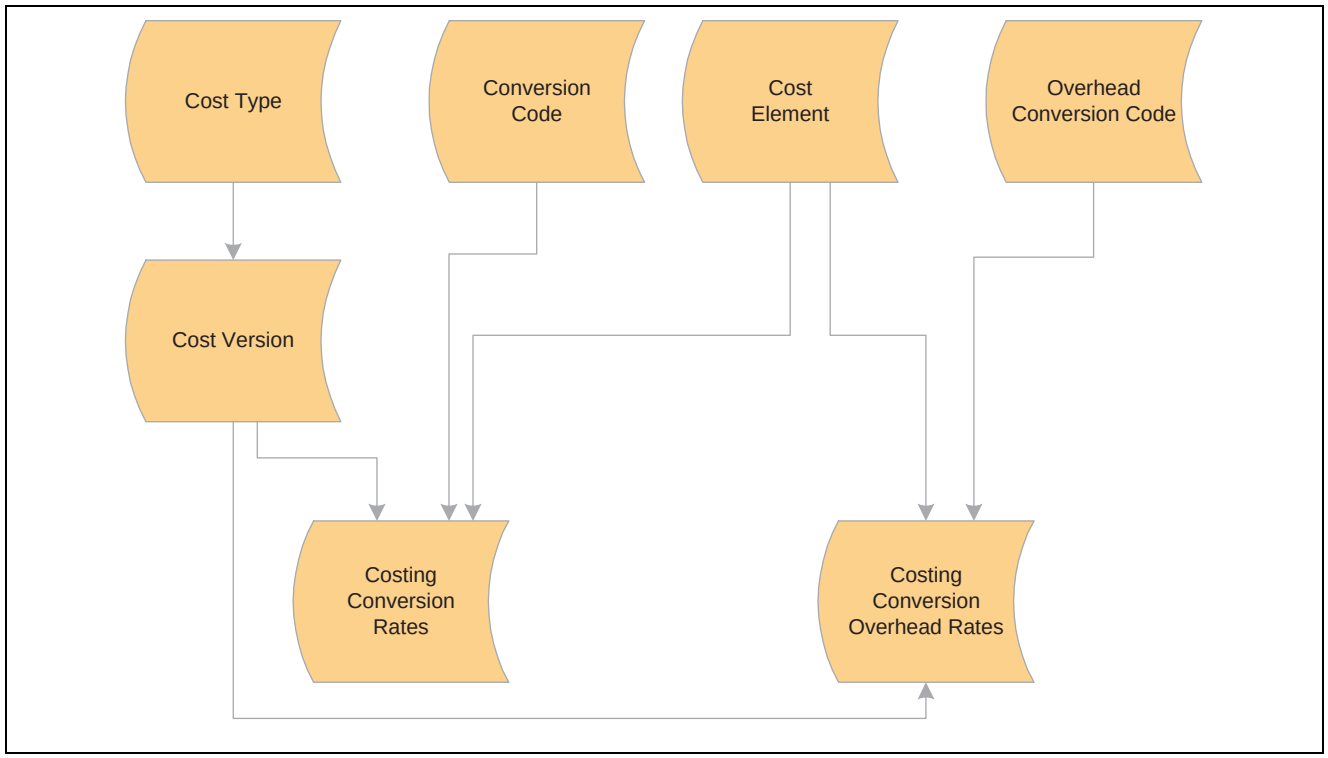
This chapter provides an overview of the manufacturing cost foundation and discusses how to:

- Define the standard cost foundation.
- Calculate the cost of purchased components.
- Add additional costs.

Understanding the Manufacturing Standard Cost Foundation

Before you calculate the cost of purchased components or make items, define the basic codes and tables that PeopleSoft Cost Management uses to build and categorize an item's cost; including, the labor, machine, subcontracting, and overhead rates. The system enables you to create multiple scenarios for standard costing by using cost types and versions.

This diagram illustrates the elements that are used to define the costing structure:



Cost foundation

You can define how the system calculates the cost of purchased components by using the cost type page for the end item.

You can add additional costs to a manufactured item by using the Additional Costs by Item page. These costs are applied after all labor, machine, material, and overhead costs are added.

Defining the Standard Cost Foundation

Before you can calculate the standard cost of purchased or makeable items, you can define the basic codes and tables that PeopleSoft Cost Management uses to build and categorize an item's standard cost.

This section discusses how to:

1. Define cost types.
2. Define cost versions.
3. Create cost groups.
4. Define cost elements.
5. Define conversion codes.
6. Define conversion overhead codes.
7. Create costing conversion rates.
8. Create costing conversion overhead rates.
9. Copy cost structures.
10. Copy rates.
11. Update conversion rates.

Pages Used to Define the Standard Cost Foundation

Page Name	Object Name	Navigation	Usage
Cost Types	CE_TYPE	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Types	Define cost types.
Cost Versions	CE_VERSION	Cost Accounting, Item Costs, Define Rates and Costs, Cost Versions	Define cost versions.
Cost Groups	CM_COSTGROUP	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Standard Cost Groups, Cost Groups	(For standard costing only) Create cost groups.
Cost Elements	CM_ELEMENT	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Elements	Define cost elements.
Conversion Codes	CE_CONCODE	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Production Conversion Codes, Conversion Codes	Define conversion codes.
Conversion Overhead Codes	CE_OHCODE	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Production Overhead Codes, Conversion Ovhd Codes	Define conversion overhead codes.
Costing Conversion Rates	CE_CONRATE	Cost Accounting, Item Costs, Define Rates and Costs, Conversion Rates, Costing Conversion Rates	Create cost conversion rates.
Costing Conv Ovhd Rates (costing conversion overhead rates)	CE_CONOH_RATE	Cost Accounting, Item Costs, Define Rates and Costs, Overhead Rates, Costing Conv Ovhd Rates	Create cost conversion overhead rates.
Copy Cost Structures	CE_COPY_COST_STRUC	Cost Accounting, Item Costs, Define Rates and Costs, Copy Cost Structures	Copy cost structures.
Copy Costs	CE_COPY_COSTS	Cost Accounting, Item Costs, Define Rates and Costs, Copy Cost Types/Versions, Copy Costs	Copy cost rates.
Manually Update Conv Rates (manually update conversion rates)	CE_MANFRZ_CON	Cost Accounting, Item Costs, Update Costs, Update Conversion Rates, Manually Update Conv Rates	Update conversion rates.

See Also

Chapter 2, “Structuring Your Cost Management System,” Using the Cost Elements Page, page 29

Defining Cost Types

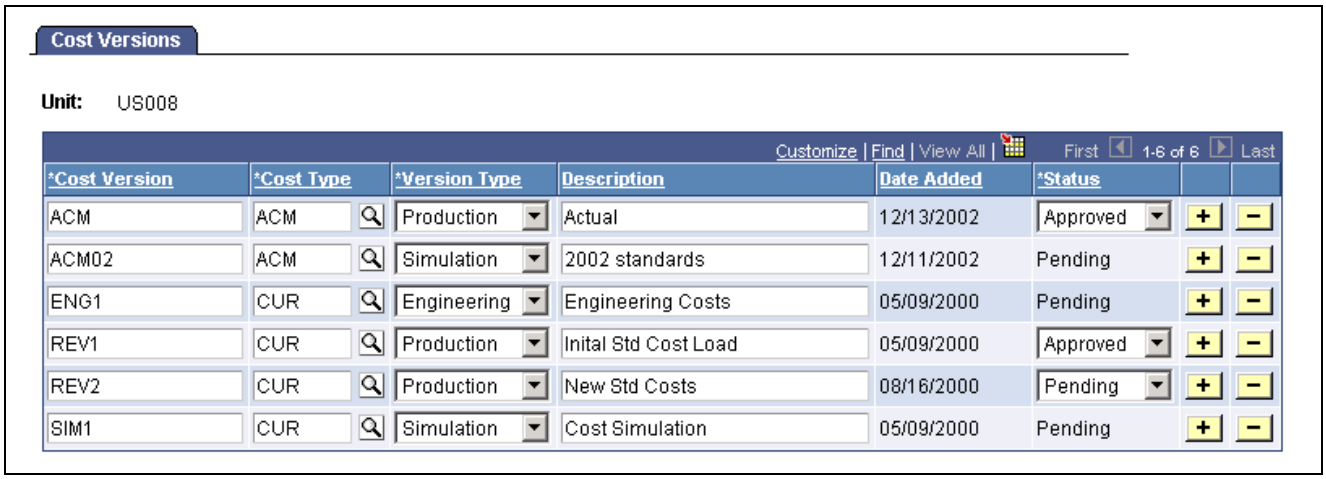
Access the Cost Types page.

Create separate costing groupings with different methods of costing, such as current, revised or forecasting. The cost type also defines how purchased components are calculated.

Defining Cost Versions

To define cost versions, use the Cost Versions component.

Access the Cost Versions page.



Cost Versions page

Use the Cost Versions page to define the different cost versions for a cost type. You can create unlimited cost versions for any cost type. By using different versions for a cost type, you can maintain a history of the different costs that are calculated for each cost type. You can base these cost versions on different sets of assumptions, such as different bills of material (BOMs; manufacturing versus engineering), effective dates, different labor rates, or different budgets that determine the overhead expenses.

Version Type

Determines the BOM and routing that the Cost Rollup process (CEPCROLL) uses to calculate standard cost of make items. Values are:

Production: Rolls up manufacturing data only and uses the primary BOM and routing only, each with a code of 1. Use this option to roll up the costs for a manufactured or configured item. This is the only option that produces cost calculations that can update the live production tables.

Engineering: Rolls up with either manufacturing or engineering data, with any combination of BOM and routing codes. Use this option exclusively for engineering roll-ups and comparisons.

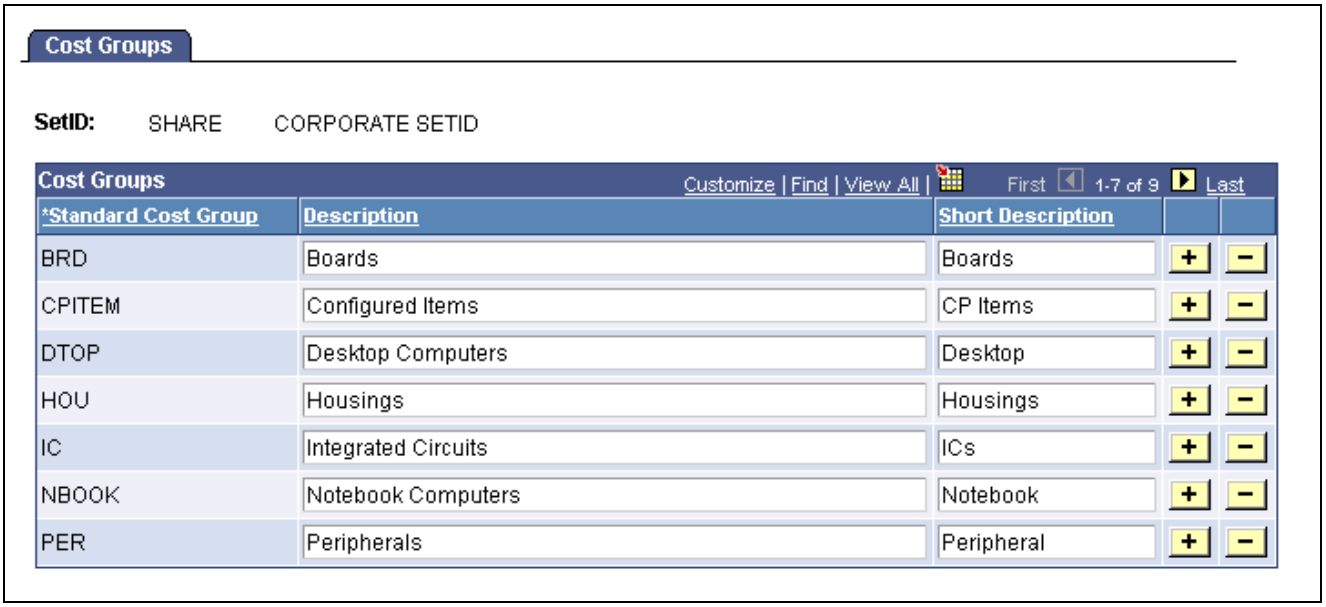
Simulation: Only rolls up with manufacturing data, but can use any combination of BOM and routing codes. Use this option to create what-if scenarios for makeable items.

Each cost version can have a status of pending, denied, or approved. You can update frozen standard costs used for accounting purposes only if the cost version status is approved. Cost versions that are related to engineering or simulation always have a status of pending.

Creating Cost Groups

To create standard cost groups, use the Cost Groups (CM_COSTGROUP) component.

Access the Cost Groups page.



Cost Groups page

Cost groups, also known as standard cost groups, enable you to group together a set of items for standard cost roll up and standard cost update, comparing costs and reporting inventory value. Add items to the cost group by entering the standard cost group on the item's Define Business Unit Item - General: Common page. Then, enter a standard cost group on the Cost Rollup Request page or the Update Production page instead of defining a range of item IDs.

Defining Cost Elements

Access the Cost Elements page.

Cost elements categorize the components of an item's cost that are tracked through the PeopleSoft Inventory system. The debit and credit ChartField combinations in transaction processing can also be defined by cost element.

See Also

Chapter 2, "Structuring Your Cost Management System," Using the Cost Elements Page, page 29

Defining Conversion Codes

To define conversion codes, use the Conversion Codes component. Use the Production Conversion Code component interface to load data into the tables for this component.

Access the Conversion Codes page.

Conversion codes can be used to categorize labor, machine, and other conversion tasks and activities within work centers in the manufacturing process. Use conversion codes to define conversion rates that are associated with work centers or tasks.

Defining Conversion Overhead Codes

To define cost conversion overhead codes, use the Conversion Overhead Codes component. Use the Conversion Overhead Codes component interface to load data into the tables for this component.

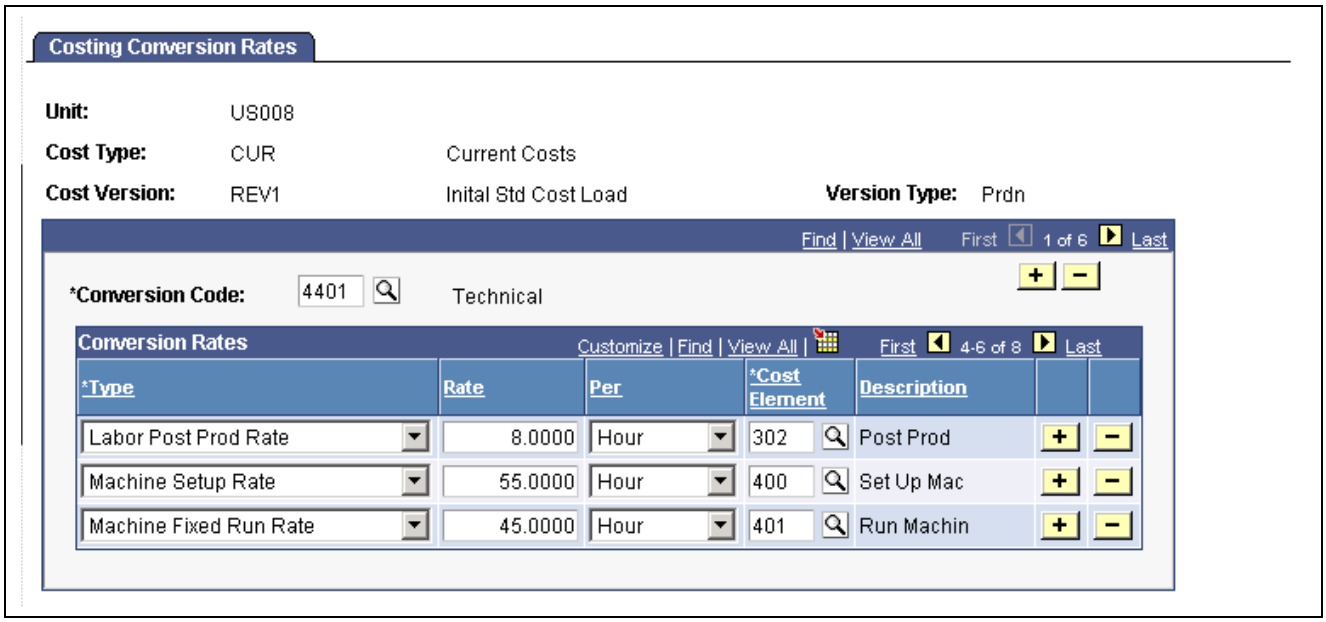
Access the Conversion Overhead Codes page.

Conversion overhead codes categorize the different types of overhead costs absorbed during the manufacturing process. Use conversion overhead codes to define conversion overhead rates that are associated with work centers or tasks. You can specify up to four conversion overhead codes for the work center or task.

Creating Cost Conversion Rates

To define cost conversion rates, use the Costing Conversion Rates component. Use the Costing Conversion Rates component interface to load data into the tables for this component.

Access the Costing Conversion Rates page.



Costing Conversion Rates page

Establish these rates to capture labor and machine costs in the production process. You can enter fixed run, run, post-production, and set up rates for both labor and machine. The rates are based on several factors, including business unit, cost type, cost version, conversion code, and conversion rate type. Each conversion rate type then points to a cost element. Multiple conversion code definitions can point to the same or different cost elements. This structure gives you flexibility to set up and use several different rates. Link these rates with a work center or task where they are used to determine the labor, machine, and subcontracting costs of an item's routing operation.

For each conversion rate type that you want to associate with a specific conversion code, enter a rate.

Conversion Rate Type Enter fixed run, run, post-production, or set up rates for either labor or machine. These rate types correspond to the costing rate types that are defined for a task, and ultimately, to an operation on an item's routing or operation list. You do not need to enter a cost for each conversion rate type. However, if any costing time type on the task, routing, or operation list does not have a corresponding cost, then the system doesn't include that portion of the routing or operation list cost in the item cost. This enables you to call out

task types which have different cost implications for the same conversion code in different cost types or versions. Likewise, if you specify a cost in the conversion rates but do not include the corresponding costing times in the routing or operation list, those costs are not included.

Rate Enter conversion code rates. Use conversion codes to associate conversion rates with multiple work centers or tasks. Use the Rate Maintenance/Defaulting group box on the Manufacturing Options - MFG Business Unit Options page to determine whether to enter conversion rates for work centers or tasks.

Per Specify how the rate should be applied. You can enter conversion rates as an amount per *Hour* for labor and machine setup, fixed run, and post production. For labor and machine run, you can specify an amount per *Hour* or *Unit.*

Cost Element Enter the cost element that is associated with this conversion cost. This cost element must have the category of conversion on the Cost Elements page.

For subcontracted tasks or operations, the conversion cost should represent the charge from the vendor for the outside processing. If the vendor charges you a flat amount per unit, enter that charge as a per unit cost. If the vendor quotes you a rate per hour, enter that rate as a labor-setup, run, or fixed-run rate and enter the corresponding time that it takes the vendor to complete the task on the item's routing or operation list.

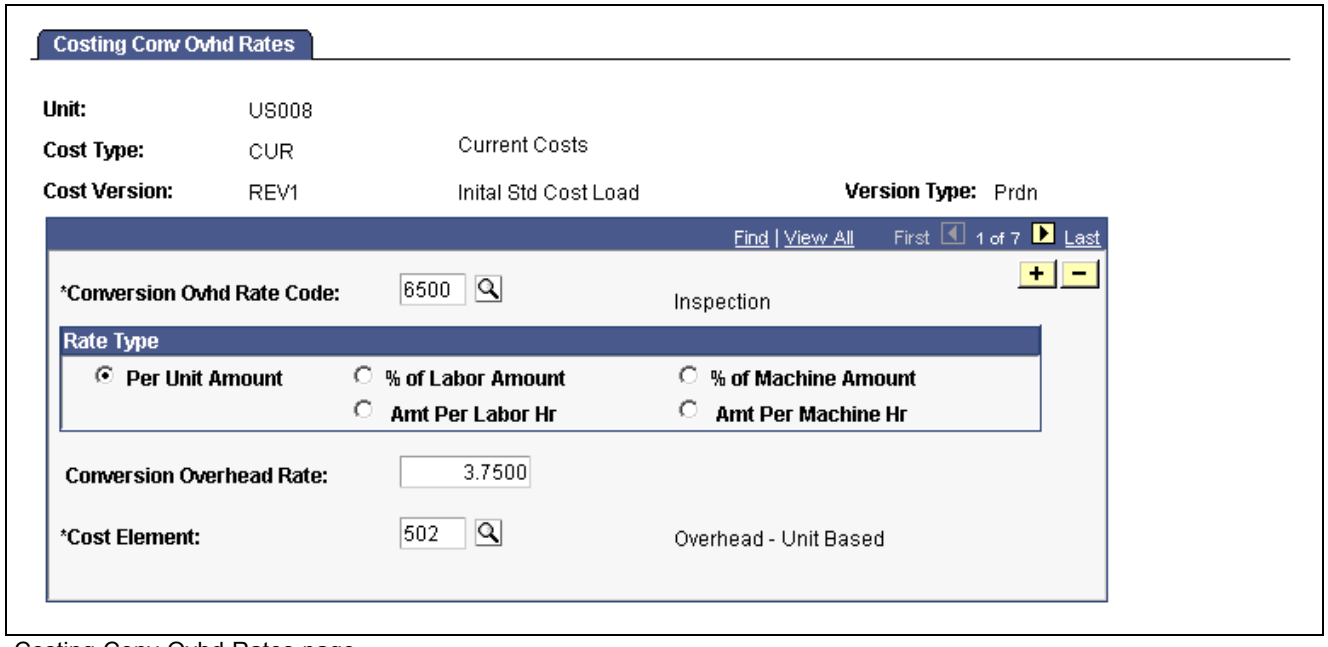
See Also

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Defining Your Business Unit Structure," Setting Up Manufacturing Business Unit Options

Creating Cost Conversion Overhead Rates

To define cost conversion overhead rates, use the Costing Conversion Overhead Rates component. Use the Costing Conversion Overhead Rates component interface to load data into the tables for this component.

Access the Costing Conv Ovhd Rates page.



Costing Conv Ovhd Rates page

The conversion overhead rates represent the overhead expenses that are associated with the production of the assemblies. Enter the cost conversion overhead rates to use for overhead costs based on the units produced, labor and machine hours, or labor and machine costs. The rates are based on business unit, cost type, cost version, conversion overhead code and cost element. You can establish several different rates. In the case of subcontracted tasks or operations, it should represent the cost of preparing and sending the item to the subcontractor for outside processing.

Select the rate type that you want to associate with the rate code. Valid rate types include:

Per Unit Amount	Select to apply cost to the item on a per unit basis.
% of Labor Amount (percentage of labor amount)	Select to base on the standard labor costs that the operation requires. To determine the amount of overhead cost, the system first calculates the total labor cost of the operation, then multiplies that cost by the factor that is specified in the Conversion Overhead % field.
Amt per Labor Hr (amount per labor hour)	Select to base on the standard labor hours that the operation requires. As with labor cost determination, it determines the number of hours that are necessary to complete the operation by adding labor setup, run, fixed-run, and post-production times (converted to hours), and then multiplies that time by the amount that is specified in the Conversion Overhead Rate field.
% of Machine Amount (percentage of machine amount)	This is similar to the percent of labor amount method except that the overhead cost is based on the machine costs that are associated with the operation. To determine the amount of the overhead cost to apply, the system first calculates the total machine cost of the operation, then multiplies that cost by the factor that is specified in the Conversion Overhead % field.
Amt per Machine Hr (amount per machine hour)	This is similar to the amount per labor hour method except that the overhead cost is based on the machine hours that are necessary to complete the operation. The system determines the number of hours that are necessary to complete the operation by adding machine setup, run, fixed-run, and post-production times, converted to hours, and multiplies that time by the amount that is specified in the Conversion Overhead Rate field. If you don't specify costing machine hours or run rates for the operation, the system does not apply overhead costs.
Cost Element	Enter the cost element that is associated with this conversion cost. This cost element must have the category of conversion overhead on the Cost Elements page.

Copying Cost Structures

Access the Copy Cost Structures page.

Copy the cost foundation structures: cost types, cost elements, conversion codes, and conversion overhead codes from one setID to another. This process copies only the codes that are associated with each record and not the rates or costs that are associated with those codes.

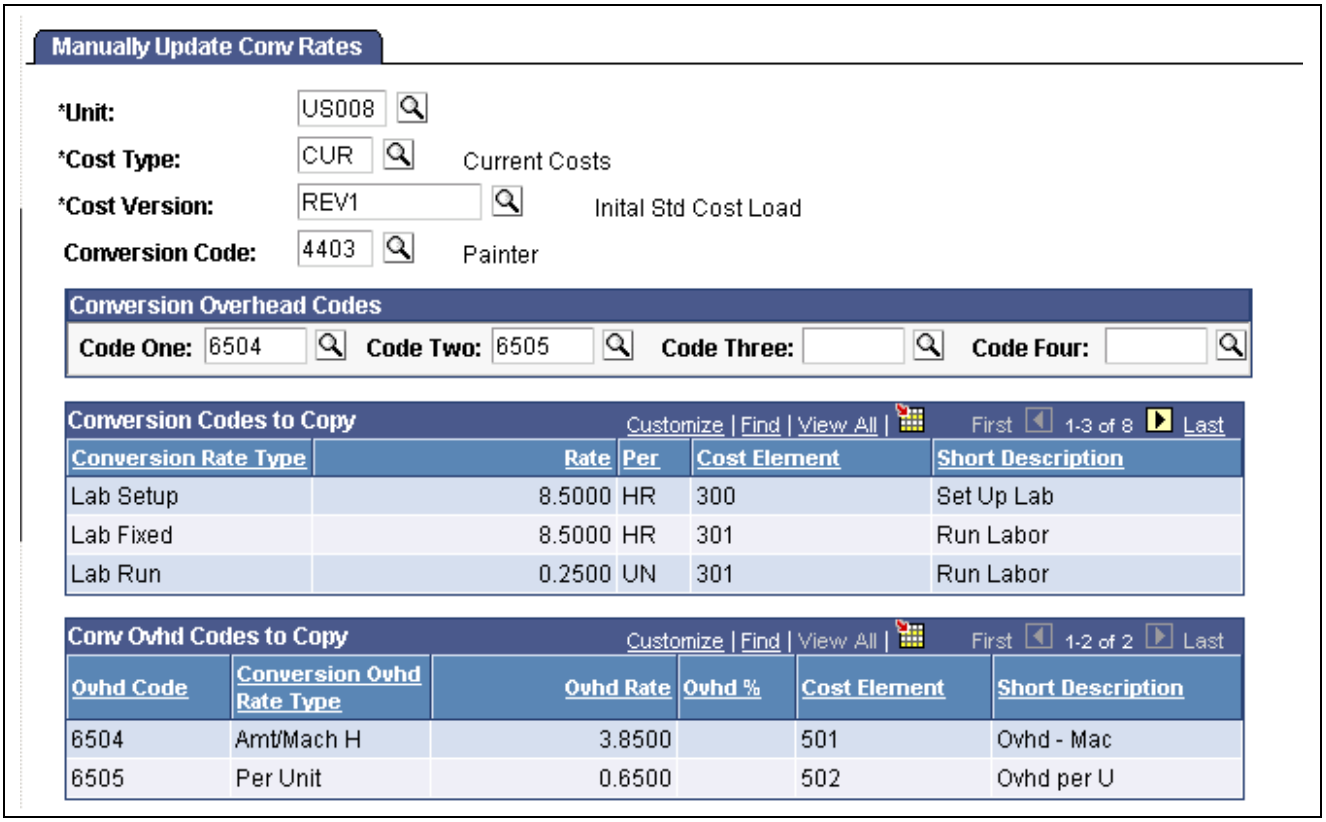
Copying Rates

Access the Copy Costs page.

Copy costs and rates from one business unit to another. If another business unit has the rates and item costs that you want to use, or if you want to use one set of cost type and version information as the basis for other cost types or versions, you can use this page to copy those costs and rates.

Updating Conversion Rates

Access the Manually Update Conv Rates page.



Manually Update Conv Rates page

Use this page to update the set of production conversion rates and conversion overhead rates. For standard cost items, run the Update Production process (RUN_CES5001) to copy these conversion rates and conversion overhead rates into production. It then uses these rates to calculate earned labor and machine costs, as well as applied overhead for the assembly completions and scrapped assemblies. If you are introducing a new conversion rate or conversion overhead rate for a single item whose cost you are updating, you must also update the set of production conversion rates and conversion overhead rates that are used to calculate the item's cost. The lower portion of the page displays the conversion rates and conversion overhead rates to copy to the frozen rates records. Save the page to update the rates.

Calculating the Cost of Purchased Components

This section provides an overview of component costs and discusses how to forecast purchase costs.

Understanding Component Costs

The standard cost of all purchased components must be accurate when rolling up the cost of a manufactured item. For standard cost items, the cost type that is entered in the Cost Rollup Request page determines how these costs are calculated. For actual and average cost items, the cost type is applied through the cost book that is defined at the inventory business unit definition. Select the method of calculating the purchased component's cost on the Purchased Cost Used field of the Cost Types page. Component costs include:

Average Purchase Price	A weighted average of all purchases of this item that are calculated by the system.
Current Purchase Cost	Cost manually entered on the Define Business Unit Item - General: Common page.
Forecasted Purchase Cost	Cost manually entered on the Forecasted Purchase Costs page.
Last Price Paid	The purchase price recorded with the last receipt of this item. This price appears on the Define Business Unit Item - General: Common page.

It is possible that the system might not find a purchase cost for a component. For example, if you select the average or last price methods and the purchased item is new with no receipts, then the cost is zero. For items using standard costing, use the Cost Rollup Request page to select the Use Current Cost When No Price check box to use the current purchase cost whenever the calculated purchase cost is zero. If you select this check box, be sure to enter a value in the Current Purchase Cost field on the Define Business Unit Item - General: Common page.

See Also

Chapter 4, "Defining the Cost Foundation for Makeable Items," Defining Cost Types, page 90

Chapter 6, "Using Standard Costing for Makeable Items," Using the Cost Rollup Process to Calculate Product Costs, page 120

PeopleSoft Enterprise Managing Items 8.9 PeopleBook, "Defining Items by Business Unit," Defining Basic Business Unit Item Attributes

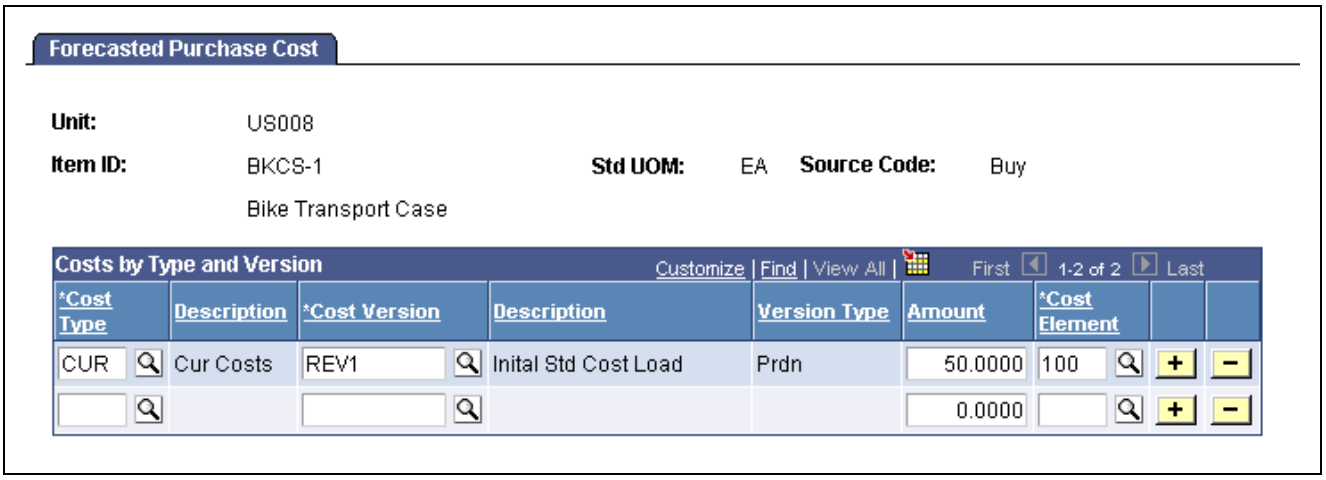
Pages Used to Calculate the Cost of Purchased Components

Page Name	Object Name	Navigation	Usage
Cost Types	CE_TYPE	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Types	Define the method that is used to calculate the cost of purchased components.
Define Business Unit Item - General: Common	GEN_ATTRIB_INV	Items, Define Items and Attributes, Define Business Unit Item, General	Enter the current purchase cost. This page displays the item's average purchase price and last price paid.
Forecasted Purchase Costs	CE_FCST	Cost Accounting, Item Costs, Define Rates and Costs, Forecasted Purchase Costs, Forecasted Purchase Cost	Enter forecasted purchase costs.

Forecasting Purchase Costs

To define forecasted purchased costs, use the Forecasted Purchase Cost (CE_FCST) component. Use the Forecasted Purchase Rates component interface to load data into the tables for this component.

Access the Forecasted Purchase Costs page.



Forecasted Purchase Cost page

Use the Forecasted Purchase Costs page to use negotiated prices for the purchased components in the calculation of makeable items. This enables you to perform what-if scenarios or simulations by changing the material cost assumptions for each cost type and version combination. The amount that is entered should be the cost of the item only, exclusive of any freight, duty, or procurement expenses. The cost element that is selected must have a cost category of *Material* assign on the Cost Elements page.

Amount Enter the cost of the item only, exclusive of any freight, duty, or procurement expenses.

Cost Element Enter a cost element with a cost category of material assign on the Cost Elements page.

Note. Be sure that the cost type that you enter designates forecasted purchase costs as the purchase cost that is used. If you use forecasted purchase costs, you must define a cost for every purchased item.

See Also

Chapter 4, "Defining the Cost Foundation for Makeable Items," Defining Cost Types, page 90

Adding Additional Costs

To define additional costs for a make item, use the Additional Costs by Item component. Use the Additional Costs by Item component interface to load data into the tables for this component.

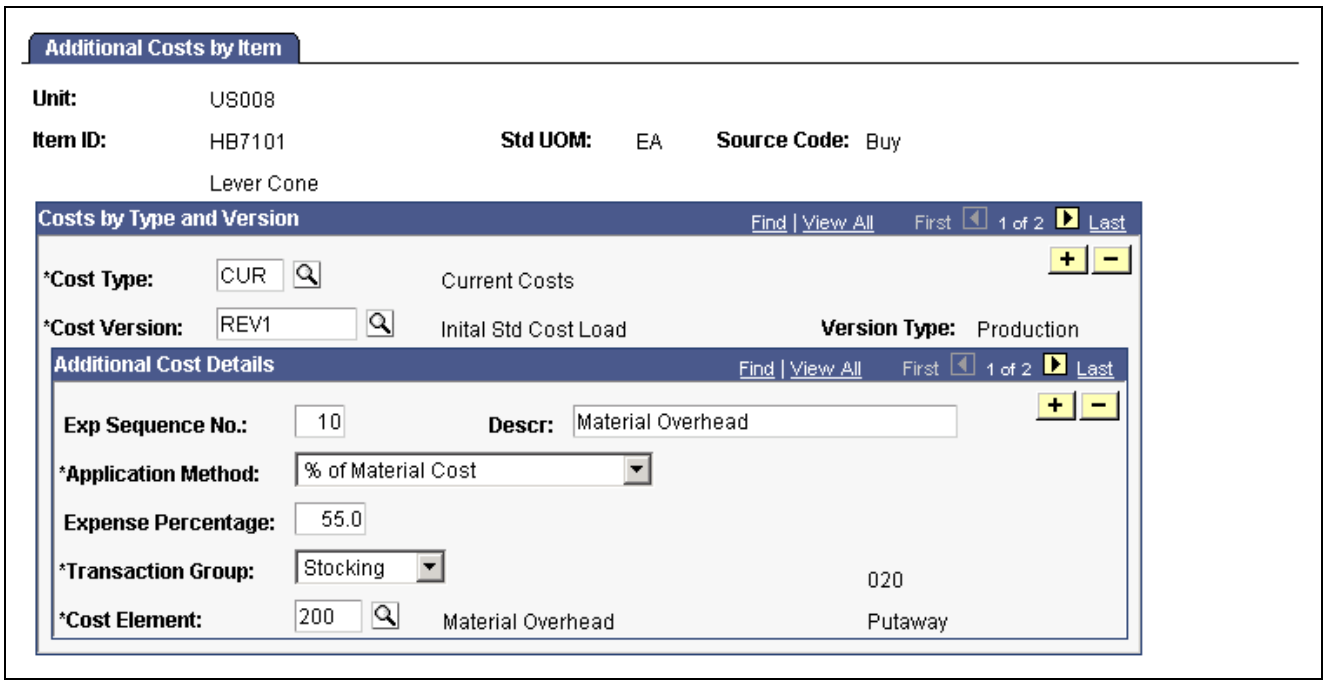
This section discusses how to enter additional costs by item.

Page Used to Add Additional Costs

Page Name	Object Name	Navigation	Usage
Additional Costs by Item	CE_ITEMEXP	Cost Accounting, Item Costs, Define Rates and Costs, Additional Item Costs, Additional Costs by Item	Add additional costs to purchased or makeable items.

Entering Additional Costs by Item

Access the Additional Costs by Item page.



Additional Cost by Item page

You can add additional costs to the cost of a manufactured or purchased item by using the Additional Costs by Item page. This enables the system to calculate and track the fully burdened cost of the item. Examples of additional costs are duty, freight, inspection, procurement expenses, and material handling. Based on the cost type and cost version combination that is defined for the business unit and item and entered on the Cost Rollup Request page, the system adds these additional costs, one cost at a time. These costs are applied after all labor, machine, material, and overhead costs are added.

When you use this page to add landed cost components to an item, you can track and analyze the total landed cost for that item. You can set up consigned items as landed cost items; if you do, the system transacts all accrued landed cost charges when the consigned item is consumed.

The Exp Sequence No (expense sequence number) determines the order in which the system applies costs; it is especially critical when it applies the rate to the total cost. The total cost base includes material, labor, machine, subcontracting, overhead costs, and any additional cost that was previously applied to that point.

You must define how the system calculates the additional cost. Application Method values include:

% of Material Cost (percentage of material cost) — Select to multiply the percentage that is specified by the sum of all costs whose cost category you set to *Material* on the Cost Elements page.

% of Total Costs(percentage of total costs) — Select to include all material, labor, machine, subcontracting, and conversion overhead costs, plus any previously calculated additional costs as the total cost basis. For example, suppose that the item material cost is 1.00 and you define an additional cost for sequence 10 as 50 percent of material cost and sequence 20 as 100 percent of total cost. The basis for applying additional costs for sequence 20 is 1.50 (1.00 of material cost plus 50 percent of 1).

Amount Per Unit Select to add this amount to the cost of the item. You can use this method if you determine activity costs and apply those costs to items that consume the activity.

The Transaction Group field defines the point at which you apply the additional costs into inventory:

020 Putaway Select to receive the item into inspection or stock using the transaction group 020 Putaway. For purchased items, this takes place following receiving and inspection, whereas for makeable items this takes place following the completion from a production area and receipt into stock or to another production area. All landed costs use the Putaway transaction group.

030 Usages & Shipments Select to issue the item out of inventory to a customer or to another business unit using the transaction group 030 Usages & Shipments. Costs that are applied at the time of issue are never included in the item's inventory value.

Note. For standard cost items, if you run the Update Production process for the item that is specified, then you cannot change the transaction group selection.

Assign a Cost Element for each additional cost. The cost element selected must have a cost category of *Inbound, Outbound, Landed,* or *Other* entered on the Cost Elements page.

See Also

Chapter 2, "Structuring Your Cost Management System," Using the Cost Elements Page, page 29

CHAPTER 5

Using Standard Costing for Purchased Items

This chapter provides an overview of standard costing for purchased items and discusses how to:

- Calculate standard costs using the Cost Rollup process (CEPCROLL).
- Review standard cost calculations.
- Update the standard costs and inventory values.
- Review standard costs applied to your environment.
- Update standard costs manually.

Understanding Standard Costing for Purchased Items

When items are defined with a frozen standard cost profile, the Transaction Costing process:

- Values all receipts (putaways) at the frozen standard cost.
- Values all depletions using the frozen standard cost.
- Purchase price variance (PPV) is calculated as the difference between the frozen standard cost and the actual cost on the matched, posted, and extracted vouchers.

  The exchange rate variance (ERV) is the change between the exchange rate for material and landed costs on the PO and the exchange rate for material and landed costs on the voucher. These variances are calculated when you run the Transaction Costing process with the Cost Mode of *Regular*. To delay calculation of the variances, run the Transaction Costing process in *Mid Period* mode. Based on the timing of the voucher processing, the Landed Cost Extract process and the Transaction Costing process, the Purchase Price Variance could be computed and posted in two parts: standard vs. PO price, and PO price vs. voucher price, or in one part alone: standard vs. voucher price.

The standard cost of an item can be:

- Calculated using the Cost Rollup process, followed by the Update Production process. This method creates accounting entries to adjust the current on-hand stock to the new standard cost.
- Manually adjusted using the Item Production Costs page for new items that have no activity.

  This method only affects future transactions. The current inventory balance is still based on the old standard cost. This approach is not recommended for most organizations.

See Also

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Defining and Using ChartFields," Understanding PeopleSoft ChartFields

Common Elements Used in This Chapter

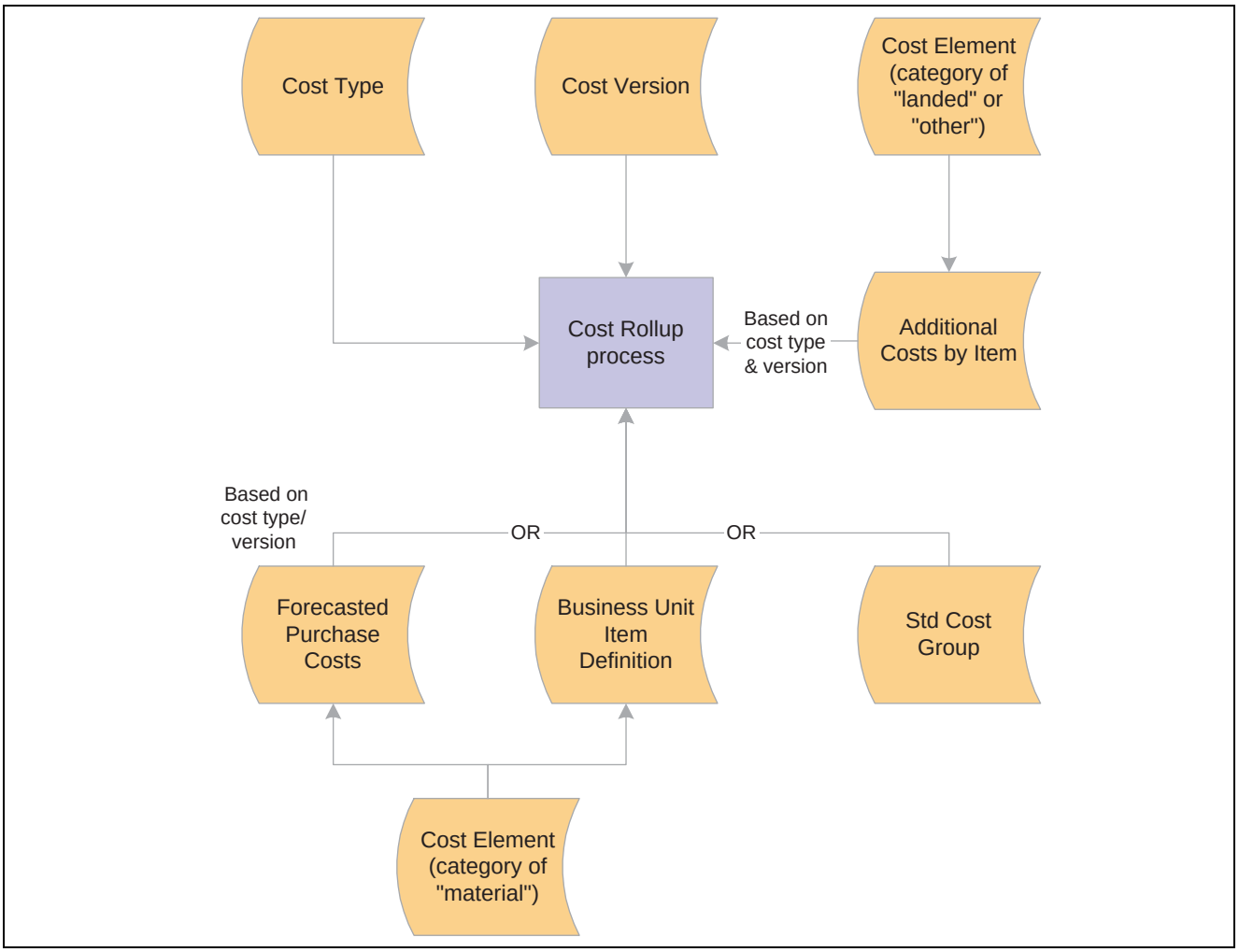
Cost Element	A code used to categorize the different components of an item's cost and also to define the debit and credit ChartField combinations for accounting entries.
Reason Code	Categorizes why the adjustment occurred and can be used later for analysis. The reason type limits the selection to the appropriate reason codes for adjustments.
Source Code	Identifies an item as make, buy, floor stock, expense, or planning. This determines how the system uses the item for the Cost Rollup process and Update Production process (CEREVAL, SFPREVAL, CES5001).
Std UOM (standard unit of measure)	Establish the standard UOM for this item on the Item Definition - General: Common page.

Calculating Standard Costs Using Cost Rollup Process

For purchased items, you can have the system calculate the frozen standard cost using the Cost Rollup process. This process includes one material cost per item and any other additional landed costs. Cost rollups for purchased items do not include any lower level costs, bill of materials, or item routings.

The Cost Rollup process can calculate the standard costs for purchased items. These new standard costs are temporarily stored in the CE_ITEMCOST table where you can review them using several PeopleSoft inquiry pages. If you discover that the new standard costs are incorrect, then you can change the data and then run the Cost Rollup process again. Once you are satisfied with the results, run the Update Production process to freeze and move the new standard costs into the CM_PRODCOST table as the new frozen standard costs. The Update Production process also revalues the current inventory for costing future inventory transactions.

This diagram illustrates the cost rollup for purchased items:



Cost rollup for purchased items

To calculate standard costs for purchased items:

1. Define the standard cost structure using the chapter: “Structuring Your Cost Management System.”
2. Define cost versions.
3. (Optional) Create standard cost groups.
4. (Optional) Use forecasts for material costs.
5. Add landed and miscellaneous costs using the Additional Costs by Item page.
6. Calculate standard costs using the Cost Rollup process.

See Also

Chapter 2, “Structuring Your Cost Management System,” Defining Cost Types, page 15

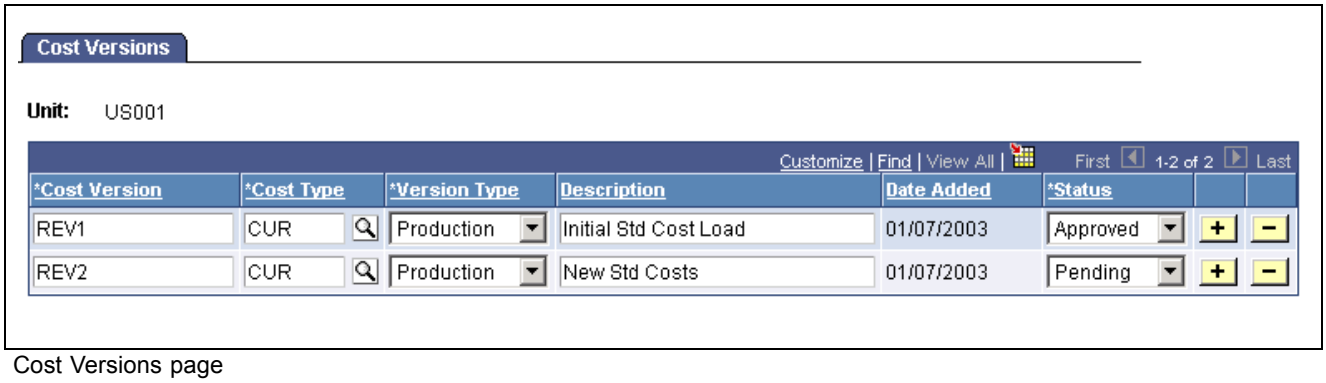
Chapter 5, “Using Standard Costing for Purchased Items,” Defining Cost Versions, page 104

Pages Used to Calculate Standard Costs Using Cost Rollup

Page Name	Object Name	Navigation	Usage
Cost Versions	CE_VERSION	Cost Accounting, Item Costs, Define Rates and Costs, Cost Versions	Create different versions for a cost type to maintain a history of the different costs calculated for each cost type. You can base these cost versions on different sets of assumptions, such as different effective dates or different budgets.
Cost Groups	CM_COSTGROUP	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Standard Cost Groups, Cost Groups	Cost groups (also known as standard cost groups) enable you to group together a set of items for cost rollup and update, comparing costs and reporting inventory value.
Forecasted Purchase Costs	CE_FCST	Cost Accounting, Item Costs, Define Rates and Costs, Forecasted Purchase Costs, Forecasted Purchase Cost	Use negotiated prices for the items as the basis for the standard costs.
Additional Costs by Item	CE_ITEMEXP	Cost Accounting, Item Costs, Define Rates and Costs, Additional Item Costs, Additional Costs by Item	Add other costs to the cost rollup of the items. Examples of additional costs are landed costs such as, duty, freight, inspection, procurement expenses, and material handling.
Cost Rollup Request	CE_ROLLUP_REQ	Cost Accounting, Item Costs, Update Costs, Cost Rollup, Cost Rollup Request	Run this process to calculate the standard cost for the items.

Defining Cost Versions

Access the Cost Versions page.



Cost Versions page

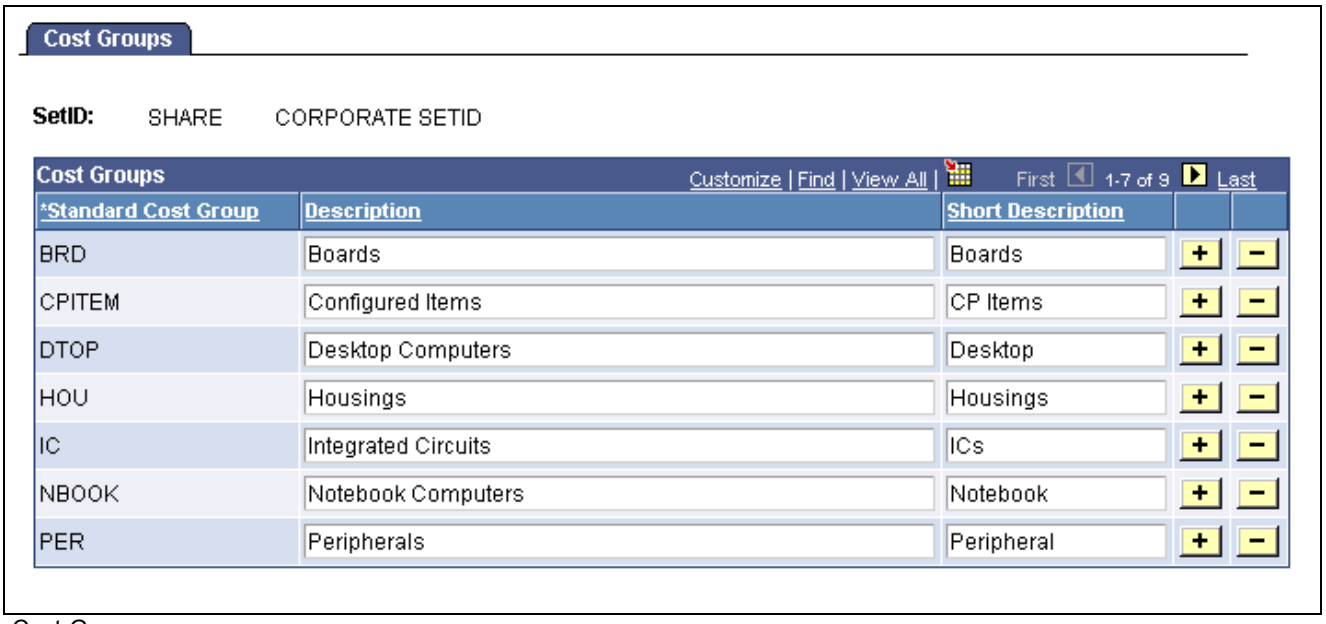
Use this page to define the different cost versions for a cost type. You can create unlimited cost versions for any cost type. By using different versions for a cost type, you can maintain a history of the different costs calculated for each cost type. You can base these cost versions on different sets of assumptions, such as different effective dates or different budgets.

Version Type For purchased items, set this value to *Production.*

Status Each cost version must have a status of *Pending, Denied* or *Approved.* You can only update the standard costs in the live environment when the status is *Approved.*

Creating Standard Cost Groups

Access the Cost Groups page.

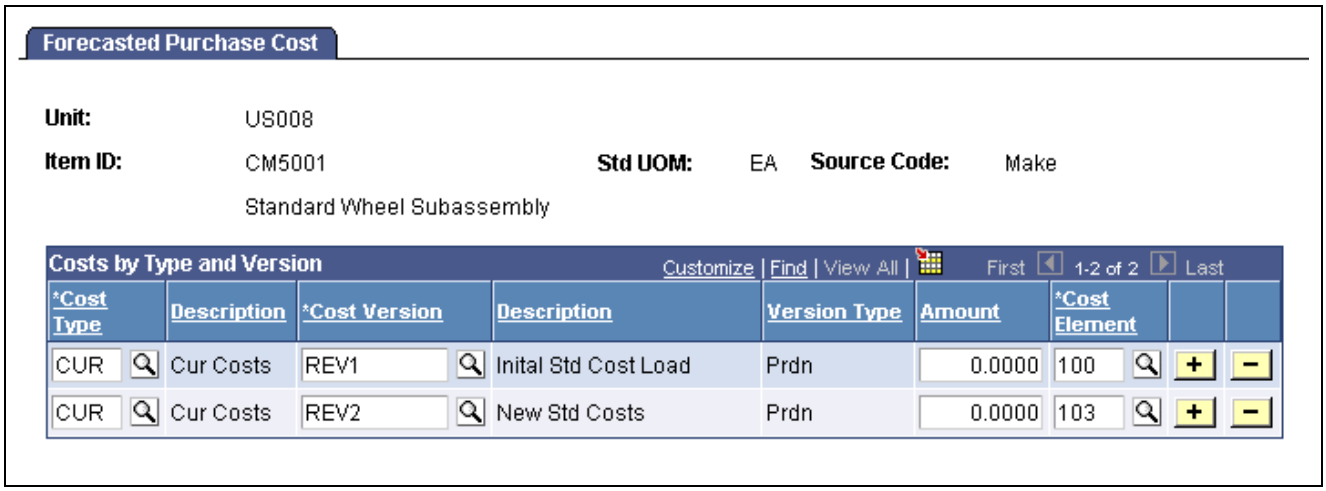


Cost Groups page

Cost groups enable you to group together a set of items for cost roll up and update, comparing costs and reporting inventory value. Add items to the cost group by entering the standard cost group on the item's Define Business Unit Item - General: Common page. Then, enter a standard cost group on the Cost Rollup Request page or the Update Production page instead of defining a range of item IDs.

Using Forecasts for Material Costs

Access the Forecasted Purchase Costs page.



Forecasted Purchase Cost page

Use the Forecasted Purchase Costs page to use a negotiated price as the material cost of the item in the Cost Rollup process. This enables you to use forecasted prices as a basis for the standard cost. The amount that you entered should be the material cost of the item only, exclusive of any freight, duty, landed costs, or procurement expenses. The cost element that you selected must have a cost category of *Material* assigned on the Cost Elements page.

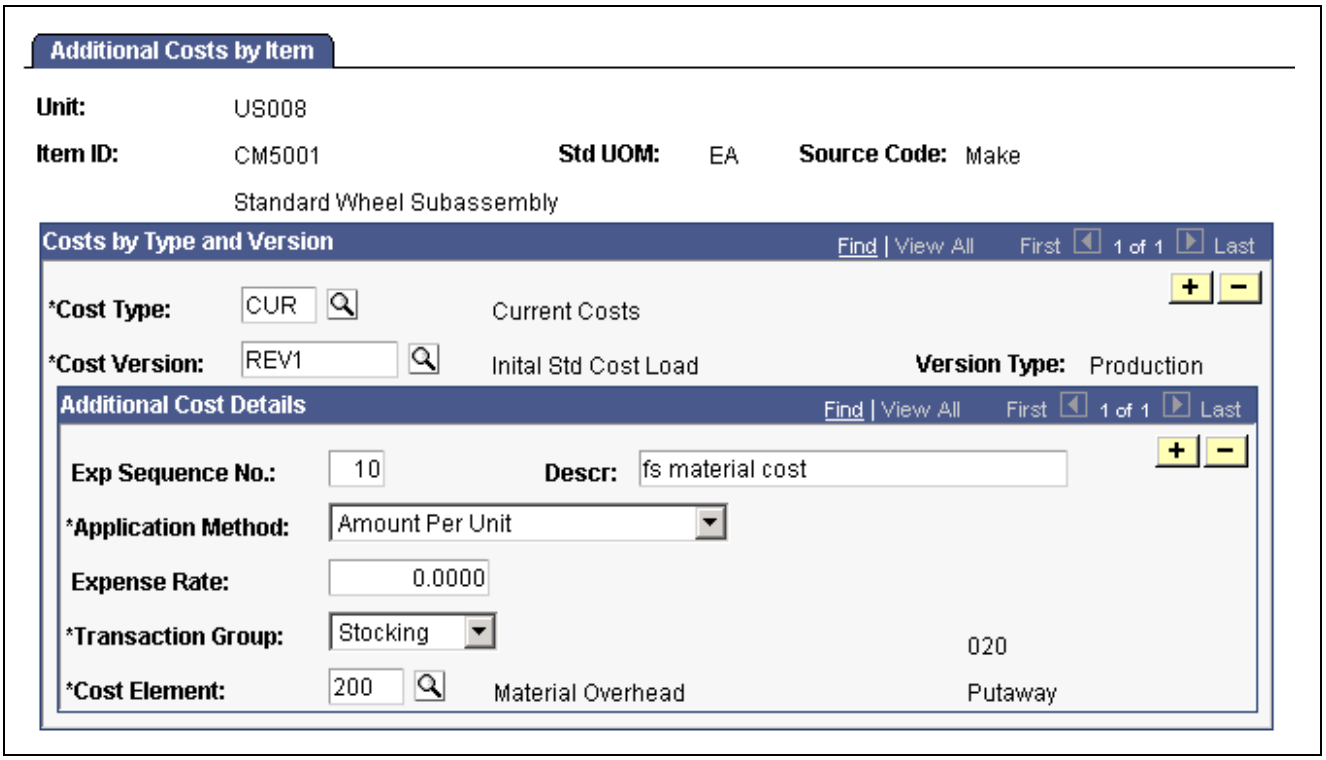
Note. Be sure that the cost type that you select designates *Forecasted* purchase costs as the purchase cost. If you use forecasted purchase costs, define a cost for every purchased item.

See Also

Chapter 2, "Structuring Your Cost Management System," Defining Cost Types, page 15

Adding Landed and Miscellaneous Costs

Access the Additional Costs by Item page.



Additional Costs by Item page

Landed costs and other miscellaneous costs can be added into the standard cost of an item by using the Additional Costs by Item page. You define these additional costs (one cost at a time) for each cost type or cost version combination.

When you use this page to add landed cost components to an item, you can track and analyze the total landed cost for that item. You can set up consigned items as landed cost items; if you do, the system transacts all accrued landed cost charges when the consigned item is consumed. No variances is computed for landed costs applied using this page. See the chapter, “Structuring Landed Costs” for further information.

The Exp Sequence No (expense sequence number) determines the order in which the system applies costs; it is especially critical when it applies the rate to the total cost. For a purchased item, the total cost base includes material and any additional cost previously applied to that point.

Define how the system calculates the additional cost. Application Method values include:

% of Materials Cost (percentage of material cost)	Multiplies the percentage specified by the item’s material cost.
% of Total Costs (percentage of total costs)	Includes material costs plus any previously calculated additional costs as the total cost basis. For example, suppose that the item’s material cost is 1.00 and you define an additional cost for sequence 10 as 50 percent of material cost, and sequence 20 as 100 percent of total cost, then the basis for applying additional costs for sequence 20 is 1.50 (1.00 of material cost plus 50 percent of 1).
Amount Per Unit	This amount is added to the cost of each unit of the item.

The Transaction Group defines the point at which you apply the additional costs into inventory. Select *Stocking* to include these costs in the standard cost calculations.

Note. If you have already run the Update Production process (RUN_CES5001) for the item specified, then you cannot change the transaction group selection.

Enter a cost element for each additional cost. The cost element that you entered must have a cost category of *Landed* or *Other* entered on the Cost Elements page.

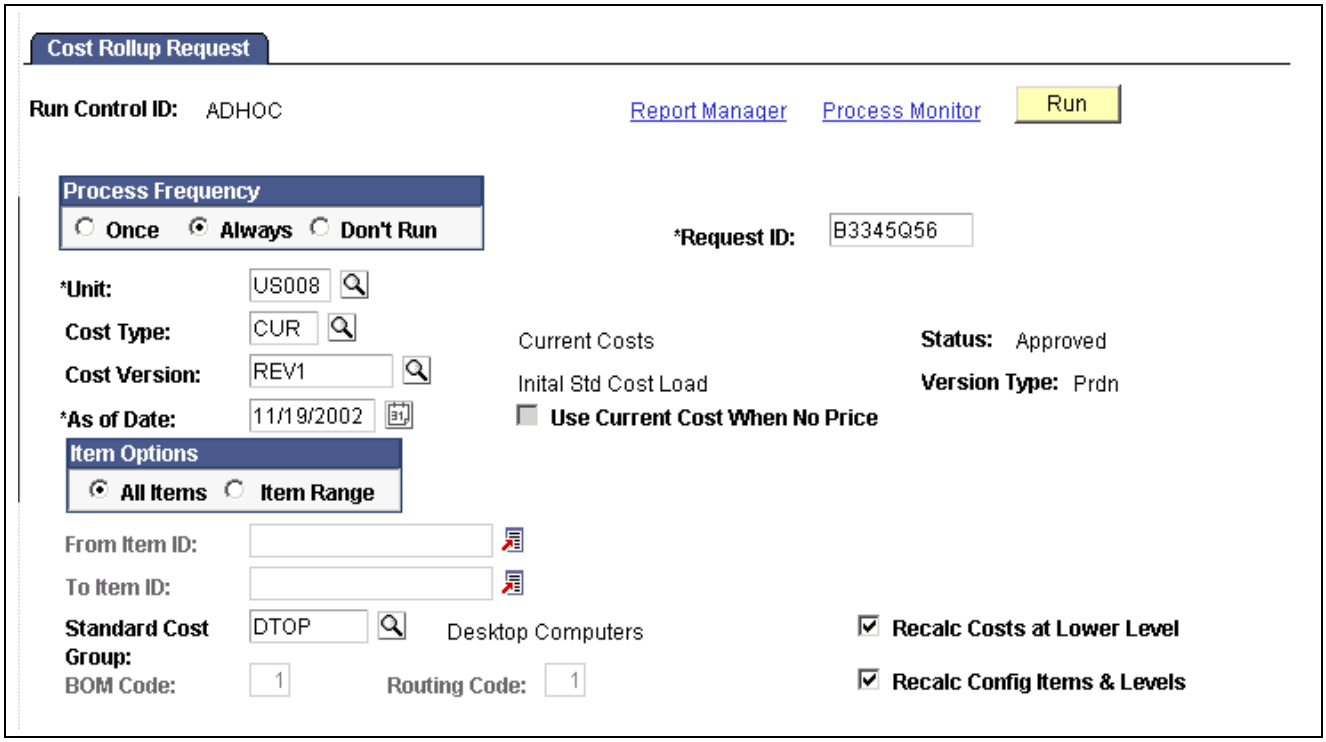
See Also

Chapter 2, "Structuring Your Cost Management System," Using the Cost Elements Page, page 29

Calculating Standard Costs Using the Cost Rollup Process

To calculate the standard cost of an item, use the Cost Rollup (CE_COST_ROLLUP) component.

Access the Cost Rollup Request page.



Cost Rollup Request page

Use the Cost Rollup Request page to perform a cost rollup for a single item, a range of items, or a group of items within a business unit, cost type, or cost version combination.

Cost Type and**Cost Version** Select the combination that you want to calculate. The cost type and version determine which set of material and additional landed costs PeopleSoft Cost Management uses in the cost calculation.

Version Type Displays the version type. The Version Type must be *Prdn* (production) in order for the calculated cost to be used as the system's standard costs. Version type is determined on the Cost Versions page.

Use Current Cost When No Price Select to insure that all items have a material cost. If the method of calculating the material cost results in zero or a nonexistent price, then zero is replaced

	with the current purchase cost on the Define Business Unit Item - General: Common page.
BOM Code	Not applicable for purchased items.
Routing Code	Not applicable for purchased items.
Recalc Costs at Lower Level	Not applicable for purchased items.
Recalc Config Items & Levels	Not applicable for purchased items.

See Also

Chapter 4, “Defining the Cost Foundation for Makeable Items,” Defining Cost Types, page 90

Chapter 4, “Defining the Cost Foundation for Makeable Items,” Defining Cost Versions, page 90

Reviewing Standard Cost Calculations

Before updating the production records with the new costs calculated by the Cost Rollup process, you can review the new cost using several inquiry pages, including:

- Item Costs by Cost Version.
- Items Without a Cost by Version.
- Cost Rollup Exceptions.
- Message Log - Search.

Pages Used to Review Standard Cost Calculations

Page Name	Object Name	Navigation	Usage
Item Costs by Cost Version	CE_ITEMCOST	Cost Accounting, Item Costs, Review Costs, Costs by Cost Version, Item Costs by Cost Version	Displays item costs by type and version.
Cost Element Details	CE_ITEMCOST_DET	Click the Cost Element link on the Item Costs by Cost Version page.	Displays the detailed costs maintained by component ID.
Items Without a Cost by Vers	CE_NOCSTVER_INQ	Cost Accounting, Item Costs, Review Costs, Items without Cost by Version, Items without Costs by Vers.	Displays all items that have no cost calculated. Use after running the Cost Rollup process to verify new standard costs were created for the cost type and version.
Cost Rollup Exceptions	CE_ROLLUP_STAT	Cost Accounting, Item Costs, Review Costs, Cost Rollup Audit, Cost Rollup Exceptions	Use to determine what items were not costed for a specific Cost Rollup process and to view the related error message text.
Message Log-Search	MESSAGE_LOG	Background Processes, Review Message Log, Message Log-Search	Review the status of any background process and view messages for any errors that occurred during the Cost Rollup or Update Production processes.

Updating the Standard Costs and Inventory Values

Once you have reviewed the calculated costs for the items, you can move them into the production cost record using the Update Production process. For a purchased item, this process performs these operations:

- Adds a new effective-dated entry to the production cost record.

  The costs added are the new standard costs associated with the cost type and version that you select.

- Calculates the revaluation of inventory value for all items in stock.

You may want to run the Update Production process in report only mode. This enables you to determine the effects of proposed changes to inventory value.

Revaluing Inventory

Revaluing inventory is the process of updating an item's cost and accounting for the change in inventory value due to the change in frozen standard cost for the item. The process involves calculating the difference in inventory value, recording the difference, and updating the standard costs for the items. Once the system records the updated information, it can be posted to the general ledger through the normal transaction accounting cycle. Because the system bases the revaluation on a snapshot of the inventory, you want to ensure that the inventory value is as correct and accurate as possible to reflect the correct financial picture.

Prior to running the Update Production process to revalue inventory, you must:

1. Put away all pending inventory in the appropriate storage areas using the Complete Putaway process (INPPPTWY).

   This includes all items received from vendors that require inspection, as well as any receipts from another inventory business unit. This ensures that the system can account for all inventory and can calculate and post the correct revaluation amount.

2. Run the complete Depletion process (INPDDEPL) to ensure that the item's quantities at the business unit level match the item's quantities at the location level.

   You must issue all staged items in order for the system to complete the update for the quantity on hand.

3. Run the Transaction Costing process (CM_COSTING) to ensure that all transactions already created throughout the PeopleSoft applications have been costed.

   The transactions do not need to be posted.

4. Prohibit material movement for the business unit by selecting the Prohibit Material Movements check box on the Inventory Definition - Business Unit Definition page.

   No inventory transactions should take place while the Update Production process is revaluing inventory. When it updates the standard costs, the system multiplies the change in standard cost by the quantity on hand for the item in each storage area. By prohibiting material movement, you ensure that the quantity on hand is accurate.

5. Check the Process Monitor to ensure that no one else in the organization is running the Update Production process.

   If you are updating all item costs within the business unit, you should not run two Update Production processes simultaneously.

Pages Used to Update Standard Costs

Page Name	Object Name	Navigation	Usage
Update Production	RUN_CES5001	Cost Accounting, Item Costs, Update Costs, Cost Update/Revalue, Update Production	This process updates the standard costs and performs inventory revaluation.

Updating Product Costs

Access the Update Production page.

Select the business unit, cost type, and cost version with which you want to update the standard costs. The status for the cost type and version type appears and must be set to *Approved.*

The distribution type automatically changes to the distribution type associated with the inventory revaluation transaction group, but you can change it or you can leave it blank.

You have three options for running this process:

Report Only - No Updates Displays the impact of the standard change without actually updating the costs and posting revaluation entries. Running this process in report-only mode gives you a preview of the financial impact of the standards change without affecting the current transaction costing or inventory valuation.

Revalue Inventory and Report	Updates the standard production cost record and calculates the change in all inventory values. Running this report enables you to analyze a specific item should a question arise regarding the revaluation.
Revalue Inventory - No Report	Updates all records discussed in this section but does not print a report detailing the changes.

When reporting, you can also select to print a summary report only or to save variance results. When you choose to run the update in report-only mode and save the variance results, you can review the revaluation results by viewing the Analyze Item Cost Variances or the Variances by Tolerance pages.

Reviewing Standard Costs Applied to Your Environment

After updating the production records with the new standard costs calculated by the Cost Rollup process and applied by the Update Production process, you can review the standard costs using several inquiry pages, including:

- Production Cost by Item.
- Product Cost Updates.
- Items Without Production Cost.
- Variances by Tolerance.
- Analyze Item Cost Variances.
- Message Log - Search.

Pages Used to Review Applied Standard Costs

Page Name	Object Name	Navigation	Usage
Production Cost by Item	CM_PRODCOST_INQ	Cost Accounting, Item Costs, Review Costs, Current Costs by Item, Production Cost by Item	View the standard costs of items.
Prod'n/Standard Cost Detail	CM_PRODCOST_DET	Click the Cost Element link on the Production Cost by Item page.	Displays the detailed costs maintained by component ID.
Production Cost Updates	CE_REVALUE_VERS	Cost Accounting, Item Costs, Review Costs, Cost Update History, Production Cost Updates	Displays the history of cost updates for a business unit. Each time that you update the production costs, the system records the date and time of the update, as well as the cost type and version.
Items Without Production Cost	CM_NOPRDNCST_INQ	Cost Accounting, Item Costs, Review Costs, Items without Current Costs, Items without Production Cost	Determine which items have been added to the business unit but have no costs in the standard production cost record.
Variances by Tolerance	CE_ITEMCVAR_RPT2	Cost Accounting, Item Costs, Review Costs, Cost Updates by Tolerance, Variances by Tolerance	Displays item cost variances outside a percentage tolerance. If you updated production costs, or ran the Update Production process in report-only mode, and elected to save the variance results, you can report those variances at any time.
Analyze Item Cost Variances	CE_ITEMCVAR_RPT	Cost Accounting, Item Costs, Review Costs, Compare Cost Updates, Analyze Item Cost Variances	Displays item cost variances. These variances occur when an item's costs are updated and the old cost differs from the new production costs. This information is visible only if you have actually updated production costs, or you elected to save variance information when you ran the update in report only mode.
Message Log-Search	MESSAGE_LOG	Background Processes, Review Message Log, Message Log-Search	Review the status of any background process and view messages for any errors that occurred during the Cost Rollup or Update Production processes.

Updating Standard Costs Manually

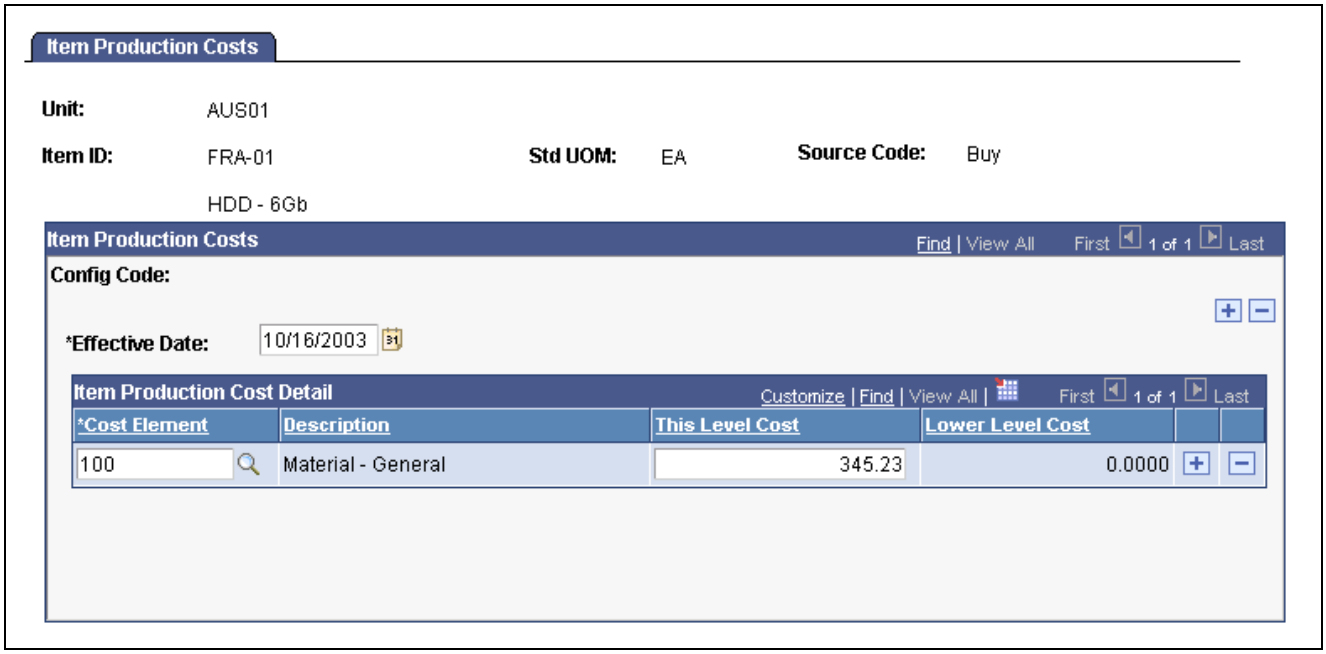
You can manually adjust standard costs by using the Item Production Costs page. You can only use this page to change the standard cost of items that have no activity.

Pages Used to Maintain Standard Costs Without Cost Rollup

Page Name	Object Name	Navigation	Usage
Item Production Costs	CM_PRODCOST	Cost Accounting, Item Costs, Update Costs, Manual Cost Update, Item Production Costs	Add the standard costs for items that are defined as standard costed in at least one business unit book.

Using the Item Production Costs Page

Access the Item Production Costs page.



Item Production Costs page

Use this page to manually add standard costs (material, inbound, or landed costs). The new standard costs are used for future transactions, including shipments from inventory stock (valued at the old standard costs). Use the Cost Rollup process to calculate new standard costs and update current inventory balances to the new standard.

To manually enter a standard cost for an item using this page, the item must be:

- A purchased item. Make items must use the Cost Rollup and Update Production processes to create the standard cost.
- Have no quantity currently in the inventory business unit.
- Not linked to any active standard cost books.

Item costs are effective-dated, and only one standard cost per item can be active within a business unit at any given time. Enter a valid cost element. Enter the amount associated with the cost element in the This Level Cost field.

CHAPTER 6

Using Standard Costing for Makeable Items

This chapter provides an overview of frozen standard costing for make items and discusses how to:

- Use the Cost Rollup process (CEPCROLL) to calculate product costs.
- Perform a cost rollup.
- Review calculated costs.
- Update production costs.
- Review standard costs.
- Calculate costs for PeopleSoft Supply Planning.

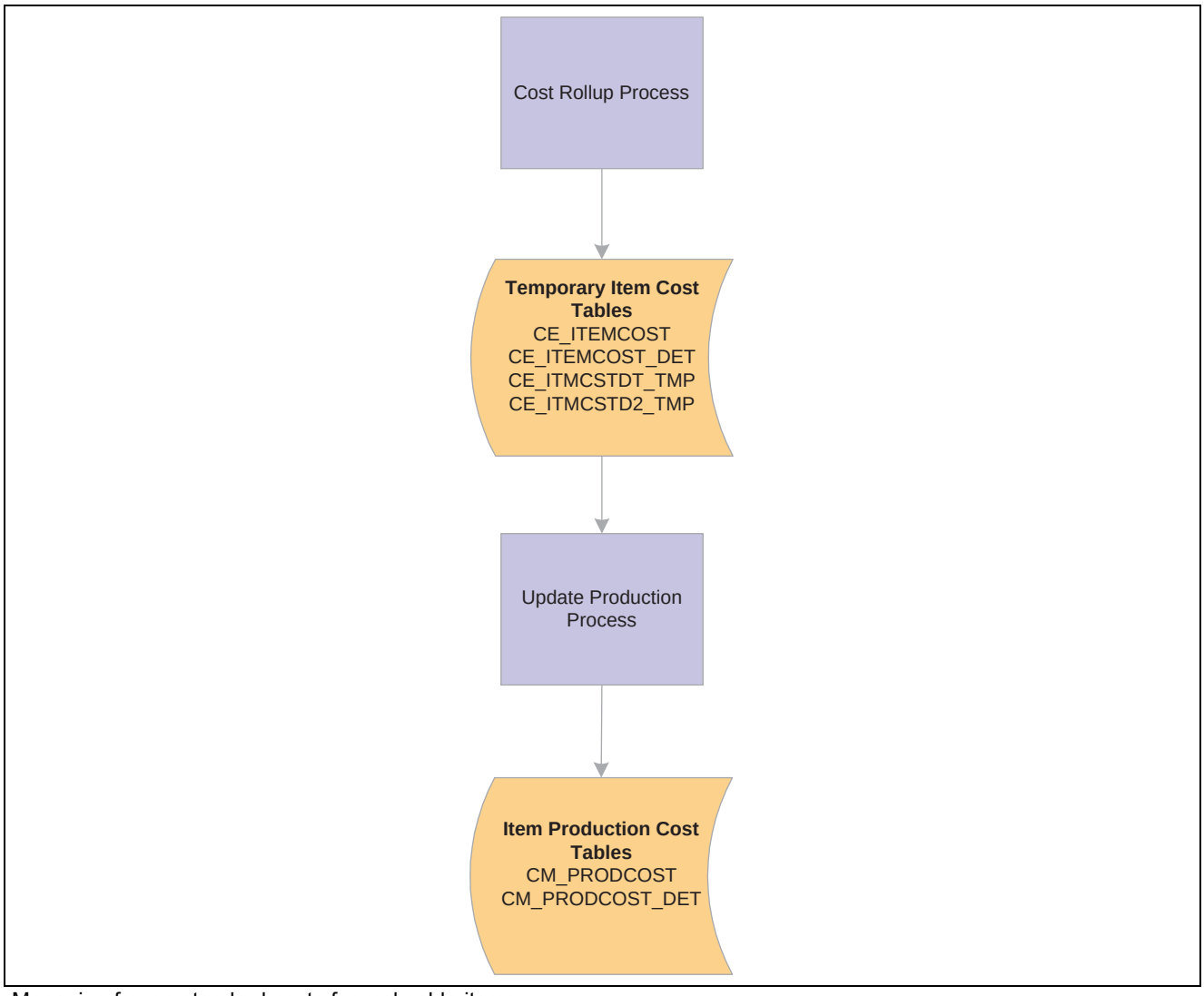
Understanding Production Costs

The Cost Rollup process can calculate the frozen standard costs for make or buy items within a manufacturing or distribution environment. These new standard costs are temporarily stored in the CE_ITEMCOST and CE_ITEMCOST_DET tables where you can review them using several PeopleSoft inquiry pages. If you discover that the new standard costs are incorrect, then you can change the cost foundation, bill of materials (BOM), or routings and then run the Cost Rollup process again. Once you are satisfied with the results, run the Update Production job (CEREVAL) to move the new standard costs into the CM_PRODCOST table that the system uses to cost manufacturing and inventory transactions. The new frozen standard costs are used for future manufacturing, production variances, and valuing inventory. Both the Cost Rollup and Update Production processes accommodate yield by operation transactions by calculating yield loss costs at the operation sequence level, maintaining extended precision cost fields, and storing detailed cost rollup calculations.

For production IDs, completions are recorded at the last operation. Finished goods receive and putaway completed items from Work in Process (WIP). These putaways are posted to TRANSACTION_INV. Completions may also be directed into another production ID.

If the end item is standard cost, the system debits the standard costs to finished goods and credits WIP. This may leave a remainder in WIP if the standard is different than the cost in the production ID. This remainder is cleared from WIP as a variance. When production ID's are closed for accounting, the variances between standard and production costs are computed by the Transaction Costing process and stored in the SF_VARIANCES record. These purchase price variance and exchange rate variance transactions account for the difference between the standard cost of the end items putaway into finished goods and the total costs of the components, plus conversion cost consumption. WIP is cleared either to finished goods or as a variance for all completed and closed production IDs.

This diagram illustrates setting up frozen standard costs for makeable items:



Managing frozen standard costs for makeable items.

Once you have set the foundation for costing, you can calculate and update item costs. In a manufacturing environment, PeopleSoft Cost Management supports standard costing and enables you to easily perform cost simulations, standard cost updates, inventory, inspection, and WIP revaluations using a system that is well interfaced with other PeopleSoft Supply Chain Management applications.

Within a standard cost environment, you calculate the cost of makeable items based on the cost of purchased items, the makeable items product structure, and the list of tasks necessary to put the components together to form the subassembly or assembly.

Once you calculate and approve the item costs, you must put them into effect as the new frozen standard cost in production. Costs based on engineering bill of materials (EBOM) are calculated but are not used to update the standard cost for the item in production. When you have completed this process, PeopleSoft Cost Management revalues all inventories in the inspection, raw material, WIP, and finished goods storage areas at the new standard cost. Additionally, PeopleSoft Cost Management revalues any assemblies or subassemblies in process in production at the new standard. PeopleSoft Cost Management also records an accounting transaction to adjust the general ledger (GL) inventory balances.

You can maintain many standard costs for various production options and cost approaches, however, there is only one frozen standard cost per item that transcends all standard cost profiles and cost books for a business unit.

When production begins, PeopleSoft Cost Management tracks the cost of production, including any variances from the expected results. You have visibility into potential production variances before production is completed, which gives you time to analyze potential problems before they are booked to the GL.

See Also

Chapter 4, "Defining the Cost Foundation for Makeable Items," page 87

Common Elements Used in This Chapter

Conversion Code Define labor, machine, and other conversion costs in the manufacturing process. Use conversion codes to define conversion rates associated with work centers or tasks. In the case of subcontracted tasks or operations, the rate should represent the cost of preparing and sending the item to the subcontractor for outside processing.

Conversion Overhead Code Define the different types of overhead costs used in the manufacturing process. Use conversion overhead codes to define conversion overhead rates associated with work centers or tasks. You can specify up to four conversion overhead codes for the work center or task.

Cost Element Categorize the components of an item's cost. When you perform a cost rollup, you maintain an item's cost by cost element. Cost elements also help define the debit and credit ChartField combinations in transaction processing.

Cost Type Creates separate costing groupings with different methods of costing, such as current, revised, or forecasting. The cost type also defines how purchased components are calculated.

Cost Version Once you have determined the cost types, you can use cost versions to determine how many iterations or versions of costs you want to calculate. By using different versions for a cost type, you can maintain a history of the different costs calculated for each cost type. You can base these cost versions on different sets of assumptions, such as different BOMs (manufacturing versus engineering), effective dates, different labor rates, or different budgets that determine the overhead expenses.

Lower Level Costs Costs associated with the components used on the assembly.

Source Code Identifies an item as *make, buy, floor stock, expense,* or *planning.* This determines how the system uses the item during the Cost Rollup and Update Production processes.

Standard Cost Group Standard cost groups (also know as cost groups) enable you to group together a set of items for cost roll up and update, comparing costs and reporting inventory value.

This Level Costs Costs associated with manufacturing a specific assembly item.

Costing Conversion Overhead Rates Establishes the rates to use for overhead costs based on the units produced, labor and machine hours, or labor and machine costs. The rates are based on business unit, cost type, cost version, conversion overhead code, and cost element. You can establish several different rates.

Costing Conversion Rates Establishes the rates to use for labor and machine costs in the production process. You can enter fixed run, run, postproduction, and set up rates for both labor and machine. The rates are based on several factors including business

unit, cost type, cost version, conversion code, and cost element. This structure gives you flexibility to set up and use several different rates.

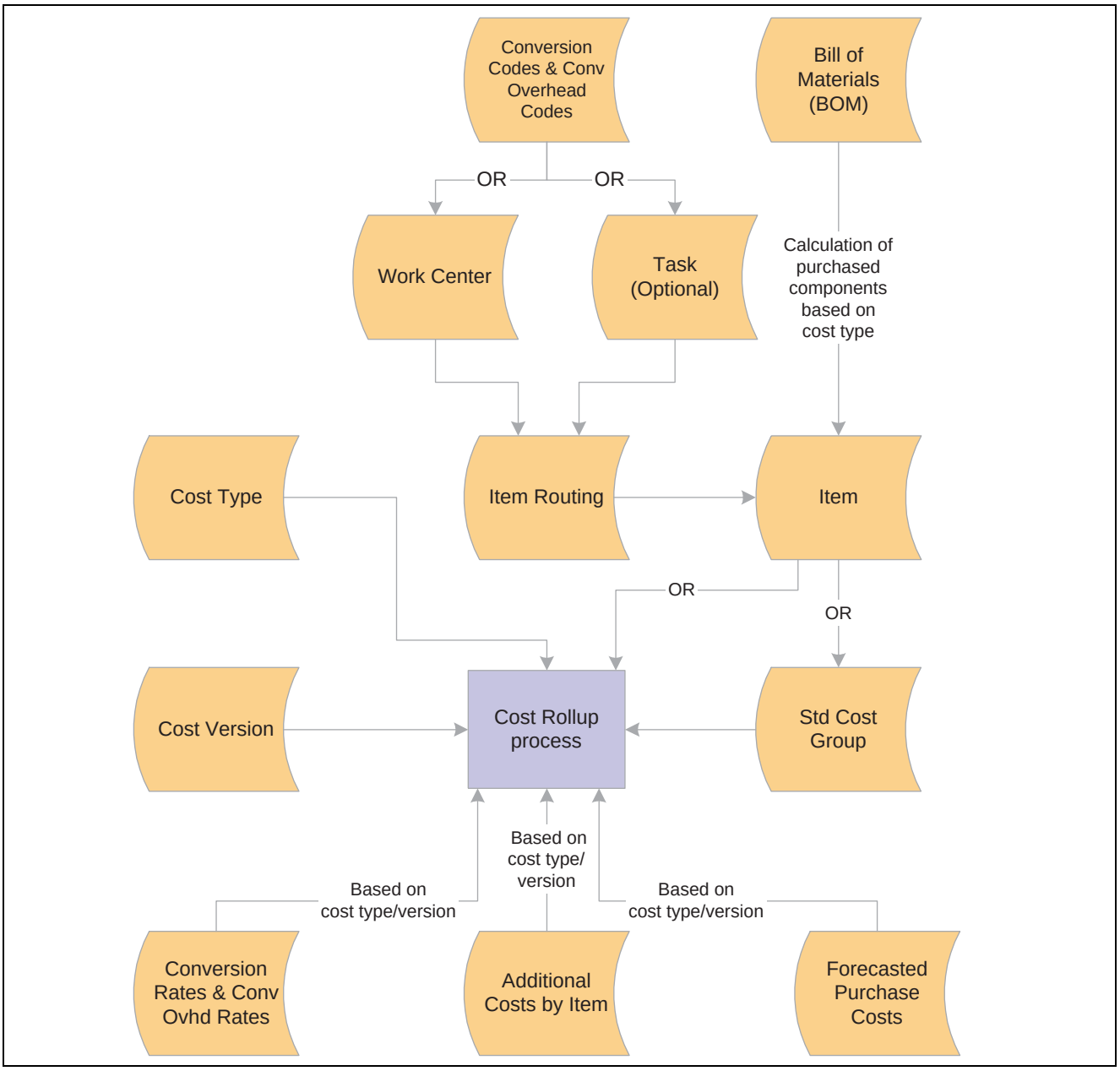
Using the Cost Rollup Process to Calculate Product Costs

The Cost Rollup process calculates the standard cost for an item based on:

Bill of Materials (BOM) The BOM contains the component materials for the end item. These component material costs can be purchased components and subassemblies (both manufactured and subcontracted). The Cost Rollup process includes the cost of purchased items, the lower-level costs of manufactured subassemblies, and the cost of subcontracted assemblies. For configured items, the component list from the production order is used instead of the BOM.

Routing (Optional) The routing contains information about the operations and work centers required for producing the item. Associated with the routings are the labor, machine, subcontracting, and overhead rates that the system uses for the cost rollup of a particular cost type and version. The Cost Rollup process uses the *costing* rate type for labor and machine setup, run, fixed run, and postproduction times or rates. For configured items, the system uses the operation list from the production order instead of the routing.

This diagram illustrates the calculation of the cost of manufactured items:



Calculating the cost of a manufactured item

The Cost Rollup process uses several elements to compute the frozen standard costs, including:

Cost Type Define different cost types, such as current, revised, and forecasted costs, to create a working space for cost calculations. You perform cost rollups based on cost types. For example, you can set up a cost type of CUR for the current production costs.

Cost Version Cost versions are a subset of cost types that enable you to have different versions or simulations of the costs. For example, for the cost type CUR (current production costs), you could have a current production version (PRD1) and an engineering version (ENG1) for cost calculations.

Cost Element Cost elements categorize the different components of an item's cost, such as, material, labor, and machine costs. They are used on reports and inquiries

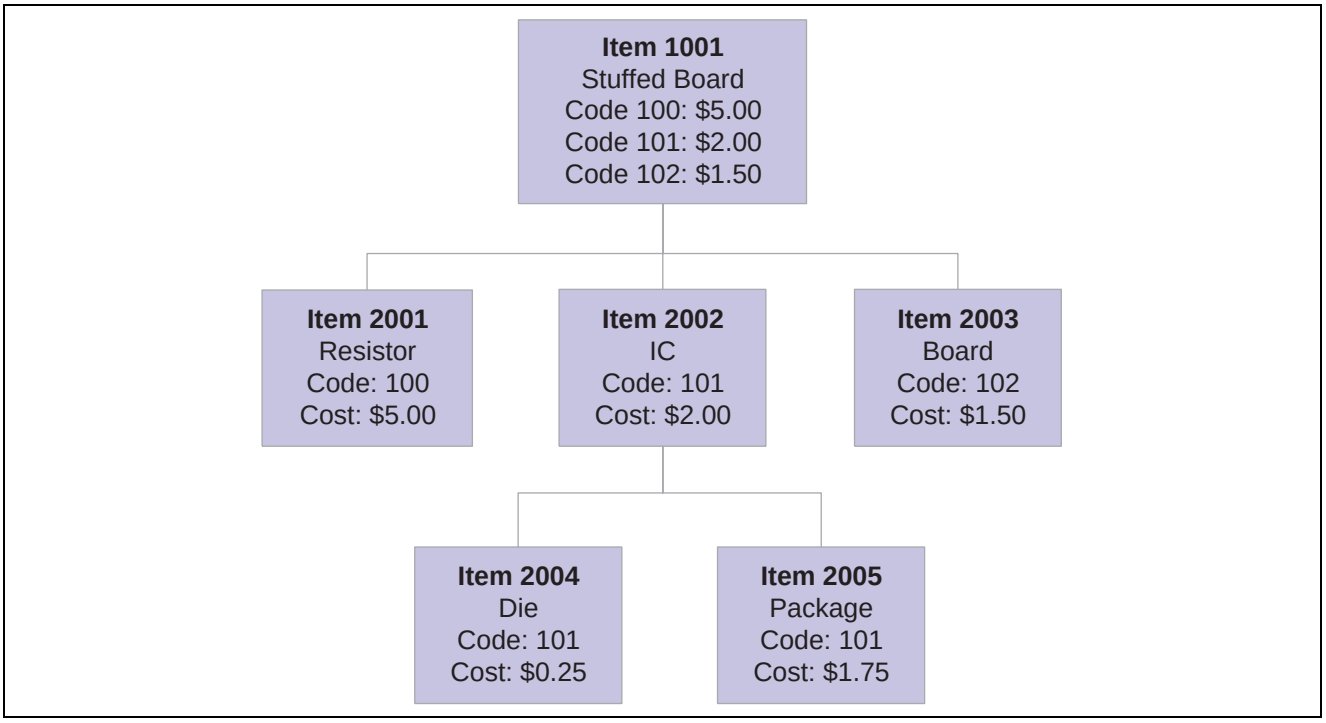
	of the rolled up costs of a manufactured item. They can also be used to post accounting entries for inventory transactions. You could create the cost elements, for example, 300 for recording labor setup costs, 301 for recording labor run, and 501 for overhead - machine based costs.
Conversion Codes	Conversion codes define labor, machine, and other conversion costs in the manufacturing process. Use conversion codes to define conversion rates associated with work centers or tasks. For example, you could create the conversion code 4403 (painter) for conversion costs related to painting.
Conversion Overhead Codes	Conversion overhead codes define the different types of overhead costs that are used in the manufacturing process. Use conversion overhead codes to define conversion overhead rates associated with work centers or tasks. For example, you could create the conversion overhead codes of 6504 for depreciation and 6507 for electricity usage.
Costing Conversion Rates	Define the rates to use for labor and machine costs in the production process. You can create a variety of costing scenarios using different cost types, cost versions, and conversion codes. For example, you can set the labor setup rate to 8 per hour for the CUR cost type, PRD1 cost version, 4403 (painter) conversion code, and store the results in the cost element 300 (labor setup). Then you can create a different labor run rate of 9 per hour for the CUR cost type, PRD1 cost version, 4403 (painter) conversion code, and store the results in the cost element 301 (labor setup).
Costing Conversion Overhead Rates	Establish the rates to use for overhead costs based on the units produced, labor or machine hours, or labor or machine costs. You can establish several different rates based on business unit, cost type, cost version, conversion overhead code, and cost element. For example, you can set up the depreciation costs as 5 /machine hour for the CUR cost type, PRD1 cost version, 6504 (depreciation) conversion overhead code, and store the results in the cost element 501 (overhead - machine based).
Work Centers and Tasks	Once you have set up the cost foundation, use the conversion codes and the conversion overhead codes to define the labor and machine cost for the work centers or tasks. You can specify up to four conversion overhead codes for the work center or task. For example, for the work center, PAINT01, you can add the conversion code 4403 (painter) for conversion costs related to painting. You can also add the conversion overhead code of 6504 for depreciation on the paint machines.
Item Routing	You then define the item's routing to include these work centers and tasks within the operation sequences. The routing also defines the operation time for any operation sequence. For example, for the operation sequence 50, you could record that is takes 2 hours of labor setup, 4 hours of labor run, and 1 hour of machine time.
Item	The item definition for a manufactured item includes the item routing to be used and the BOMs. This information is recorded on the Define Business Unit Item - Manufacturing page. For example, for the item SR1001 (touring bike) this page defines where to get the item routing and BOM.
Cost Rollup Process	The Cost Rollup process uses the item routing, cost type, and cost version to determine the labor, machine, subcontracting, and overhead costs. For example, if the cost rollup process uses the cost type of CUR and the cost

version of PRD1, with the item ID SR1001, then the conversion costs for the operation sequence 50 would be:

- Labor setup costs: 8 per hour * 2 hours = 16 categorized by cost element 300 and conversion code 4403.
- Labor run costs: 9 per hour *4 hours = 36 categorized by cost element 301 and conversion code 4403.
- Overhead costs: 5 per machine hour *1 hour = 5 for machine depreciation categorized by cost element 501 and conversion overhead code 6504.

  The Cost Rollup process uses the item's BOM to calculate materials costs. Select the method for calculating the cost of purchased components on the Cost Type page. You can add additional costs to the Cost Rollup process using the Additional Costs by Item page.

The Cost Rollup process must calculate the cost at each of the levels of a product's structure, as well as the final cost. For example, if an item has a BOM or component list like the one in this diagram, the cost rollup must calculate the cost of item 2002 before it can calculate the cost of item 1001:



Example of a cost rollup

In this example, the costs associated with items 2004 and 2005 would be lower-level or component-level costs for item 2002. The cost of 2002, when you add it to items 2001 and 2003, becomes the lower-level or component costs for item 1001. The labor, machine, and overhead costs associated with manufacturing item 2002 are this-level or assembly-level costs for 2002. However, they would become lower-level or component-level costs when associated with item 1001. Item 1001 would have its own set of this-level or assembly-level costs, associated with putting items 2001, 2002, and 2003 together.

See Also

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Understanding PeopleSoft Enterprise Manufacturing"

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Maintaining Bills of Material," Prerequisites

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Understanding PeopleSoft Enterprise Manufacturing," Rounding Rules in Manufacturing

Understanding the Types of Cost Rollups

You can use the Cost Rollup process to determine the standard cost for makeable items, configured items, engineering items, purchased items, and simulations. Only cost rollups of manufactured, purchased, and configured items can be used to update production costs (the CM_PRODCOST table). The system calculates engineering and simulation costs for reporting and comparison purposes.

The Cost Rollup process performs in basically the same way for the different types of items. The only difference is where the cost calculation obtains the information to determine the material and labor costs for the item.

Type of Item in Rollup	Material Costs From	Labor, Machine, Subcontracting, Overhead Costs From	Can Update Std Costs?
Manufactured	Primary manufacturing BOM code 1.	Primary production routing code 1 or the reference item routing, if one is specified for the item.	Yes
Configured	Component list.	Operation list.	Yes
Engineering	Any manufacturing BOM or engineering BOM. BOM code 1 is used for all lower levels.	Any production routing or engineering routing. Routing code 1 is used for all lower levels.	No
Simulation	Any manufacturing BOM code. BOM code 1 is used for all lower levels.	Any production routing. Routing code 1 is used for all lower levels.	No

Rolling Up Configured Items

There are two options for calculating standard cost for a configured item using the Cost Rollup process:

Costing The Cost Rollup process calculates the item's cost based on its BOM and routing. The standard cost is stored by item ID. One item could have multiple configuration codes but all configurations of the same item use the same standard cost.

Configuration Costing The Cost Rollup process calculates the item's cost based on the component list and operation list from the latest production ID. The system stores the standard cost according to the combination of item ID and configuration

code. Choose configuration costing by selecting the check box on the Define Item - Configuration page.

The roll up of a configured item using configuration costing does not include co-products, by-products, or yield by-operation details. However, the system maintains detailed costs for configured items according to component ID and operation sequence. It stores these detailed costs in the CE_ITEMCOST_DET and CM_PRODCOST_DET tables. It also summarizes these costs according to cost element and stores them in the CE_ITEMCOST and CM_PRODCOST tables.

See Also

PeopleSoft Enterprise Product Configurator 8.9 PeopleBook, "Using PeopleSoft Product Configurator," Establishing Configured Production Costs

PeopleSoft Enterprise Managing Items 8.9 PeopleBook, "Defining Items by SetID," Defining Configuration Attributes for an Item

Rolling Up Costs with Multiple Outputs

If the output of a production run is more than one item, then the cost is allocated. Multiple outputs include:

- Co-products.
- By-products.

Costing Co-Products

If a single manufacturing process generates multiple items, you can allocate the batch cost across the primary and co-products to determine the per unit cost of each end item. When it explodes a co-product for a multiple output BOM during Cost Rollup process, the system uses the Associated Primary BOM to determine the correct lower-level structure. An associated primary must therefore exist in this case for the rollup to occur. The BOM and routing code combination that the system used to explode the co-product must also exist.

Note. The system calculates a co-product's cost by multiplying the total cost of the batch (including the recycle and waste by-product costs) by the cost percentage for the co-product (as specified on the BOM Maintenance - Outputs page), then dividing by the expected output quantity of the co-product.

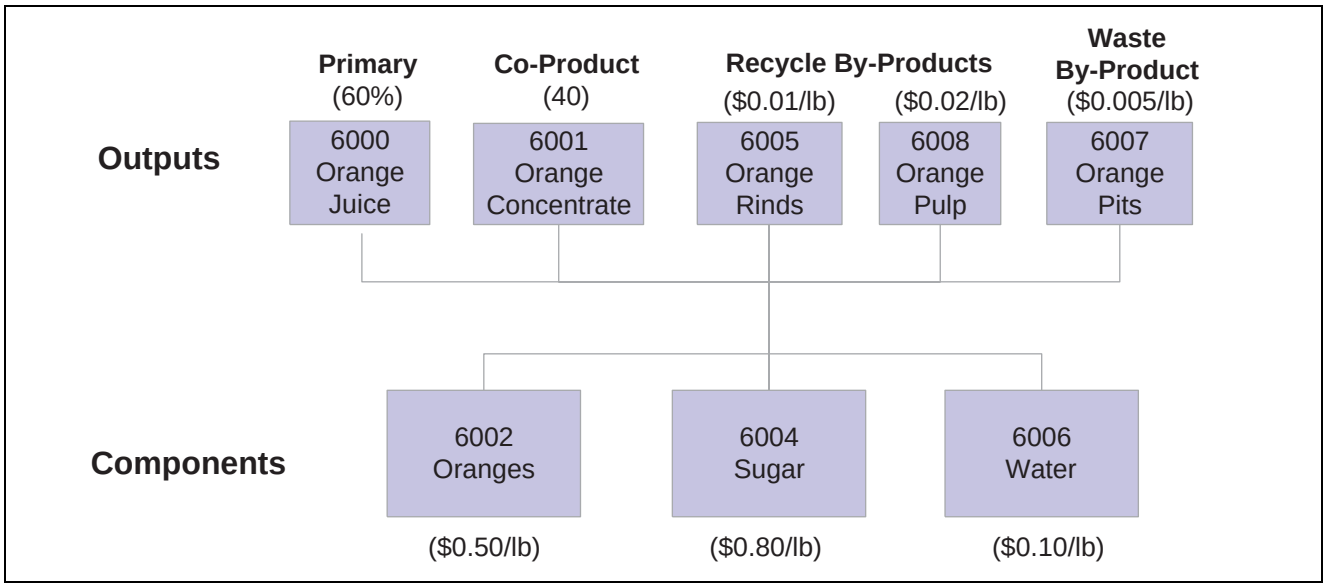
Costing By-Products

By-products can be of two types: recycle and waste. The system calculates cost relief for recycled by-products by multiplying the quantity and the cost of the recycle by-product. This cost relief is subtracted from the lower-level costs. The system treats recycled by-products as a negative cost, because they can be used as an input to another process. The cost used is determined by the purchase cost as specified for the cost type that you selected on the Cost Rollup Request page.

Note. A recycled by-product must have the same cost element (with a cost category of material) as another component or waste by-product; otherwise, the item is not costed. This reduces the chance of a material element producing a negative value. If the cost element becomes negative, due to a recycle by-product cost relief, the system does not cost the item and an error message is printed on the Cost Rollup Exceptions page.

The system treats waste by-products as positive or zero cost. They either add to the cost of the product, such as the cost of disposing it, or have no associated cost. The system determines the cost used for waste by-products by multiplying the quantity and the cost of the waste by-product. It adds this cost to the material costs.

This diagram illustrates an example of a cost rollup with multiple outputs:



Example of a cost rollup with multiple outputs

In this example for orange juice processing, you have these outputs: primary (orange juice), co-product (orange concentrate), recycle by-products (orange rinds and orange pulp), and waste by-product (orange pits). The components are oranges, sugar, and water.

Calculate the material costs by multiplying the quantity of each component by the standard cost:

Oranges: (5lb * 0.50) = 2.50

Sugar: (1lb * 0.80) = 0.80

Water: (10Gal * 0.10) = 1.00

Total Material Costs = 4.30

Calculate the by-product costs as:

Orange Rinds: (2lb * 0.01) = -0.02 (Cost is negative, because the recycled by-products are viewed as a cost benefit.)

Orange Pulp: (1lb * 0.02) = - 0.02

Orange Pits: (2lb * 0.005) = 0.01 (Cost is positive, because it is a disposal cost.)

Total By-Product costs = - 0.03

Total Costs = Material Costs + By-Products Costs = 4.30 + (-0.03) = 4.27

To determine the primary and co-product costs, multiply the total costs by the cost percentage.

Orange Concentrate = 40% * 4.27 = 1.71

Orange Juice = 4.27 − 1.71 − 2.56

Calculate the standard cost of the primary and co-product by dividing the apportioned costs by the output quantity of each item.

See Also

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, “Maintaining Bills of Material,” Understanding BOM Maintenance

Rolling Up Costs for Yield by Operation Items

For yield by operation transactions, the Cost Rollup process calculates the yield loss for each operation sequence where the operation yield is less than 100 percent.

The Cost Rollup process performs these steps to calculate yield by operation transactions:

1. Calculates and inserts costs into the temporary tables CE_ITMCSTDT_TMP and CE_ITMCSTD2_TMP by applying the operation yield at the operation sequence where they are first introduced.

   Each subsequent operation sequence uses the results of the previous operation sequence. Subsequent costs take the form (cost (from original OpSeq) / operation yield %) - cost from original OpSeq.

   All components with an invalid or zero operation sequence are applied to the first operation sequence that you defined for the routing code specified. All by-products with an invalid or zero operation sequence are applied to the last operation sequence for the routing code. For by-products, the process uses the operation yield of this last operation sequence.

   This example demonstrates how subsequent costs are created as existing costs from earlier OpSeqs move through subsequent OpSeqs where Operation Yield<100 percent.

   a. The first operation sequence (OpSeq 10) has an operation yield of 100 percent. The cost is 10. Processing begins at the second OpSeq, because the first OpSeq processing is already complete.

   b. The second operation sequence (OpSeq 20) has an operation yield of 96 percent. Using the formula (Cost (from original OpSeq) / Operation Yield %) - Cost (from original OpSeq), then the additional cost for the cost originally introduced in OpSeq 10 would be 10/96% - 10 = 10.4167-10=0.4167.

   c. The third operation sequence (OpSeq 30) has an operation yield of 98 percent. The additional cost for the cost originally introduced in OpSeq 10 would be ((10/96%)/98%) – 10/96%) = (10.6293-10.4167)=0.2126.

   d. Therefore, the total cost is 10 + 0.4167 + 0.2126 = 10.6293 (which is the same as 10 * expected completions at OpSeq 30 = 10 / (.96*.98) = 10.6293.

2. Once the system processes all the specified operation sequences, it moves the cost data into the CE_ITEMCOST_DET table.

Performing a Cost Rollup

Within a standard cost environment, you can calculate the cost of makeable items by running the Cost Rollup process.

To calculate product costs:

1. Verify the cost foundation has been defined for the items. See the chapters, “Structuring Your Cost Management System” and “Defining the Cost Foundation for Makeable Items.”
2. Check the item default values, including the source code, standard cost group (optional), and cost element in the Define Business Unit Item component.
3. Confirm that the items have a BOM.

   If you are rolling up the costs to a configured item, verify that you have a component list on the production ID.
4. (Optional) Confirm that the items have an item routing.

   If you are rolling up the costs to a configured item, verify that you have an operation list on the production ID.

5. Use the Cost Rollup Request page to run a cost rollup and calculate the new standard cost for the items.

See Also

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Maintaining Bills of Material"

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Structuring Routings"

Chapter 4, "Defining the Cost Foundation for Makeable Items," page 87

Pages Used to Perform the Cost Rollup Process

Page Name	Object Name	Navigation	Usage
Define Business Unit Item - Manufacturing	MFG_ATTRIB	Items, Define Items and Attributes, Define Business Unit Item, Manufacturing	Select the source code for each item. The source code determines whether or not an item is included in the Cost Rollup process.
Define Business Unit Item - General	GEN_ATTRIB_INV	Items, Define Items and Attributes, Define Business Unit Item, General	Enter the cost element for each item. The Cost Rollup process and Update Production process use cost elements to categorize the components of an item's cost. For purchased items that are components of a manufactured item, enter the current purchase cost. This insures that a default price is available for cost rollup.
Manufacturing BOMs - Summary	EN_BOM_MAINT	Manufacturing Definitions, BOMs and Revisions, Maintain BOMs and Revisions, Manufacturing BOMs, Summary	Verify that a BOM exists for the makeable items.
Define Routings - Summary	EN_RTG_SUMMARY	Engineering, Routings, Define Engineering Routings, Summary Manufacturing Definitions, Resources and Routings, Routings, Define Routings, Summary	Verify that a routing exists for the makeable items.
Cost Rollup Request	CE_ROLLUP_REQ	Cost Accounting, Item Costs, Update Costs, Cost Rollup, Cost Rollup Request	Run this process to calculate the standard cost for makeable items. Based on the cost type and version, you can rollup any combination of BOM and routing for production, configured, engineering, simulations. The process calculates the cost of co-products and by-products.

See Also

Chapter 4, "Defining the Cost Foundation for Makeable Items," Understanding the Manufacturing Standard Cost Foundation, page 87

Chapter 4, "Defining the Cost Foundation for Makeable Items," Defining Cost Versions, page 90

Defining Item Default Values

These default values influence the Cost Rollup process.

Source Codes

The item's source code determines how the item is used for the Cost Rollup and Update Production processes. Define each item's source code on the Define Business Unit Item - Manufacturing page. The options are:

Buy	This is a purchased item. No lower-level costs are calculated; therefore, any BOM or routings attached to this item are not used in cost calculations.
Expense	This item is expensed when received in an inventory business unit. The cost of this item is never included in the Cost Rollup and Update Production processes. You can specify the item on a BOM to call out the material requirement, but the cost is not included in the standard cost rollup.
Floor Stock	This item is expensed when issued to production. The cost of this item is never included in the Cost Rollup and Update Production processes. You can specify the item on a BOM to call out the material requirement, but the cost is not included in the standard cost rollup.
Make	This is a manufactured (makeable) item. The Cost Rollup and Update Production processes calculate and post new frozen standard costs for this item. Makeable items are assemblies or subassemblies that are manufactured in house, purchased from a subcontractor, or by a combination of both.
Planning	This is an item used only in PeopleSoft Supply Planning. The item is never included in the Cost Rollup and Update Production processes.

Routing

On the Define Business Unit Item - Manufacturing page, specify which production routing the item uses when the system determines the assembly item's this level labor, material, and overhead costs.

Average Order Quantity

The item's average order quantity indicates the typical batch or lot size that you use to produce this item. Define each item's average order quantity on the Define Business Unit Item - Manufacturing page. This is the quantity that you expect to produce in one production ID or production schedule based on the BOM.

If a BOM quantity on a bill is greater than 1, the component's per order quantity is spread over the BOM quantity. For example, Assembly A has a BOM quantity of 100; Component B used on A has a per order quantity (QPA, or quantity per assembly) of 1500. Therefore, the use of B for a single A is 15 (1500/100). When entering the QPA, the BOM maintenance supports a precision of 4 places to the right of the decimal. You have the option to define the calculated QPA precision that the system maintains when it determines the item's cost. On the Installation Options - Manufacturing page, you select a precision anywhere from 4 to 10 places to the right of the decimal. If the BOM and associated process results in multiple outputs (primary, co-products, and by-products), the BOM quantity must be set to the item's average order quantity.

If you use economic order quantities or average order quantities with setup, fixed run, and postproduction times, the system must prorate the cost of these processes over the order quantity to determine a per unit cost. The system determines per unit setup, fixed run, and postproduction cost by dividing the cost of each process by the average order quantity. Typically, the system calculates this at the operation level, then sums it to provide the total cost.

Cost Groups

(Optional) You can use cost groups to select a set of items to process for the Cost Rollup process and the Update Production process. Enter the group in the Standard Cost Group field on the Define Business Unit Item - General page.

Cost Elements

The Cost Rollup process and Update Production process use cost elements to categorize the components of an item's cost. Cost elements are also used when costing a transaction. Enter the cost element for the item's material costs on the Define Business Unit Item - General page. For both purchased and makeable items, enter a cost element in the material cost category.

Used in Manufacturing Check Box

Any item that can have a BOM or routing, or that can be a component on a BOM or component list, or is associated with a production area, or is used on a production ID or production schedule, must be identified for manufacturing. Select the Used in Manufacturing check box on the Item Business Unit Definition - General: Costing page.

See Also

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Maintaining Bills of Material," Prerequisites

PeopleSoft Enterprise Managing Items 8.9 PeopleBook, "Defining Items by Business Unit," Defining Basic Business Unit Item Attributes

Using the BOMs

The manufacturing bill, engineering bill, or component list determines the structure of the item and therefore the associated lower-level costs.

PeopleSoft Cost Management uses BOM yield or component yield loss to account for the loss of components during the manufacturing process. For costing purposes, the cost of the assembly item can, therefore, take into account the expected loss of components in production. In this instance, the system inflates the cost of the component by the component's yield.

Cost rollups do not include the cost of floor stock, expensed, subcontract supplied, or non-owned items. Consigned items are included in the item's cost as they are considered owned upon consumption.

If you roll up an assembly item that has no owned components, only non-owned and parts supplied by a subcontractor (Subsupply flag is set to Yes), the cost rollup does not calculate any lower-level material costs but still rolls up labor costs for that item.

See Also

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Maintaining Bills of Material"

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Maintaining Component Lists"

Using Item Routings

The production routing, engineering routing, or operation list documents the operations that are necessary to assemble the item. In the Cost Rollup process, the system considers only the routings or operation lists of those items whose source code you have defined as *Make.*

When calculating conversion costs for an operation, you must consider the crew size of the operation. For example, if the crew assigned to a work center consists of three people, multiply the labor run cost by three.

As it does with crew size, the system multiplies the machine cost of an operation by the number of machines assigned to the work center in which the operation takes place.

When the conversion rate associated with the code assigned to the operation is expressed in terms of a cost per unit, as opposed to a labor or machine rate per hour, you must specify the corresponding costing time type on the routing or operation list in order for the system to include the cost. For example, suppose that you specified a labor run cost of 1.00 per unit in the conversion code associated with the operation. There must be a costing labor run time in the routing or operation list in order for the system to include that 1.00 in the item's cost.

When you specify an operation's costing times and run rates in terms of days, the system factors the rate by the work center's average daily capacity to determine the total number of hours it requires to complete the operation.

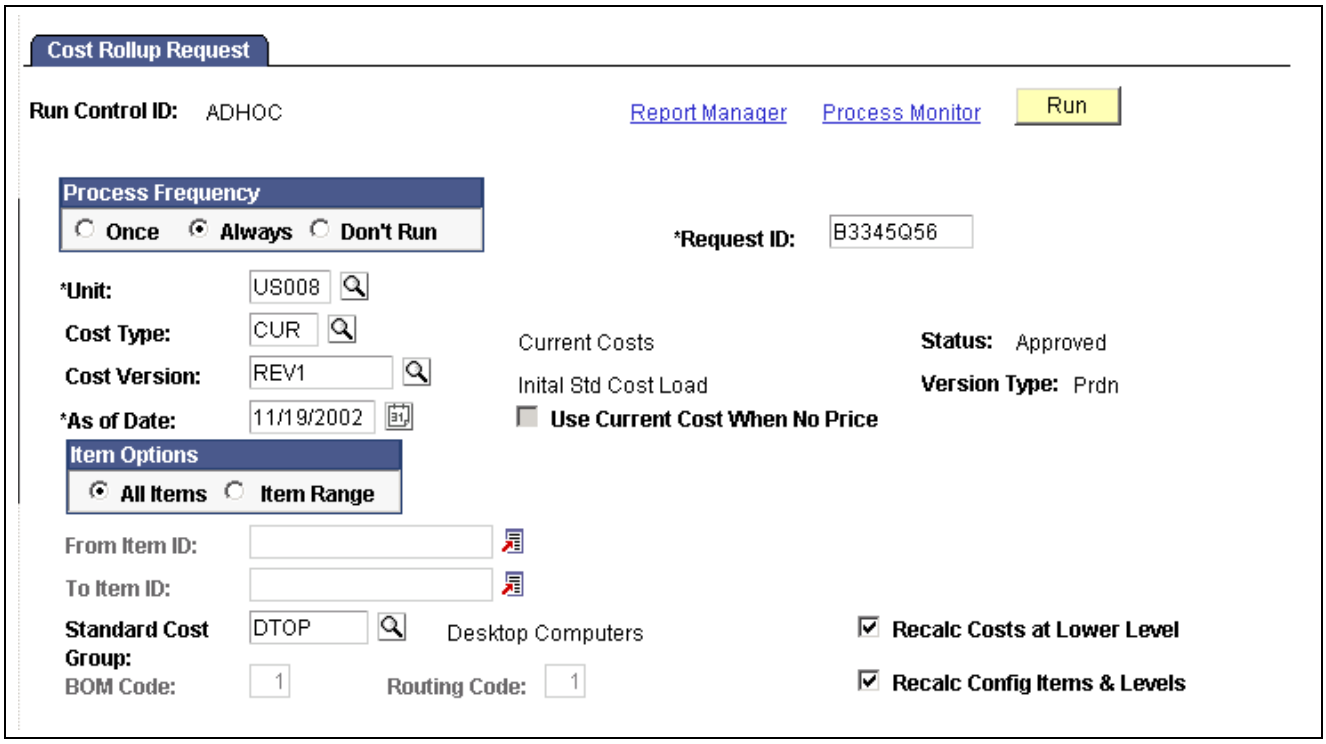
See Also

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Structuring Routings"

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Maintaining Operation Lists"

Rolling Up Costs

Access the Cost Rollup Request page.



Cost Rollup Request page

Use the Cost Rollup Request page to perform a cost rollup for a single item, a range of items, a group of items, or all items for any BOM and routing combination within a business unit, as well as for any cost type and cost version.

When rolling up one or all items, consider these points:

- When rolling up all items, the costs of all outputs are determined.
- If rolling up a single item and the single item specified is a primary item on the BOM code selected, it is costed and updated along with any co-products whose associated primary BOM item is the primary product selected.
- You can select a co-product as the single item to roll up.

  In this instance, the system determines the BOM on which the co-product is made by looking at the co-product's associated primary BOM. Using this BOM, the co-product's cost is calculated. However, the Primary Product's cost is not calculated nor updated.
- The details for yield by operation transactions are captured by calculating yield loss costs at the operation-sequence level, maintaining extended precision cost fields, and storing detailed cost rollup calculations

Cost Type and**Cost Version**	Select the combination that you want to calculate. The cost type and version determine the set of labor, machine, and overhead rates or costs, plus the purchase costs and additional costs PeopleSoft Cost Management uses in the cost calculation.
Version Type	On the Cost Versions page, you select a version type. The version type that you select has a direct impact on the Cost Rollup Request page. If the version type is *Prdn* (production), the system changes to the primary BOM and Routing Codes for all levels and the BOM Code and Routing Code fields appear. If the version type is *Eng* (engineering) or *Sim* (simulation), then select any combination of BOM and routing codes and the system rolls up the cost for reporting and comparison only.
As of Date	Determines which of the assembly's components to include on the item's bill when the system calculates the item's material and lower-level costs. The rollup includes any component that is effective on the bill as of the date specified. The as of date also refers, in a multiple output scenario, to by-product effectivity dates. Configured items do not use the as of date but use the components that are on the component list.
Use Current Cost When No Price	Select to ensure that all purchased items have a cost. If the method of calculating the cost of purchased items results in zero or a nonexistent price, then zero is replaced with the current purchase price.
Recalc Costs at Lower Level(recalculate costs at lower level)	Select to recalculate all lower-level costs of any subassemblies. This recalculated cost is rolled up into the standard cost of the manufactured item. If you do not select this check box, then the current standard cost for the subassembly is used in the rollup.
Recalc Config Items & Levels(recalculate configured items and levels)	If PeopleSoft Product Configurator is installed, select to rollup costs for configured items that use configured costing. If multiple production IDs, and therefore, multiple component and operation lists exist for the same item ID and configuration code combination, then the system uses the latest production ID to determine the cost.

These errors can occur during the Cost Rollup process. Use the Cost Rollup Exceptions page to check for these errors:

- An invalid BOM code or routing code exists.
- A co-product is to be rolled up, but a BOM or routing code does not exist for the primary product.

For example, suppose that you try to roll up a co-product with BOM code 2 and routing code 2. However, if its associated primary does not have a BOM and routing code combination of 2, 2, then an error occurs and the rollup does not take place.

- The cost element for a recycle by-product does not exist on another component.
- No BOM exists for a *Make* item.
- A cost type's Purchase Cost Used is Forecasted or Last Price, and you did not enter a forecast price or last price paid for a buy item.

  An error occurs and the rollup does not take place.

See Also

Chapter 4, "Defining the Cost Foundation for Makeable Items," Understanding the Manufacturing Standard Cost Foundation, page 87

Chapter 4, "Defining the Cost Foundation for Makeable Items," Defining Cost Versions, page 90

Reviewing Calculated Costs

Before updating the production records with the new costs calculated by the Cost Rollup process, you can review the new cost using several inquiry pages.

This section discusses how to review BOM costs for manufacturing and engineering.

Pages Used to Review Calculated Costs

Page Name	Object Name	Navigation	Usage
Item Costs by Cost Version	CE_ITEMCOST	Cost Accounting, Item Costs, Review Costs, Costs by Cost Version, Item Costs by Cost Version	Displays item costs by type and version.
Cost Element Details	CE_ITEMCOST_DET	Click the Cost Element link on the Item Costs by Cost Version page.	Displays the detailed costs maintained by component ID and operation sequence.
Items Without a Cost by Vers	CE_NOCSTVER_INQ	Cost Accounting, Item Costs, Review Costs, Items without Cost by Version, Items without Costs by Vers.	Displays all items that do not have a calculated cost. Use after running the Cost Rollup process to verify that new standard costs were created for the cost type and version.
Cost Rollup Exceptions	CE_ROLLUP_STAT	Cost Accounting, Item Costs, Review Costs, Cost Rollup Audit, Cost Rollup Exceptions	Use to determine what items were not costed for a specific Cost Rollup process and to view the related error message text.

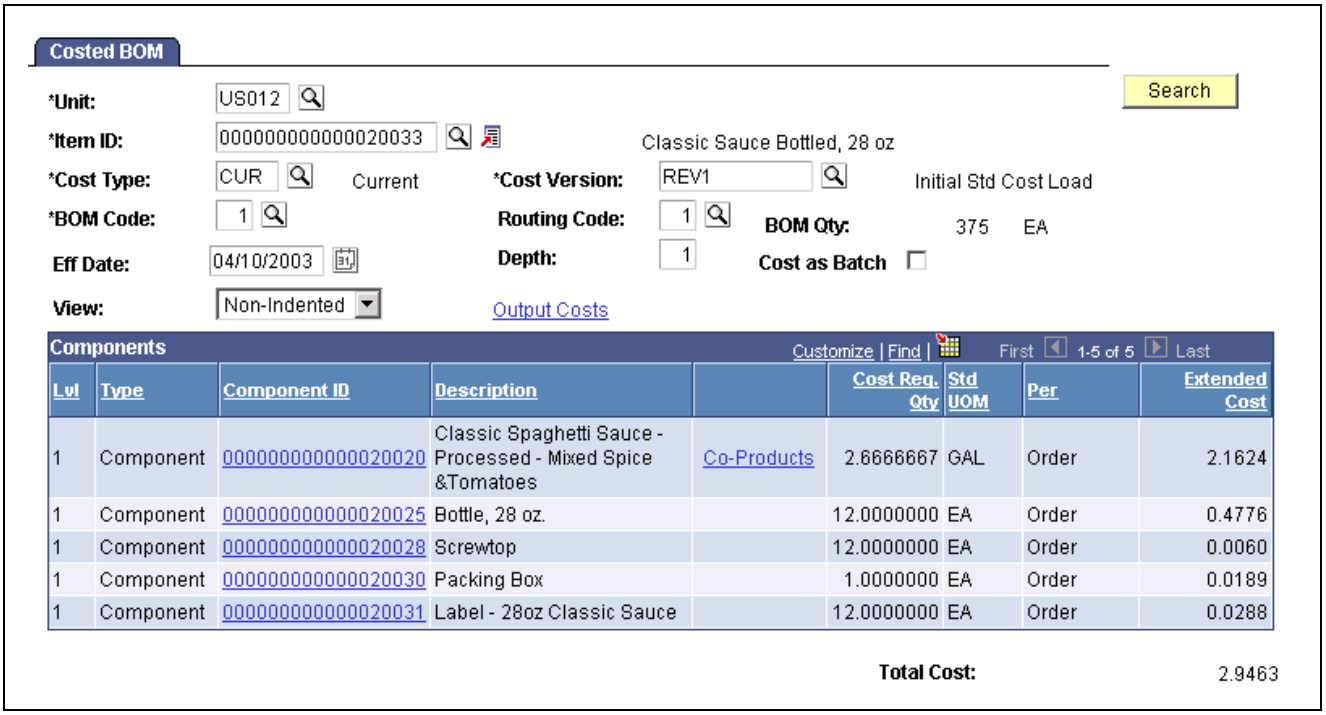
Page Name	Object Name	Navigation	Usage
Costed BOM, Costed EBOM	EN_BOM_INQ_COSTED	• Manufacturing Definitions, BOMs and Revisions, Review BOM Information, Costed BOMs, Costed BOM • Engineering, BOMs and Revisions, Review EBOM Information, Costed EBOM, Costed EBOM	Displays component costs based on the item's manufacturing BOM or engineering BOM. You must run the Cost Rollup process for the BOM code and routing code combination to display the costs on this page.
Output Costs	EN_BOMCOST_OUT_SP	Click the Output Cost link on the Costed BOM or Costed EBOM inquiry pages.	Displays the costs details for the output items from this BOM. This inquiry compares previously rolled up costs for a cost type and cost version (the Cost Version Item Cost column) to the current cost of assembly (the Inquiry Item Cost column) to determine the costing impact of BOM changes to an assembly.
Detailed Item Costs	EN_ITEMCOST_OUT_SP	Click the Output Items link on the Output Costs page.	Displays the detailed item costs by cost element for the output item, including materials, labor, machine, and overhead costs.
Component Detailed Costs	EN_ITEMCOST_SP	Click the Component ID link on the Costed BOM page or the Costed EBOM page.	Displays the detailed item costs by cost element for the component item.
Output List	EN_BOM_LIST_OUT_SP	Click the Co-Products link on the Costed BOM page or the Costed EBOM page.	Lists products from this BOM including primary and co-products. Displays details about each product including resource percentage and cost percentage.

Page Name	Object Name	Navigation	Usage
Review Costed Routings - Operations, Review Costed Eng Routings - Operations	CE_COST_INQ_SUM	• Manufacturing Definitions, Resources and Routings, Routings, Review Costed Routings • Engineering, Routings, Review Costed Eng Routings	Displays costs by item routing, including conversion and overheard conversion costs attached to the item routing by task or work center. Material costs can also appear if you enter a BOM code. Enter unit, item ID, cost type, cost version, routing code, and BOM code (optional). Select the Cost as Batch check box to view the costs and quantities for the entire batch instead of a single unit of the item. Then click the Search button to retrieve costs by operation sequence. All routing codes and BOM codes are available. You do not have to run the Cost Rollup process to retrieve the costs. **Note.** This inquiry is designed for a single assembly and only at the highest level.
Operation Sequence Detail Costs	CE_COST_OPSQDTL_SP	Click the OpSeq Details link in the operation list on the Review Costed Routing - Operations page or the Review Costed Eng Routings - Operations page.	Displays the extended costs of one operation sequence by cost element for each conversion code and conversion overhead code. Displays summarized cost of yield loss from prior operations (Previous OpSeq Cost Applied).
Review Costed Routings - Component/Output	CE_COST_INQ_DTL	Select the Component/Output tab of the Review Costed Routing component or the Review Costed Eng Routings component.	Displays the components added to each operation sequence and the output from each operation sequence.
Review Costed Routings - Additional Costs	CE_COST_INQ_ADDL	Select the Additional Costs tab of the Review Costed Routing component or the Review Costed Eng Routings component.	Displays the additional calculated costs added to this combination of business unit, item ID, cost type, and cost version. These costs are entered on the Additional Costs by Item page. They are applied after all labor, machine, material, and overhead costs have been added.

Page Name	Object Name	Navigation	Usage
Message Log-Search	MESSAGE_LOG	Background Processes, Review Message Log, Message Log-Search	Review the status of any background process and view messages for any errors that occurred during the Cost Rollup or Update Production processes.

Reviewing BOM Costs for Manufacturing and Engineering

Access the Costed BOM page or the Costed EBOM page.



Costed BOM inquiry page

Another method of viewing a manufactured or engineering item's cost is to use the Costed BOM page or the Costed EBOM page. You can display the costs of an assembly, its components, and outputs according to cost type and cost version. This is especially useful for determining the costing impact of manufacturing BOM changes on an assembly. Use cost types for costing simulations, to perform what-if analyses, or to calculate new standard costs prior to updating. Cost versions are iterations of a particular cost calculation for a cost type. You can have multiple versions for each type. You cannot use these inquiry pages for configured items.

Cost as Batch If the output is one single item ID, then select this check box to view the costs and quantities for the entire batch instead of a single unit of the item. If the item has co-products, then the costs and quantities of the batch appear. In addition, for each of the components, the check box controls whether the per unit costs are multiplied by the BOM quantity to get a batch cost instead of a per unit cost.

Depth Enter the number of levels of the BOM to include. To ensure the costs include all changes at the lower levels and choose the maximum depth of a BOM. This is important for revision-controlled BOMs.

Output Costs	Click this link to access the Output Costs page, where you can view all lower-level costing details for each output product based on the costing percentage split. Also, the Output Items link on the Output Costs page enables you to view these costs by cost element.
Co-Products	Click this link to access the Output List page, where you can view any co-products associated with the component. This link is only available if co-products are present.
Component ID	Click this link to access the Component Detailed Costs page, where you can view the detailed costs of the component according to cost element.

Note. Due to rounding differences, it is possible you could see a small variance (+ or − 0.0003) between the cost version costs and the inquiry costs in this inquiry. This occurs when the system displays the costed BOM results for an item that is either a batch item or has batch assembly items at lower levels.

See Also

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Maintaining Bills of Material," Prerequisites

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Maintaining Bills of Material," Defining BOM Outputs

Updating Production Costs

To update standards costs in the production tables, use the Update Production Costs component.

Once you have reviewed and approved the calculated product costs for manufactured and configured items, you can move them into the production cost records using the Update Production process. This process:

- Moves the item cost details from the temporary table CE_ITEMCOST_DET to the Production Cost details table CM_PRODCOST_DET.

  The cost element summarizes the data and places it in the Production Cost table CM_PRODCOST. The data is stored by effective date, cost type, and cost version. The CM_PRODCOST_DET record captures the details for yield by operation transactions by storing yield-loss costs at the operation-sequence level and maintaining extended precision cost fields calculated by the Cost Rollup process.
- Calculates the change in inventory value for all material in storage areas (including raw material, finished goods, inspection, and material issued to WIP inventory locations) based on the new standard costs at the time of the update and the existing standard production costs for the item.
- Revalues assemblies and subassemblies in process based on changes to an item's product structure, cost, routing, or rates.

  The change in value reflects the revaluing of all outputs, including co-products, by-products, and teardown outputs. The revalue process only considers production IDs and schedules that have a status of *In Process, Pending Complete, Complete,* and *Closed for Labor.*
- Updates the operation list with any new routing costing labor or machine times and run rates.

  This occurs only if a match between the operation list and routing occurs for the operation sequence, work center, and task (optional).
- Writes the difference in inventory value and WIP value to revaluation records for posting to the general ledger.

- Copies the conversion rates and conversion overhead rates used to determine the production costs into a production rate record.

  Once the system completes the update, it uses these rates to determine earned labor, machine, subcontracting, and overhead costs for WIP for any completions once the update is performed.

The Update Production process does not move product costs for an engineering or simulated cost version into the production cost record. However, you can run the process in report-only mode. This enables you to determine the effects of proposed engineering changes on inventory value.

Page Used to Update Production Costs

Page Name	Object Name	Navigation	Usage
Update Production	RUN_CES5001	Cost Accounting, Item Costs, Update Costs, Cost Update/Revalue, Update Production	Updates the costs and performs inventory and WIP revaluation.

Revaluing Inventory

Revaluing inventory is the process of updating an item's cost and accounting for the change in inventory value due to the change in standard cost for the item. The process involves calculating the difference in inventory value, recording the difference, and updating the standard costs for the items. Once you record the updated information, you can post it to the GL through the normal transaction accounting cycle. Because the system bases the revaluation on a snapshot of the inventory, you want to ensure that the inventory value is as correct and accurate as possible to reflect the correct financial picture.

Prior to running the Update Production process to revalue inventory, you must:

1. Put away all pending inventory in the appropriate storage areas using the Complete Putaway process (INPPPTWY).

   This includes all items that you received from vendors that require inspection, assemblies that have been completed in WIP and are issued back to stock or to another WIP location, as well as any receipts from another inventory business unit. This ensures that the system can account for all inventory and can calculate and post the correct revaluation amount.

2. Run the Deplete On Hand Qty process (IN_FUL_DPL) to ensure that the item's quantities at the business unit level match the item's quantities at the location level.

   You must issue all staged items in order for the system to complete the update for the quantity on hand.

3. Run the Transaction Costing process (CM_COSTING) to ensure that all transactions already created throughout the PeopleSoft applications have been costed.

   The transactions do not need to be posted.

4. Prohibit material movement for the business unit by selecting the Prohibit Material Movement check box on the PeopleSoft Inventory Definition page.

   No inventory transactions should take place while the Update Production process is revaluing inventory. When it updates the standard costs, the system multiplies the change in standard cost by the quantity on hand for the item in each storage area. By prohibiting material movement, you ensure that the quantity on hand is accurate.

5. Check the Process Monitor to ensure that someone else in the organization is not running the Update Production process.

If you are updating all item costs within the business unit, you should not run two Update Production processes simultaneously.

In-process inventory includes two parts:

RIP Raw material or subassemblies that have been issued to the shop floor but have not yet been used in an assembly. RIP inventory value is part of the storage area location inventory and is fairly easy to calculate. It is derived by multiplying the quantity on hand for an item in the WIP storage location by its costs.

WIP Items that are in various stages of assembly. Inventory value for material in process presents more of a challenge, because it involves incomplete sets of components associated with an assembly item. It also includes value-added material that has been scrapped and must take into account material that has been completed to stock and is no longer part of WIP.

Calculating WIP Inventory

WIP value is not a value or amount that PeopleSoft Cost Management stores for end items using a frozen standard cost approach. It is calculated at any point in time using PeopleSoft records. To calculate WIP:

- Add component costs.
- Add earned conversion costs (labor, machine, subcontracting, and overhead).
- Add waste by-products.
- Subtract assembly scrap.
- Subtract assembly completions (including co-products and recycled by-products).

Component Costs

PeopleSoft Cost Management bases the WIP component costs value on the quantity of the component issued to the production ID or production schedule. The quantity issued is stored on the component list. PeopleSoft Manufacturing updates the issue quantity when you record operation or assembly completions and the component is consumed from the WIP location or when the component is kitted directly to the production ID. PeopleSoft Cost Management derives the value for component costs by multiplying each component's issue quantity by the component's standard cost-by-cost element, then summarizing all the costs for all components. This enables the system to determine the lower-level costs for WIP. To calculate the old cost, PeopleSoft Cost Management uses the latest cost for the item in the Items Production Cost record. To determine the new cost, PeopleSoft Cost Management uses the item's cost for the cost type and version that you're using to update the cost.

Earned Conversion Costs

Earned conversion costs include the labor, machine, subcontracting, and overhead costs for this level only.*Earned this level costs* account for the value added to WIP. The system bases these costs on assemblies or operations that are complete. The WIP value report summarizes entries in the earned conversion cost record for each production ID or production schedule according to the cost category associated with the cost element. The WIP revalue first determines the old *earned this level costs* by summarizing the costs as stated in the Earned Conversion Cost record. Then, the new *earned this level costs* are calculated, taking into account any changes in routing times and their corresponding rates for the cost type and version that you select. PeopleSoft Cost Management posts any differences to the earned conversion cost record, so that when it summarizes, the old earned conversion costs plus the differences equal the conversion costs at the new standards.

Waste By-Product Cost

If the production ID or production schedule has multiple outputs, then include any waste by-product that has been reported complete and issued from the operation. Determine the waste by-product cost by multiplying the actual output quantity (quantity completed at the operation) by its standard cost. Any waste by-product costs are added to the overall cost of the WIP value. To determine the change in waste by-product cost, compare the current completion cost to the cost of the quantity completed and multiply by the new cost for the cost type and version selected for the update.

Assembly Scrap

Assembly scrap accounts for the value of partially completed assemblies that you have rejected. The cost must be subtracted, because the system does not include this assembly scrap value as part of WIP or finished goods. At the time the scrap occurs, the system determines the scrap cost by summarizing the components used up to that point, plus any value added up to the point that the scrap occurred. The system stores assembly scrap costs in an assembly scrap record and summarizes scrap costs in the WIP value report by cost category for the production ID or production schedule. As with components and earned conversion costs, the scrap cost for revaluation is recalculated based on the component costs using the cost type and version. These level scrap conversion costs are based on the new times and rates for the cost type and version.

Assembly Completions

Assembly completions take into account, for all outputs, the assemblies that are completed to stock, another production area, or issued directly to another production ID, and are therefore no longer part of the production ID or production schedule value. This includes the cost of co-products and recycled by-products. The value is derived by multiplying the quantity completed for all outputs as stated in the production header record by its cost from the item production cost record. To determine the new value of completions, the assembly quantity completed is multiplied by the cost for the selected cost type and version.

Revaluing WIP Inventory

The inclusion or handling of a production ID or schedule in WIP depends on the production status. The system revalues any production ID or production schedule if the production status is not *entered, firmed, released, canceled,* or *closed for accounting.*

Processing Non-Matching Cost Elements

When processing non-matching cost elements, the WIP revalue involves matching cost elements from the old costs to cost elements for the new costs. In cases where there are no matches, the Update Production process still posts the difference to the variance record. In the case where the old cost record has a cost element that does not exist on the new cost record, the system posts a negative entry on the variance record for the entire old cost. If the new cost record has a cost element that does not exist on the old cost record, the system posts a positive entry for the entire new cost.

Processing Configurable Items

In the WIP revalue process, it is necessary to first determine if the item being revalued is a configured item that is using configured costing. When processing the component, the system verifies whether there is a configuration code on the component list for the item. If there is, the next check verifies whether the item is configured costed by reviewing the check box on the master item table. If the item is to be configured costed, the system matches the configuration code found on the component list to that on the item production cost record for the item and uses those costs to calculate any differences.

When the system processes assemblies, the same checks hold true. If the production order assembly item has a configuration code, the system verifies whether the item is to be configured costed. If the item is to be configured costed, then another match of the configuration code found on the header record is made to that on the item production cost record, and those costs are used to calculate any differences.

Processing Without Operation Lists

When a production ID or production schedule does not have an operation list, the conversion costs are earned by posting the this level costs from the item production cost record to the earned conversion cost record. Therefore, to calculate the earned conversion costs at the new standard, use this level costs for the cost type and version.

Floor Stock and Expensed Items

The system does not include floor stock or expensed items for purposes of inventory valuation and revaluation.

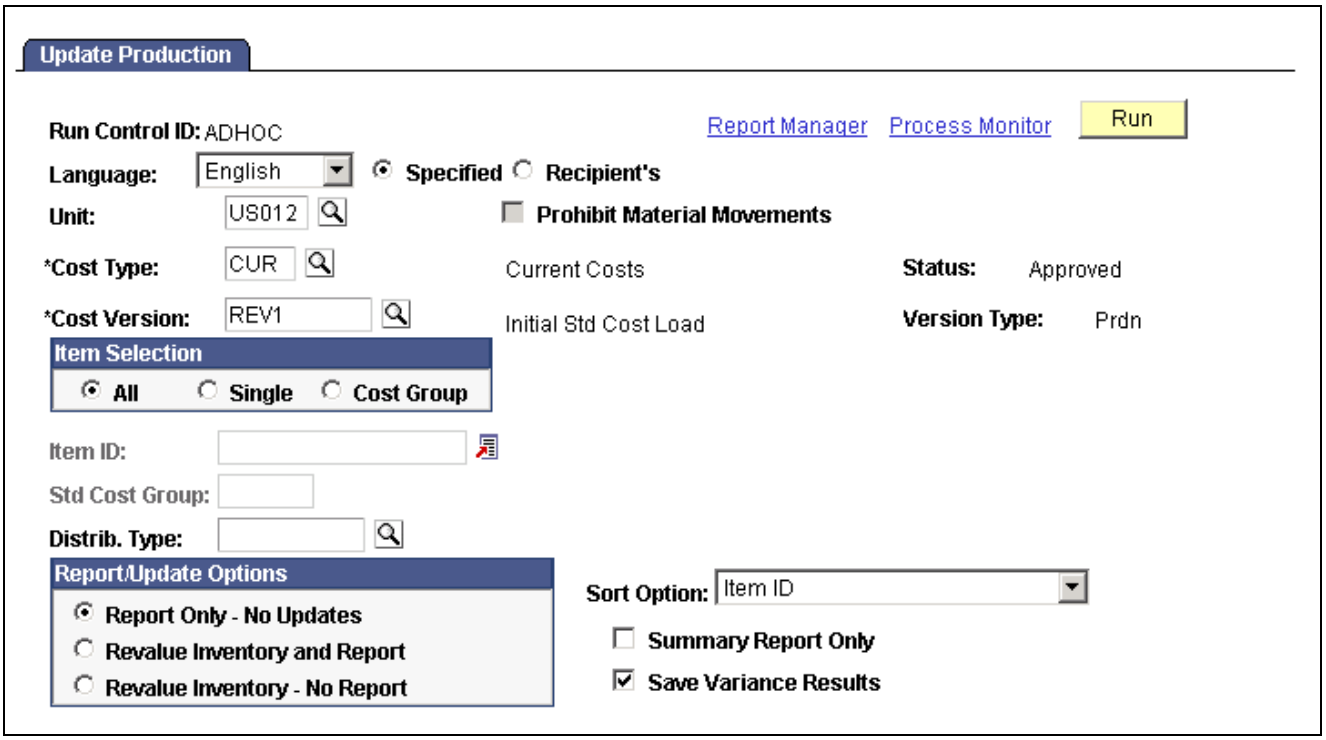
Operation List Updates

As part of the WIP revaluation process, the system updates the operation lists with the costing labor and machine set up, run, fixed run, and postproduction times and run rates. It makes an attempt to match the operations on the operation list to those on the items primary production routing or its referenced item routing. When the operation sequence, work center, and task code (if you use tasks) on the routing match the component list, the times and run rates in the operation list are updated with those from the routing. This ensures that the system does not create process change variances once you update the costs. If the item's reference routing changes and is different from the one that you used to create the operation list, no updates are made even if the operations, work centers, and task codes match.

The WIP Revaluation report displays the old cost, new cost, and variance.

Updating Production Costs

Access the Update Production page.



Update Production page

Select the business unit, cost type, and cost version with which you want to update the standard costs. The status for the cost type and version type appears and must be set to *Approved* for versions related to manufactured and configured items.

The value in the Distrib. Type (distribution type) field changes to the distribution type associated with the inventory revaluation transaction group, but you can change it or you can leave it blank.

Note. PeopleSoft Cost Management copies to production the cost type and version's conversion rates and conversion overhead rates only when you have selected all items. The system copies these rates and uses them to calculate the earned labor and machine costs, as well as the applied overhead values for assembly completions and scrap. If you are updating a single item cost and have based that cost on new conversion rates, you must manually copy those rates into the production rate records.

Report/Update Options

You have three options for running this process:

- Report Only - No Updates.

  This is the only option available for versions related to engineering or simulation. Use this option to view the impact of the standard change without actually updating the costs and posting revaluation entries. Running this process in report-only mode gives you a preview of the financial impact of the standards change without affecting the current transaction costing or inventory valuation.

- Revalue Inventory and Report.

  This option updates the standard production cost record and calculates the change in all inventory values. Running this report enables you to analyze a specific item, production ID, or schedule quantity should a question arise regarding the revaluation.

- Revalue Inventory - No Report.

This option updates all records discussed in this section but does not print a report detailing the changes to inspection, stores, WIP inventory locations, or to WIP inventory.

When reporting, you can also select to print a summary report only or to save variance results. When you choose to run the update in report-only mode and save variance results, you can review the revaluation results by viewing the Analyze Item Cost Variances or the Analyze Variances by Tolerance pages.

See Also

Chapter 4, "Defining the Cost Foundation for Makeable Items," Updating Conversion Rates, page 95

Reviewing Standard Costs

After updating the production records with the new standard costs calculated by the Cost Rollup process and applied by the Update Production process, you can review the standard costs using several inquiry pages.

Pages Used to Review Applied Standard Costs

Page Name	Object Name	Navigation	Usage
Production Cost by Item	CM_PRODCOST_INQ	Cost Accounting, Item Costs, Review Costs, Current Costs by Item, Production Cost by Item	View the standard costs of items.
Prod'n/Standard Cost Detail	CM_PRODCOST_DET	Click the Cost Element link on the Production Cost by Item page.	Displays the detailed costs maintained by component ID and operation sequence.
Production Cost Updates	CE_REVALUE_VERS	Cost Accounting, Item Costs, Review Costs, Cost Update History, Production Cost Updates	Displays the history of cost updates for a business unit. Each time that you update the production costs, the system records the date and time of the update, as well as the cost type and version.
Items Without Production Cost	CM_NOPRDNCST_INQ	Cost Accounting, Item Costs, Review Costs, Items without Current Costs, Items without Production Cost	Determine which items have been added to the business unit but have no costs in the standard production cost record.
Variances by Tolerance	CE_ITEMCVAR_RPT2	Cost Accounting, Item Costs, Review Costs, Cost Updates by Tolerance, Variances by Tolerance	Displays item cost variances outside a percentage tolerance. If you updated production costs, or ran the Update Production process in report-only mode, and elected to save the variance results, you can report those variances at any time.

Page Name	Object Name	Navigation	Usage
Analyze Item Cost Variances	CE_ITEMCVAR_RPT	Cost Accounting, Item Costs, Review Costs, Compare Cost Updates, Analyze Item Cost Variances	Displays item cost variances. These variances occur when an item's costs are updated and the old cost differs from the new production costs. This information is visible only if you have actually updated production costs, or you elected to save variance information when you ran the update in report-only mode.
Message Log - Search	MESSAGE_LOG	Background Processes, Review Message Log, Message Log-Search	Review the status of any background process and view messages for any errors that occurred during the Cost Rollup or Update Production processes.
Production Conv Costing Rates	CE_FRZCONRATES	Cost Accounting, Item Costs, Review Costs, Current Conversion Rates, Production Conv Costing Rates	Displays the current labor, machine, and subcontracting rates and costs. When you update the previous production costs with a new cost type and version and select all items, the system copies the conversion rates and conversion overhead rates that you used to calculate those costs into a record that stores the costs and rates. The system uses these rates within PeopleSoft Manufacturing to calculate the earned labor, machine, and subcontracted costs for completed and scrapped assemblies.
Production Conv Costing Ovhd	CE_FRZCON_OH	Cost Accounting, Item Costs, Review Costs, Current Overhead Rates, Production Conv Costing Ovhd	Displays the current conversion overhead rates and costs. When you update the previous production costs with a new cost type and version, and then select all items, the system copies the conversion rates and conversion overhead rates used to calculate those costs into a record that stores the costs and rates. The system uses these rates within PeopleSoft Manufacturing to calculate overhead costs for completed and scrapped assemblies.

Calculating Costs for PeopleSoft Supply Planning

You can define specific BOM and routing combinations that can be extracted to PeopleSoft Supply Planning. This ensures that planning processes use the most accurate costs as the main driver when making sourcing decisions.

To specify BOM and routing combinations that can be extracted to PeopleSoft Supply Planning:

1. Create BOM and routing codes for an item.
2. On the Define Business Unit Item - Manufacturing page, select the Use Prdn Option Maintenance option to enable the system to select all BOM and routing combinations that have the Incl Plan (include in planning) check box selected on the Production Option Maintenance - Definition page.
3. Use the Define Production Options component to link the BOM and routing codes together and (optionally) assign them to production areas.

   Select the Include in Planning check box to specify which BOM and routing combinations should send to the planning engine.
4. Create production IDs and production schedules for the item.
5. Run the Production Option Costing process.
6. Verify the results using the Review Sourcing Templates component.
7. Run the Optimization Table Load process (PL_LOAD_OPT).

To use the Define Business Unit Item - Manufacturing page to specify BOM and routing combinations that can be extracted to PeopleSoft Supply Planning:

1. Create BOM and routing codes for an item.
2. On the Define Business Unit Item - Manufacturing page, select the Use BOM and Routing Defaults option to :
   a. Limit the number of BOM and routing combinations that are extracted to PeopleSoft Supply Planning by entering a BOM code or a routing code on this page. If you enter a value in the BOM Code or Routing Code fields, then the Production Option Costing process only uses that value. You can use this feature to cost all BOMs with one routing or vice versa.
   b. Cost every possible BOM and routing combination by leaving the BOM Code and Routing Code fields blank.
3. Create production IDs and production schedules for the item.
4. Run the Production Option Costing process.

   This process rolls up production option costs based on the specific BOM and routing combinations.
5. Verify the results using the Review Sourcing Template component.
6. Run the Optimization Table Load process to pass costs to the planning engine.

Note. If the Production Option Costing process has not been run, PeopleSoft Supply Planning use the item cost based solely on the primary BOM and routing.

Sourcing Template

If there is a sourcing template for the item, then that template determines the sequence of production, purchase, and transfer options. If there is no sourcing template, then the template is loaded in lowest cost order.

Note. If the costing utility has not been run, then the system uses the item standard cost when creating the item's sourcing template.

Pages Used to Review Calculated Planning Costs

Page Name	Object Name	Navigation	Usage
Define Business Unit Item - Manufacturing	MFG_ATTRIB	Items, Define Items and Attributes, Define Business Unit Item, Manufacturing	Select the Use Prdn Option Maintenance option to enable the system to select all BOM and routing combinations that have the Incl Plan (include in Planning) check box selected on the Production Option Maintenance - Definition page.
Production Option Maintenance - Definition	EN_PDO_BR	Manufacturing Definitions, Production Options, Define Production Options, Definition	Use this page to define production options and effective-dated BOM and routing combinations that can be extracted to PeopleSoft Supply Planning.
Production Option Costing	CE_PRDNCST_REQ	Cost Accounting, Item Costs, Update Costs, Production Options Cost Update, Production Option Costing	Calculates the production option costs for items, based on the as of date. This ensures that a more accurate cost, based on specific BOM and routing combinations, is sent to PeopleSoft Supply Planning for each production option.
Review Sourcing Templates - Sourcing Template	PL_SOURCE_DTL	Supply Planning, Define Planning Attributes, Sourcing Templates, Review Sourcing Templates, Sourcing Inquiry	Review the results of the Production Option Costing process.

Using Production Option Costing Process

Access the Production Option Costing page.

The Production Option Costing process calculates the cost of items to be sent to PeopleSoft Supply Planning. This utility considers makeable items, including primary items and co-products (make items) but not buy items. If an associated primary BOM exists for an item and it is a co-product on an associated primary BOM and also has its own BOM, then both the item's BOM and its associated primary BOM are included in the costing.

For a routing with operation yield, this process captures the detailed costs at the operation-sequence level by calculating yield loss, maintaining extended precision cost fields, and storing detailed calculations in the CM_PRODCOST_DET record.

For single output BOMs, the system calculates, according to cost element, the BOM and routing combination total this level and lower-level cost, and then stores these values in the full cost fields. It then divides these values by the output quantity (same as BOM quantity for single output BOMs) to get the per unit cost.

For multiple output BOMs, the system also adds any waste by-products costs and subtracts recycle by-products costs from the full batch this level and lower-level costs. Therefore, in order to calculate the (per unit) cost for the primary and co-products, the system uses this formula:

```
Item Per Unit Cost = (Output Cost % * Full Batch Cost) / Output Qty
```

CHAPTER 7

Setting Up Actual and Average Costing for Makeable Items

This chapter provides an overview of actual and average costing in manufacturing, lists common elements, and discusses how to:

- Defining actual and average costing for makeable items.
- Group production schedules for actual or average costing.

Understanding Actual and Average Costing in Manufacturing

With PeopleSoft Cost Management, you can manufacture an item by using any of the five cost methods: frozen standard, actual cost, perpetual average, retroactive perpetual average, or periodic average costing. Standard costing is based on the frozen standards that are established for each component plus the conversion costs and overhead conversions costs. The actual and average costing methods are based on the actual cost of the end item as it is placed in finished goods after production is complete. This section discusses how the actual cost of an end item is computed by PeopleSoft Cost Management.

As an item is built in the manufacturing process, the costs from components, conversion costs, and overhead conversion costs are accumulated in Work in Process (WIP). The end item's actual cost is the net cost in WIP for the production ID or production schedule. When the production ID is completed and closed for accounting and the items are put away into inventory, then the WIP costs are moved to finished goods. In other words, the net debit to WIP is the actual cost. For actual or average cost end items, the finished goods account is debited with the entire WIP costs, there is no variance, as there is in standard costing.

Actuals costs for a production ID or production schedule are computed as part of the Transaction Costing process. After the production ID is closed for accounting, the Transaction Costing process finishes debiting the unposted transactions and calculates the actual cost of the assembly items. Then the process clears WIP to finished goods for all cost books. Completed items are putaway into finished goods and posted to the TRANSACTION_INV record. The Transaction Costing process gathers up the actual costs that are recorded and posts the costs to the work in process costs (CE_ACTUAL_COST) table. Then, the Transaction Costing process posts the manufacturing costs from the CE_ACTUAL_COST table to the CM_ACTUAL_COSTB table. Production IDs that are closed for accounting can be reopened for changes; the actual cost calculations of the Transaction Costing process handles these changes.

It is important to understand what is added (debited) to WIP during the production process. This is based on the definition of the cost profiles for the end item and components.

Material Cost of Components

The material cost of an end item is determined by the cost profiles of the input items or components. Components having different cost profiles may be used in the manufacture of an end item. For example, component A is an actual cost profile item, component B is a perpetual average cost item, component C is a standard cost item, and the end item uses an actual cost profile. Therefore, the final cost is made up of the component costs using each of those different cost assumptions. The actual cost of component A is calculated and applied to the end item. The perpetual average cost of component B is calculated and applied to the end item. The frozen standard cost of component C is applied to the end item. If you want actual cost applied to all levels, define the cost profiles of all significant components as actual cost. For purposes of computing actual costs of production ID's, if any component items (make or buy) use an actual cost profile, then those final lower-level actual costs are necessary for computing a final actual cost at the next level. PeopleSoft provides the actual cost inquiry to display production IDs with unfinalized costs as well as the dependencies that are underneath each level.

Component consumption transactions occur as component items are issued from inventory. These issues are recorded in TRANSACTION_INV in the transaction groups; 021 Receipts from Production, 230 Component Consumption, 221 Route to Production Kit, 222 Waste Completion, and 223 Component/Output Transfers. The production ID and the operation sequence of the consumption are recorded to TRANSACTION_INV. The inventory issue transaction is triggered by recording completions. In general, these component issues credit raw material inventory and debit WIP.

Labor and Machine Conversion Costs

Define on the Cost Profile-Manufacturing page for the make item, how labor and machine costs are calculated. You can use the conversion rates that are established on the Costing Conversion Rates page (defined by cost type and cost version used) or the rates can be entered by crew on the Crew Actual Cost page (defined by business unit). For time, choose between the times that are established for the item routing or the actual time per production ID that is entered on the Record Actual Hours page.

Conversion costs occur as operations are completed and are recorded in the SF_EARNCONCOST table. As operation sequences are completed, the transaction group 640–Actual Labor Costs records an accounting entry with a credit to an earned labor account and a debit to WIP. Also, the transaction group 645–Actual Machine Costs records an accounting entry with a credit to an earned machine account and debits to WIP.

Conversion Overhead Costs

Overhead costs for production, such as depreciation, electricity, rent, and insurance, are calculated and applied to a manufactured item based on the conversion overhead codes that are applied to the item routing and the applicable conversion overhead rates (defined by cost type and cost version that is used). Overhead costs are applied the same way for standard, actual, and average costing methods.

Conversion costs occur as operations are completed and are recorded in CE_ACTUAL_COST and SF_EARNCONCOST tables. The transaction group 630 (Overhead) records an accounting entry to debit WIP and credit a manufacturing overhead cost absorption account.

Subcontracted Costs

Costs for subcontract services are quoted as standard costs on the routing, as quoted costs on the purchase order, and finally as vouchered costs from PeopleSoft Payables. The transaction group 664 (Subcontracted Costs) records the variance between the subcontracted costs on the purchase order and the actual subcontracted costs on the voucher. The accounting entry debits WIP and credits an accrued liability account. This transaction group is used only for actual or average cost items.

Costing Co-Products

If a single manufacturing process generates multiple items, you can allocate the batch cost across the primary and co-products to determine the per unit cost of each end item. Primary and co-products can have different costing methods; for example, the primary product could use the actual cost method while one co-product uses the standard cost method and another co-product uses actual cost. When the primary product uses the actual cost method, then the Transaction Costing process, with the Calculate Actual Prdn Costs check box selected, computes the actual cost of the entire manufacturing process based on the primary product. The choices made for the primary product on the Cost Profiles-Manufacturing page for calculation of labor and machine costs are used. When the cost of the production order is completed, the cost is allocated to the co-products. If all products are using actual or average costing, then the system calculates a co-product's cost by multiplying the total cost of the batch (including the recycle and waste by-product costs) by the cost percentage for the co-product (as specified on the BOM Maintenance - Outputs page), then dividing by the expected output quantity of the co-product.

However, if one or more of the co-products uses the standard cost method, then their cost is derived from the Cost Rollup and Update Production processes for that co-product's item ID. Based on the cost percentages on the BOM Maintenance - Outputs page, the Transaction Costing process re-weights the output cost percentages and divides the costs from the primary product among the primary and co-products that are not using standard costing. For example, assume a production ID has this breakdown:

Item ID	Output Type	Output Cost Percentage	Cost Method
10001	primary product	60	actual
10002	co-product	20	actual
10003	co-product	20	standard

The Production ID costs from the Transaction Costing process are allocated:

Item ID	Applied Output Cost Percentage
10001	75 percent (60/80)
10002	25 percent (20/80)
10003	None, cost derived from standard cost for this item.

If the total cost of production is 100.00 EUR and 2 units of each item are produced, then:

Item ID	Applied Cost
10001	60.00 (total cost of production less standard costs, multiplied by the applied output cost percentage:) 100.00–20.00=80.00 x 75%
10002	20.00 (total cost of production less standard costs, multiplied by the applied output cost percentage:) 100.00–20.00=80.00 x 25%
10003	20.00 (the standard cost of item 10003 is 10/unit and 2 units were produced).

Costing By-Products

By-products can be of two types, recycle and waste.

Recycled By-Products

The system calculates cost relief for recycled by-products by multiplying the quantity and the cost of the by-product. This cost relief is subtracted from the lower level costs; the system treats recycled by-products as a negative cost because they can be used as an input to another process. The cost that is used is determined by the purchase cost as specified for the cost type that is defined on the Inventory Definition-Business Unit Books page for the item's business unit.

If the make (end) item is actual or average costed and a recycled by-product is produced, then the Transaction Costing process uses the transaction group 021–Receipts from Production when the production is closed to accounting to credit WIP and debit the finished goods inventory account.

Waste By-Products

The system treats waste by-products as positive or zero cost: they either add to the cost of the product, such as the cost of disposing it, or have no associated cost. The system determines the cost that is used for waste by-products by multiplying the quantity and the cost of the waste by-product. This cost is added to the material costs.

If the make (end) item is actual or average costed and a waste by-product is produced, then the Transaction Costing process uses the transaction group 622–Actual Waste Cost when the production is closed to accounting to credit an expense account, such as waste disposal liability, and debit the finished goods inventory account.

Note. A recycled by-product must have the same cost element (with a cost category of material) as another component or waste by-product, or the item is not costed. This reduces the chance of a material element producing a negative value. If the cost element becomes negative, because of a recycle by-product cost relief, the system does not cost the item and an error message is generated. Errors can be viewed through the Pending Transactions inquiry page or the Message Log page.

By-products are valued by using net realizable value, therefore a frozen standard cost must exist for each by-product. Create the frozen standard cost by cost type and cost version by using the Cost Rollup process.

Scrap and Rejected Costs

If the make (end) item is actual or average costed and scrap is produced, then scrap costs are included in the cost of the successfully produced end items.

Costing Partial Receipts From Manufacturing

Partial receipts occur when part of a production run is completed and put away into inventory but the production ID is not yet completed and closed for accounting. All production costs are not yet recorded and are not available for actual cost computation. Therefore, any depletions from inventory that ship these partial receipts do not have an actual final receipt cost to use.

If the Transaction Costing process is set for midperiod mode and the item's cost profile selects the wait for final costs option, then the partial receipts and partial depletions wait to be costed. The system simply waits for the production ID to be completed and closed for accounting to cost. If both midperiod mode and wait for final cost are not selected, then the partial receipts and partial depletions are costed using estimates based on the partial putaway cost option on the Cost Profile-Manufacturing page. Once production is complete for this production ID and lower level production IDs and the proper actual costs can be computed into CE_ACTUAL_COST and CE_ACTUAL_COST, an adjustment is made to CM_ACTUAL_COSTB to reflect the actual cost and inactivate the previously estimated cost.

The transaction group 651 is used when a user enters a cost adjustment manually. Cost adjustments made by the user will override adjustments from system calculations; the user's action overrules any system generated transactions. The transaction group records a credit or debit to clear WIP with a credit or debit to an actual cost writeoff account.

Manufacturing Average Cost Updates

Average costs are calculated for putaways. As new cost information on putaways becomes known, the average cost is updated to the extent the new costs are different than the previous costs used in the average cost calculations. Transaction group 601 (Weighted Average Update Production Variance) accounts for average cost updates due to new cost information on receipts from manufacturing, usually when the estimated manufacturing cost from partial receipts from WIP are updated to a finalized manufacturing cost once the production order or production schedule is complete. For example, if there are three putaways with 1 unit each at an original estimated cost of 1 each and the new cost information revises the cost to 1.25 each on the first, .75 on the second, and 1.25 on the third, then for the three units the average cost needs to be increased by a net .25 per unit. The average cost is updated and transaction group 601 is designed to account for that change in the average by debiting finished goods inventory and crediting WIP for .75 (3 x 0.25).

Manufacturing Average Cost Writeoffs

When the average cost of the item needs to be updated, due to new cost information on receipts from manufacturing, but there is not enough quantity currently in stock to absorb the updated costs, then the excess is written off using transaction group 605 (Weighted Average Update Production Writeoffs). Using the example above in the transaction group 601 description, if at the time of the adjustment, there are only 2 units still on hand (1 unit was shipped already), the average cost adjustment is only done to the extent of the 2 units: 601 debiting finished goods inventory and crediting WIP for .50 (2 x 0.25). Then the transaction group 605 is used to debit an average cost writeoff account and credit WIP for the remaining cost of 0.25 (1 x 0.25). The 605 transaction does not attempt to match individual putaways; if 1 unit had shipped but another unit had been received from another production order then the 601 adjustment applies to the 3 that are on-hand inventory and there is no 605 transaction. The objective of both 601 and 605 is to always clear work in process such that all the input costs are relieved to a net of zero once the production is complete.

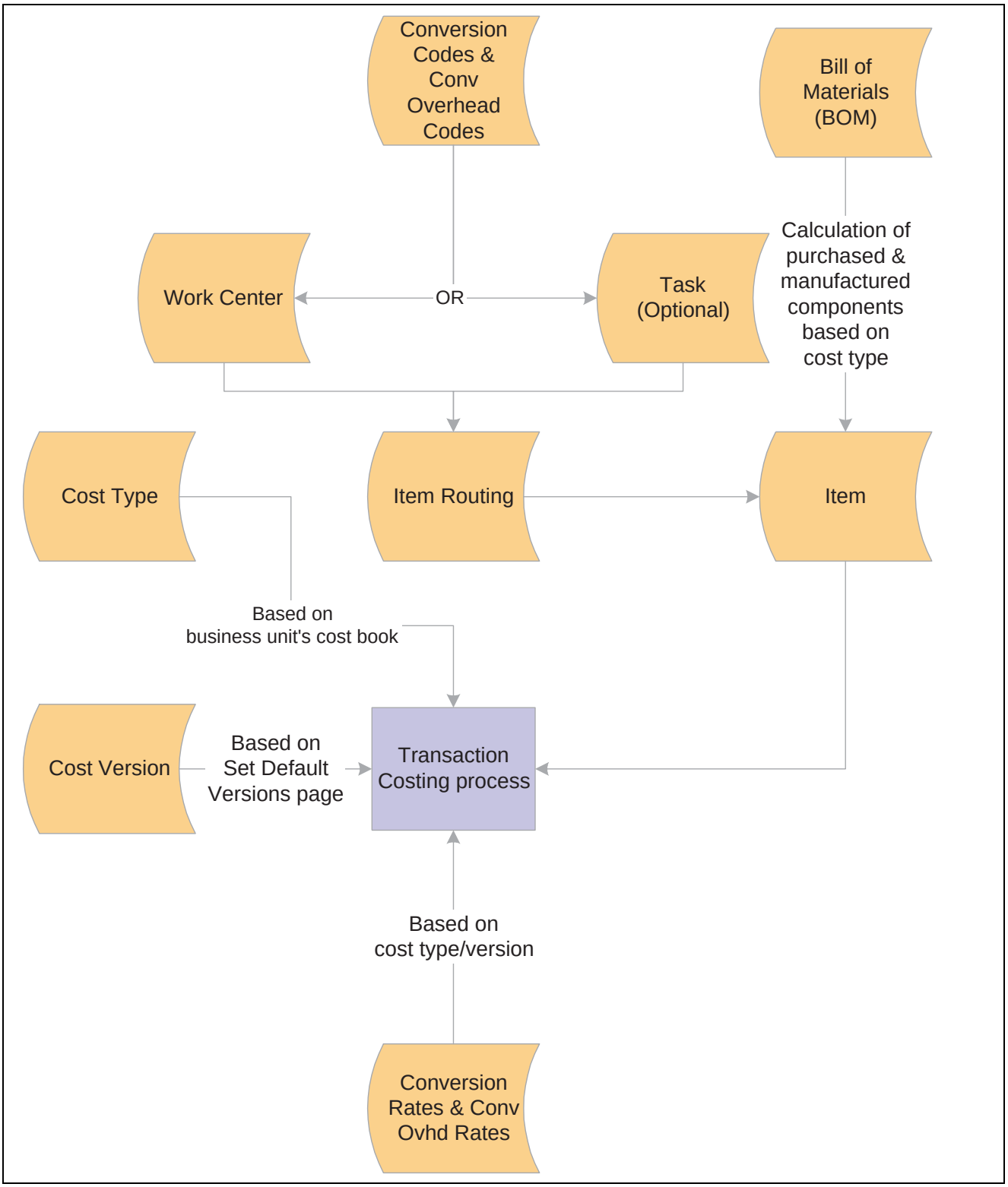
Actual or Average Cost Components With Standard Cost End Items

When the output(s) are all standard cost items, the standard cost of the inputs are used to compute the standard cost of the outputs. However, although the inputs to standard cost end items will have standard costs themselves, the input items can still use any cost profile for accounting purposes. As components are depleted, the cost on the depletion becomes part of the actual cost of the output items. When the output item is standard, the transaction group 661 (Actual Cost Variance) relieves WIP for the difference between the actual cost of the component consumption transaction and the standard cost of the component(s) which were used to build up the standard cost of the end item. This transaction group is used to credit or debit WIP to clear it out and the offset is posted to a period variances account.

Working with Cost Types and Cost Versions

The Transaction Costing process determines which conversion rates, overhead conversion rates, and additional costs to use based on the cost type and cost version of the production ID. The cost type is applied to the production ID because the cost book in the Inventory business unit definition has a cost type and appears by default on the Business Unit Item Definition page for the manufactured item. The cost version is defined by the inventory business unit and cost book by using the Set Default Versions page. By defining the cost type and cost version by a combination of inventory business unit and cost book, the system enables you to vary the rates used by various cost books. Cost books can have different cost conversion rates, calculation approaches, and update cycles for planning, budgeting, and actual books.

This diagram illustrates how actuals costs from production are gathered by the Transaction Costing process:



Actual Cost Calculation for Make Items

Common Elements Used in This Chapter

Actual Total Cost	The sum of the total costs of all inputs to manufacture a set of outputs on a production ID or production schedule.
Actual Unit Cost	The actual total cost apportioned to the cost percentages of the outputs and then divided by each output's quantity for the production ID or production schedule.
Average Cost	The actual unit cost of each output is added to inventory once the completed end items are put away. If the end item uses an average cost profile, that actual unit cost is used to recompute the new average cost per unit for the quantity on hand (finished or semifinished goods): {[(actual unit cost of this putaway) * (quantity putaway)] + [(average cost before this putaway) * (quantity on hand before this putaway)]} / (total quantity on hand after this putaway).
Book Name	The name of the cost book. A book contains a set of accounting entries that are posted to the general ledger.
Ledger Group	Within PeopleSoft General Ledger, you can group ledgers together into ledger groups. A ledger group provides the functionality for managing multibook transactions that must post to all ledgers within a group simultaneously.
Ledger	Within PeopleSoft General Ledger, ledgers organize accounting data. You can define as many ledgers as you need to record financial, budget, and nonfinancial transactions.
Ledger Template	Within PeopleSoft General Ledger, this template defines the physical attributes of a ledger. It streamlines ledger definition. The template is defined once and used for multiple ledgers.
Book Status	The status of the cost book. Values include: *Pending, Active, Inactive, Stopped,* and *Cancel.*
Profile	The cost profile that determines the methods to value inventory items. A profile contains three cost methods: receipt cost, cost flow, and deplete cost.
Cost Element	A code that is used to categorize the different components of an item's cost and also define the debit and credit ChartFields for accounting entries.
Transaction Group	Predefined codes that are attached to different types of transactions, such as, putaways, shipments, user adjustments, and so on.
Cost Type	Creates separate costing groupings with different methods of costing, such as, current, revised, or forecasted costs. The cost type also defines how purchased components are calculated.
Cost Version	Cost versions are a subset of cost types that enable you to have different simulations of the costs. A cost type and cost version combination is required to calculate the final cost of an end item.

Defining Actual and Average Costing for Makeable Items

Within an actual or average cost environment, you can calculate the cost of makeable items by running the Transaction Costing process. To set up product costs:

1. Verify that the cost structure is defined for the make and buy items. See “Structuring Your Cost Management System.”
2. Verify that you defined cost foundation for manufacturing. See “Defining the Cost Foundation for Makeable Items.”
3. Define the default cost version by cost book.
4. Establish actual costs for crews.
5. Check the item default values, including: source code and cost element on the Define Business Unit Item component.
6. Confirm that items have a bill of material (BOM). If you roll up the costs to a configured item, verify that you have a component list on the production ID.
7. (Optional) Confirm that the items have an item routing. If you roll up the costs to a configured item, verify that you have an operation list on the production ID.
8. Once the production ID is closed for accounting, use the Transaction Costing process to calculate the cost for the items.

See Also

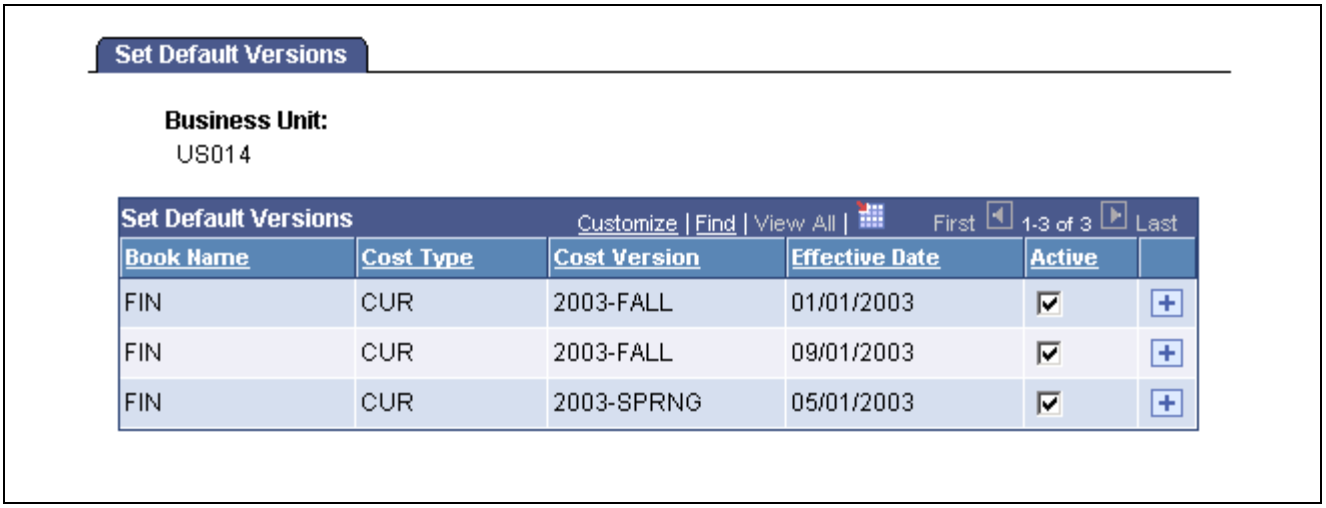
Chapter 8, “Costing Transactions and Creating Accounting Entries,” Generating Costs for Transaction Records, page 171

Pages Used to Set Up Actual Costing in Makeable Items

Page Name	Object Name	Navigation	Usage
Set Default Versions	CE_SET_BU_DFLT_VER	Cost Accounting, Item Costs, Define Rates and Costs, Set Default Versions	Identifies the default cost version that is to be used for each cost book when creating a production ID. Cost versions are defined for the various books for actual costing in manufacturing. Different versions may have different cost rates for different as of dates.
Crew Actual Cost	CE_CREW_RATE	Cost Accounting, Item Costs, Define Rates and Costs, Crew Actual Cost	Enter the actual labor rate by crew that is to be used by the Transaction Costing process to calculate the actual cost of production IDs by using this labor crew. This page is used if the item's cost profile uses the *Actual Time-Crew Rate* option for the Labor Cost Method field.
Define Business Unit Item - Manufacturing	MFG_ATTRIB	Items, Define Items and Attributes, Define Business Unit Item, Manufacturing	Select the source code for each item.
Define Business Unit Item - General	GEN_ATTRIB_INV	Items, Define Items and Attributes, Define Business Unit Item, General	Enter the cost element for each item. Cost elements are used to categorize the components of an item's cost. For purchased items that are components of a manufactured item, enter a value in the Current Purchase Cost field to ensure that a default price is available for the calculation of the end item.
Manufacturing BOMs - Summary	EN_BOM_MAINT	Manufacturing Definitions, BOMs and Revisions, Maintain BOMs and Revisions, Manufacturing BOMs, Summary	Verify that a BOM exists for the makeable items.
Define Routings - Summary	EN_RTG_SUMMARY	Engineering, Routings, Define Engineering Routings, Summary Manufacturing Definitions, Resources and Routings, Routings, Define Routings, Summary	Verify that a routing exists for the makeable items.

Defining the Default Cost Version by Cost Book

Access the Set Default Versions page.



Set Default Version page

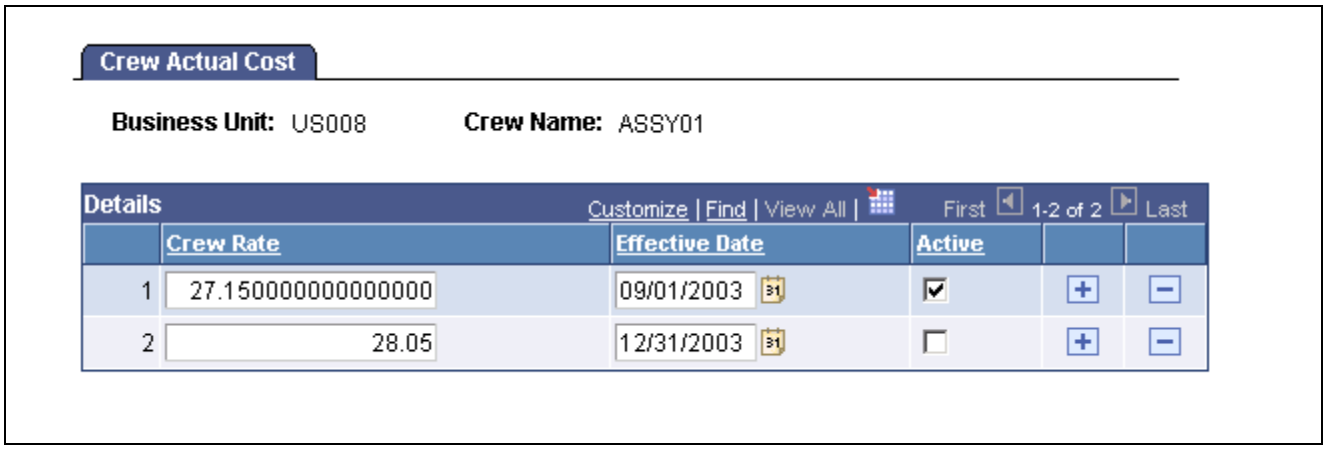
Identifies the default cost version that is to be used for each cost book when creating a production ID. As production IDs are created, the costing process needs to know which cost version to use for the various books for actual and average cost purposes. The Transaction Costing process uses the most current cost version based on the effective date that is entered here compared to the transaction date. Cost versions must be set for all cost books. The cost versions are used for calculating labor, machine, overhead, and by-products. Since each cost book could be on a different planning or budget cycle, the system enables you to have different cost versions (and cost rates) for each book. Cost rates, such as costing conversion rates and costing conversion overhead rates, are defined by a combination of cost type and cost version.

This page is not required for cost books using a frozen standard cost profile because the standard costs do not vary across cost books. The frozen standard costs are calculated and applied to production at the business unit level for all standard cost books that are within the business unit.

Establishing Actual Costs for Crew

To assign actual cost rates to a business unit crew, use the Assign Crew Actual Costs (CE_CREW_ACTCOST) component. Use the Assign Crew Actual Costs component interface to load data into the tables for this component.

Access the Crew Actual Cost page.



Crew Actual Cost page

Enter the actual labor rate by crew that is to be used by the Transaction Costing process to calculate the actual cost of production IDs by using this labor crew. This page is used if the item's cost profile uses the *Actual Time-Crew Rate* option for the Labor Cost Method field.

Defining Item Default Values

These default values are defined for the item and influence the Transaction Costing process.

Source Codes

The item's source code determines how the item is used for by the Transaction Costing process. You define each item's source code on the Define Business Unit Item - Manufacturing page. Options are:

Buy This is a purchased item. No lower level costs are calculated; therefore, any BOM or routings that are attached to this item are not used in cost calculations. The Transaction Costing process computes the cost of this item based on putaway costs. Lower-level costs, such as component costs, conversion costs, overhead conversion costs, and additional costs, are not included.

Expense This item is expensed when it's stored in an inventory business unit. You can specify the item on a BOM to call out the material requirement, but the cost is not included in the final cost of the end item.

Floor Stock This item is expensed when it's issued to production. You can specify the item on a BOM to call out the material requirement, but the cost is not included in the final cost of the end item.

Make This is a makeable item; an item that can be produced in PeopleSoft Manufacturing. Make items are assemblies or subassemblies that are manufactured in house, at a subcontractor, or by a combination of both. If a make item has an actual or average cost profile, then the Transaction Costing process calculates the final cost based on component costs, conversion costs, overhead conversion costs, and additional costs.

Planning This is an item that is used only in PeopleSoft Supply Planning. The item is never included in the Transaction Costing process.

Routing

On the Define Business Unit Item - Manufacturing page you specify which production routing the item uses when the system determines the assembly item's this level labor, material, and overhead costs.

Average Order Quantity

The item's average order quantity indicates the typical batch or lot size that is used to produce this item. You define each item's average order quantity on the Define Business Unit Item - Manufacturing page. This is the quantity that is expected to be produced in one production ID or production schedule based on the BOM.

If a BOM quantity on a bill is greater than one, the component's per assembly quantity is spread over the BOM quantity. For example, Assembly A has a BOM quantity of 100; Component B used on A has a per assembly quantity (QPA, or quantity per assembly) of 1500. Therefore, the use of B for a single A is 15 (1500/100). When entering the QPA, BOM maintenance supports a precision of four places to the right of the decimal. You have the option to define the calculated QPA precision the system maintains when it determines the item's cost. On the Installation Options - Manufacturing page, you select a precision anywhere from 4 to 10 places to the right of the decimal. If the BOM and associated process results in multiple outputs (primary, co-products, and by-products), the BOM quantity must be set to the item's average order quantity.

If you use economic order quantities or average order quantities with setup, fixed run, and postproduction times, the system must prorate the cost of these processes over the order quantity to determine a per unit cost. The system determines per unit setup, fixed run, and postproduction cost by dividing the cost of each process by the average order quantity. Typically, the system calculates this at the operation level, then sums it to provide the total cost.

Cost Elements

The Transaction Costing process uses cost elements to categorize the components of an item's cost. Cost elements are also used when costing a transaction. Enter the cost element for the item's material costs on the Define Business Unit Item - General page. For both purchased and makeable items, you must enter a cost element in the material cost category.

Used in Manufacturing Check Box

Any item that can have a BOM or routing, or that can be a component on a BOM or component list, or is associated with a production area, or is used on a production ID or production schedule, must be marked as used in Manufacturing. Select this check box on the Item Business Unit Definition - General: Costing page.

See Also

PeopleSoft Enterprise Managing Items 8.9 PeopleBook, "Defining Items by Business Unit," Defining Basic Business Unit Item Attributes

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Maintaining Bills of Material"

Using the Bill of Materials

The manufacturing bill, engineering bill, or component list determines the structure of the item and therefore the associated lower-level costs.

PeopleSoft Cost Management uses BOM yield or component yield loss to account for the loss of components during the manufacturing process. For costing purposes, the cost of the assembly item can therefore take into account the expected loss of components in production. In this instance, the system inflates the cost of the component by the component's yield.

Transaction costing does not include the cost of floor stock, expensed, subcontract supplied, or nonowned items. Consigned items are included in the item's cost as they are considered owned upon consumption.

If you roll up an assembly item that has no owned components, only nonowned and parts that are supplied by a subcontractor (Subsupply flag is set to Yes), the Transaction Costing process does not calculate any lower-level material costs but still rolls up labor costs for that item.

Note. Subcontractor-supplied or other nonowned items must be designated as consigned to be included in an end item's final cost.

See Also

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Maintaining Bills of Material"

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Maintaining Component Lists"

Using Item Routings

The production routing, engineering routing, or operation list documents the operations that are necessary to assemble the item. In the Transaction Costing process, the system considers only the routings or operation lists of those items whose source code you define as make.

When calculating conversion costs for an operation, you must consider the crew size of the operation. For example, if the crew that is assigned to a work center consists of three people, you multiply the labor run cost by three.

As it does with crew size, the system multiplies the machine cost of an operation by the number of machines that are assigned to the work center in which the operation takes place.

When the conversion rate that is associated with the code that is assigned to the operation is expressed in terms of a cost per unit, as opposed to a labor or machine rate per hour, you must specify the corresponding costing time type on the routing or operation list in order for the system to include the cost. For example, if in the conversion code that is associated with the operation, you specify a labor run cost of 1 per unit, there must be a costing labor run time in the routing or operation list in order for the system to include that 1 in the item's cost.

When you specify an operation's costing times and run rates in terms of days, the system factors the rate by the work center's average daily capacity to determine the total number of hours that it requires to complete the operation.

See Also

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Structuring Routings"

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Maintaining Component Lists"

Grouping Production Schedules for Actual or Average Costing

Production schedules must be included in a schedule group in order to be costed for actual or average costing by the Transaction Costing process. This section discusses how to group production schedules.

A schedule group for costing can include one or more production schedules. In the organization, one job could include several production schedules across shifts and days. You can collect all the production schedules for one job together into one schedule group ID. When the schedule group ID is costed by the Transaction Costing process, the final costs are divided by the outputs across all the production schedules in the group.

See Also

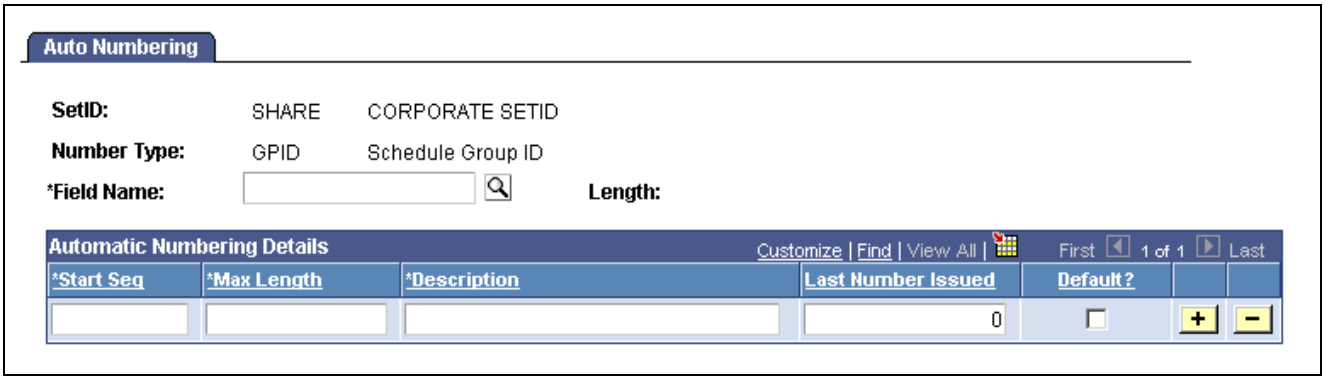
PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Maintaining Production Orders and Production Schedules," Creating Production Schedules

Pages Used to Group Schedules for Actual Costing

Page Name	Object Name	Navigation	Usage
Auto Numbering	AUTO_NUM_PNL	Set Up Financials/Supply Chain, Common Definitions, Codes and Auto Numbering, Auto Numbering, Automatic Numbering	Define a numbering scheme to create group schedule IDs. The numbering scheme is defined by setID and the number type *Schedule Group ID*. You cannot create groups until you establish a numbering sequence.
Group Schedules	CE_GROUP_PID	Cost Accounting, Item Costs, Update Costs, Group Schedules, Group Schedules	Group one or more production schedules into a schedule group for costing actual and average costs make items.
Auto Group Schedules	CE_AUTOGRP_PID	Cost Accounting, Item Costs, Update Cost, Auto Group Schedules	Group one production schedule into one schedule group for costing actual and average cost make items.
Ungroup Schedules	CE_UNGROUP_PID	Cost Accounting, Item Costs, Update Cost, Ungroup Schedules	Remove production schedules from a schedule group. Production schedules cannot be removed after the Transaction Costing process is run.

Establishing Automatic Numbering for the Group Schedule ID

Access the Auto Numbering page.



Auto Numbering page

Number Type Enter *Schedule Group ID* to set up automatic numbering for schedule groups.

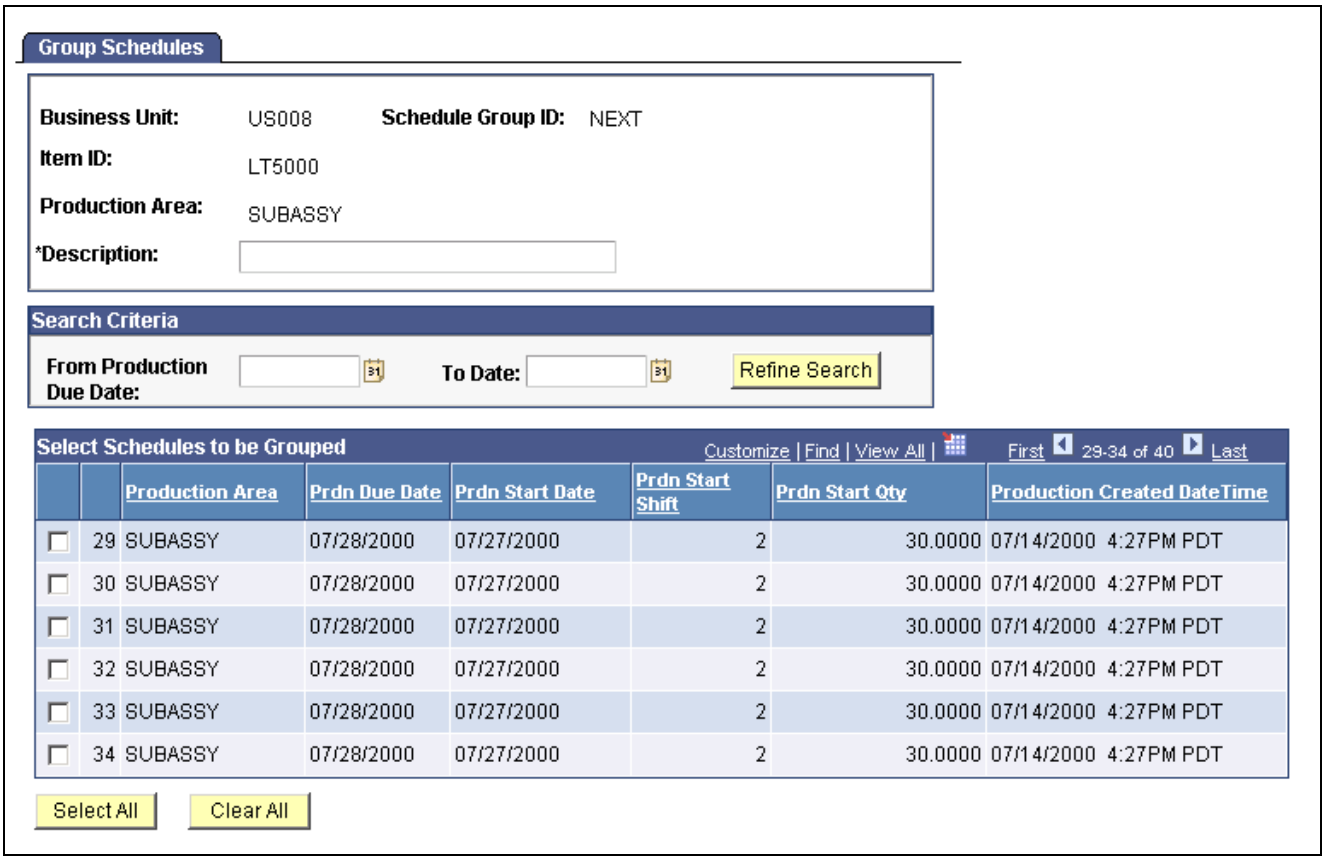
Field Name	Select the CE_GRP_PID_ID field for automatic numbering. This field is 10 characters long.
Start Seq (start sequence)	Enter a prefix using three characters. One or more prefixes can help identify the type of schedule group. For example, you may want to use a unique prefix of ALT for production schedules in the Atlanta plant and LDN for production schedules in the London plant.
Max Length (maximum length)	Enter maximum length of the schedule group ID. 10 or less characters can be entered.
Last Number Issued	Enter a numeric value to start the automatic numbering. The system starts by increasing in increments of one the last number that is issued.
	Note. This field cannot be zero or blank. You must enter a value.
Default	If you create more than one numbering sequence for this number type, indicate the default sequence.

See Also

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Defining Financials and Supply Chain Management Common Definitions," Setting Up Automatic Numbering

Grouping Schedules

Access the Group Schedules page.

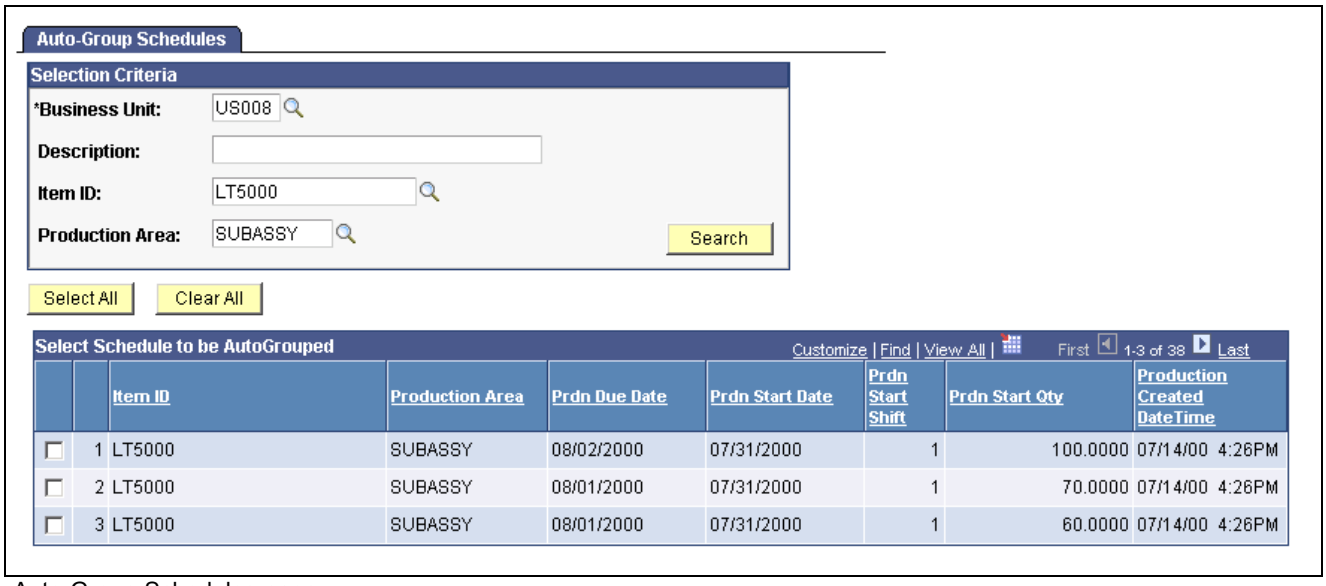


Group Schedules page

To cost make items using actual or average costing, you must place production schedules in a group. Use this page to add one or more production schedules to a new or existing schedule group ID. When you enter this page, the system displays all available production schedules based on the business unit, item ID, and production area. You can refine the search to include the due dates from and to production. The search results only display production schedules that are not currently attached to a group. Select the production schedules to add to the schedule group ID, enter a Description (required), and save the page.

Auto Grouping Schedules

Access the Auto Group Schedules page.

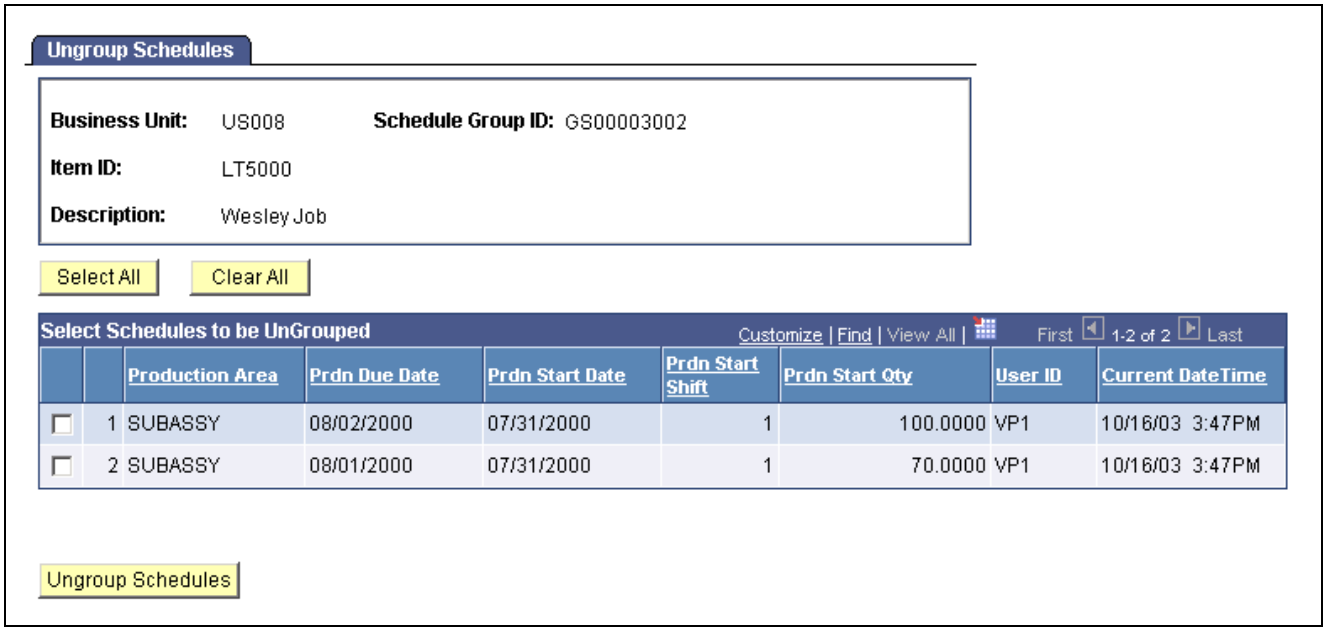


Auto Group Schedules page

To cost make items using actual or average costing, you must place production schedules in a group. Use this page to add one production schedule to one schedule group ID. You can create multiple schedule groups at one time by selecting one or more production schedules. The system creates one group ID for each separate production schedule when you save this page.

Ungrouping Schedules

Access the Ungroup Schedules page.



Ungroup Schedules

Use this page to remove production schedules from a schedule group ID. This can only be done before the Transaction Costing process is run for this schedule group ID or any transaction included in this group.

Note. If a schedule group ID is created with certain production schedules and then later you remove all the production schedules from the group, then the schedule group ID cannot be used again for a different set of production schedules.

CHAPTER 8

Costing Transactions and Creating Accounting Entries

This chapter provides an overview of transaction costing and entry creation and discusses how to:

- Generate costs for transaction records.
- Create accounting entries.
- Create transaction costs and accounting entries processes.
- Review and change item costing and accounting entries.
- Cost and account for consigned inventory.
- Cost and account for the repair and maintenance of assets.
- Cost and account for vendor managed inventory.
- Calculate and apply purchase price variance and exchange rate variance.
- Generate a PeopleSoft Enterprise Performance Management (PeopleSoft EPM) extract.

Understanding Transaction Costing and Accounting Entry Creation

The inventory system posts inventory transactions into the TRANSACTION_INV table, from there PeopleSoft Cost Management can assign costs to the transactions and create accounting entries. The Cost Accounting Creation process (CM_CSTACCTG) is an application engine process that completes these tasks by launching the:

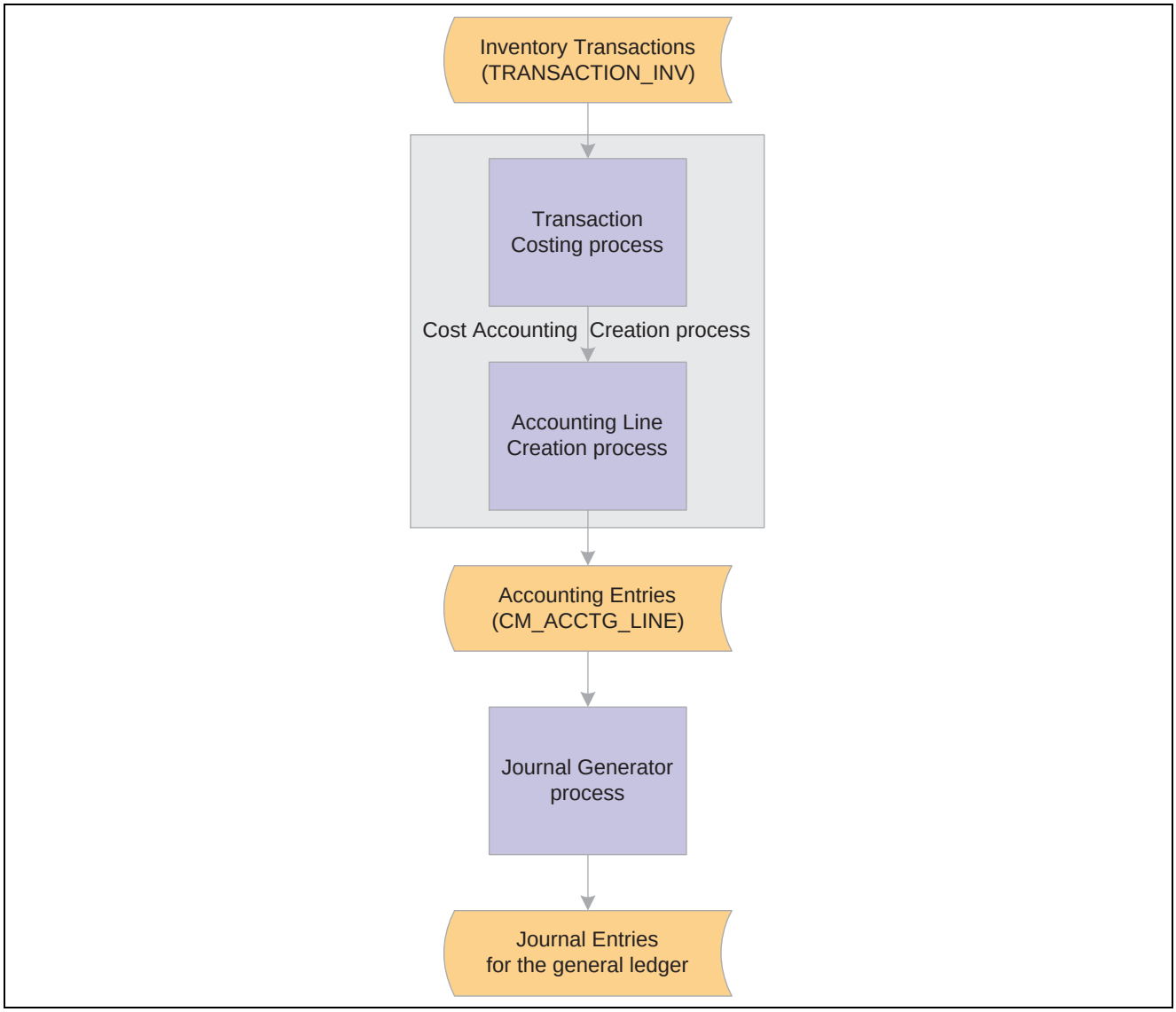
1. Transaction Costing process (CM_COSTING). This application engine process picks up these inventory transactions and attaches costs to each transaction based on the item's cost profile.
2. Accounting Line Creation process (CM_ALC). This application engine process picks up the calculated costs, creates the accounting entries, and stores the entries in the CM_ACCTG_LINE table.

The Cost Accounting Creation process page launched both of these process using one run control page. This enables you to:

- Streamline the maintenance of run control definitions.
- Run both processes in a continuous stream without a break between steps.
- Run just the Transaction Costing process or just the Accounting Line Creation process based on your current processing needs.

PeopleSoft Cost Management provides inquiries and reports to view the accounting entries. Use the Edit Unposted Accounting Lines page to change the accounting entries before they are posted to the general ledger. Once, you are satisfied with the entries, use the Journal Generator process (JRNL_GEN_REQUEST) to summarize the accounting entries into journal entries. PeopleSoft General Ledger can then post the journal entries to the correct ledgers.

This diagram illustrates the cost flow for inventory transactions:



Transaction Costing and Accounting Line Creation process flow

See Also

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Using Journal Generator"

Chapter 8, "Costing Transactions and Creating Accounting Entries," Creating Accounting Entries, page 176

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Defining and Using ChartFields," Understanding PeopleSoft ChartFields

Common Elements Used in This Chapter

Search	Click the Search button to display the results of the search.
Transaction Group	Predefined codes attached to different types of transactions, such as, stocking, issues, adjustments, and so on.
Distribution Type	User-defined codes that are a subset of transaction groups. Enables you to break down a transaction group into customized categories.
FERC Code (Federal Energy Regulatory Commission code)	Federal Energy Regulatory Commission identification codes. Appears only if you select FERC reporting on the PeopleSoft Inventory Options page.
ChartFields	Chart of accounts used to record accounting entries and journal entries in PeopleSoft.
Cost Element	A code used to categorize the different components of an item's cost and also define the debit and credit ChartFields for accounting entries.
Item Group	A grouping of items that enable you to design the accounting structure for a group of similar items, such as, sporting equipment or dress shoes. The item group is attached to an item using the Item Definition - General page.
Book Name	The cost book used to record the accounting entry.
As of Date	The process extracts any line with a transaction date less than or equal to this date.
Foreign Amount	The amount in the entry currency.
Monetary Amount	The amount in the base currency.

Generating Costs for Transaction Records

The Transaction Costing process picks up inventory transactions from the TRANSACTION_INV record and calculates the costs of each transaction, including, material, conversion, conversion overhead, landed, inbound, outbound, and other costs. The parameters for the Transaction Costing process are defined on the Cost Accounting Creation process page.

The Transaction Costing process:

- Calculates the cost of receipts.
- Calculates the cost of depletions. If chosen in setup, this could include costing negative inventory depletions before a corresponding receipt is available.
- Calculates and updates the weighted average costs and actual costs of items having cost profiles that use actual, periodic average, or perpetual average cost methods.

  Note. For standard cost items, the system does not automatically set frozen standard costs when you use the Transaction Costing process. To update standard costs, you must use the Cost Rollup process (CEPCROLL) and Update Production Costs process (CEREVAL, SFPREVAL, CES5001).

- Calculates purchase price variances and exchange rate variances.

- Calculates landed costs.
- Calculates the cost of make items produced in PeopleSoft Manufacturing.
- (optional) Launches the Negative Inventory Resolver process to check for new receipts (putaway and adjustment transactions) and adjust the quantities and costs of previously recorded negative inventory depletion transactions.

See Also

Appendix A, "Additional Information for the Costing Structure," page 315

Chapter 6, "Using Standard Costing for Makeable Items," Using the Cost Rollup Process to Calculate Product Costs, page 120

Chapter 6, "Using Standard Costing for Makeable Items," Updating Production Costs, page 138

Chapter 5, "Using Standard Costing for Purchased Items," Understanding Standard Costing for Purchased Items, page 101

Costing Negative Inventory

A negative inventory depletion transaction is a depletion transaction that drives the item quantity to a negative balance in the system even though physically the quantities did exist. The negative inventory feature is activated by selecting the Allow Negative Inventory check box on the Inventory Definition-Business Unit Options page.

Once PeopleSoft Inventory has shipped a negative inventory depletion transaction, you have options in PeopleSoft Cost Management on how to cost the transaction. There is no corresponding receipt or receipt cost to apply to the negative inventory depletion transaction. The Insufficient Qty Cost Option on the Cost Profiles page determines how the Transaction Costing process applies costing to negative inventory transactions:

Always cost insufficient qty Enables the Transaction Costing process to cost negative inventory depletion transactions before sufficient quantity is entered into the business unit. For actual cost items, these costs can later be adjusted when sufficient quantity is placed in the Inventory business unit by putaway or adjustment transactions.

For example, if there are 10 units of an item available in the business unit and an order is shipped and depleted for 15 units, then the entire depletion transaction of 15 units is costed the next time the Transaction Costing process is run, even if this is before sufficient stock is placed in the business unit. Of the 15 units, 10 are costed using the existing stock on hand and 5 are costed using the current average, current standard, or last actual cost depending on the cost method employed.

Cost in Regular Mode Only Enables the Transaction Costing process, run in *Regular* mode only, to cost negative inventory depletion transactions before sufficient quantity is entered into the business unit. These costs can later be adjusted when sufficient quantity is placed in the Inventory business unit by putaway or adjustment transactions.

If Transaction Costing is run in *Mid Period* mode, then the depletion transaction is costed up to the currently available quantity and the remainder is held.

For example, if there are 10 units of an item available in the business unit and an order is shipped and depleted for 15 units and:

- The Transaction Costing process is run in *Regular* mode, then the entire depletion transaction of 15 units is costed. Of the 15 units, 10 are costed using the existing stock on hand and 5 are costed using the current average, current standard, or last actual cost depending on the cost method employed.
- The Transaction Costing process is run in *Mid Period* mode, then the depletion transaction is split. 10 units are costed and 5 units are put on hold until sufficient stock is placed in the business unit.

Cost to point of zero quantity Enables the Transaction Costing process to split a negative inventory depletion transaction and cost part of the depletion transaction up to the currently available stock quantity. The remaining depletion transaction is held until sufficient stock is received.

For example, if there are 10 units of an item available in the business unit and an order is shipped and depleted for 15 units, then the depletion transaction is split by the Transaction Costing process. 10 units are costed and 5 units are put on hold until sufficient stock is placed in the business unit.

Don't cost if insufficient qty Enables the Transaction Costing process to delay costing the entire negative inventory depletion transaction until sufficient stock is received to cover the depletion transaction. This is the default setting.

For example, if there are 10 units of an item available in the business unit and an order is shipped and depleted for 15 units, then the entire depletion transaction of 15 units is put on hold by the Transaction Costing process until sufficient stock is placed in the business unit.

The current cost used to cost negative inventory depletion transactions depends on the Deplete Cost Method on the item's Cost Profile as follows:

Actual Cost The last actual cost received for this item.

Periodic Weighted Average Not applicable. This deplete cost method cannot be used to cost negative inventory depletion transactions before sufficient quantity is entered in the business unit. The transaction is held.

Perpetual Weighted Average The current average

Retroactive Perpetual Weighted Average The current average.

Value at Current Standard The current standard cost for the item.

If a current cost is not available for actual or average cost items, then the system uses the value entered in the Default Actual Cost field of the Define Business Unit Item - General: Common page.

The Accounting Line Creation process can process the costed depletion transactions and create accounting entries for the general ledger. This enables negative inventory depletion transactions to be reflected in the period end account balances rather then held up for receipt costs.

A negative inventory depletion transaction is costed by creating a dummy receipt row with a zero quantity. The depletion transaction is matched to this dummy receipt, which uses the new transaction group 001 (negative inventory) and is inserted into the costing tables. Once sufficient stock is received into the business unit, the negative state of the depletion can be cleared by using the Negative Inventory Resolver process.

Using the Negative Inventory Resolver

The Negative Inventory Resolver process has been added to the Transaction Costing process to check for new putaway and adjustment transactions, and if sufficient quantities have been received into the business unit, the resolver process:

- Applies the new receipt quantities to the previously recorded negative inventory depletion transactions. The resolver matches the negative inventory depletion transactions to actual stock received. This removes the dummy receipt (transaction group 001) from the depleted depletion transaction.
- Creates adjusting accounting entries for items using the Deplete Cost Method of Actual Cost. The resolver creates an entry to reverse the cost previously recorded for the negative inventory depletion transaction and to record a new transaction at actual receipt cost. These changes flow to the Accounting Line Creation process where two accounting entries are created:
    1. A reversing entry to remove the depletion based on the last actual cost received before the negative state.
    2. An entry to record the depletion based on the actual receipt costs.

  For items using the Deplete Cost Method of Value at Current Standard, Perpetual Weighted Average, or Retroactive Perpetual Weighted Average, the resolver does not change the previously recorded cost for the negative inventory depletion transaction. The standard or average cost on record at the time of the depletion was used on the original depletion and is not changed when the resolver corrects the negative state by matching the negative inventory depletion transactions to actual stock received.
- Inserts resolved negative inventory depletion transactions into a history table called CM_RESOLVE_HIST.

To resolve negative inventory, select the Resolve Negative Inventory check box on the Cost Accounting Creation process page. The process is launched within the Transaction Costing process after receipts have been processed, but before depletions.

Note. The Negative Inventory Resolver process is optional. It is highly recommended that you use this process to resolve all 001 transactions so that reports and queries do not reflect negative states that have been resolved. The resolver does not impact the total on hand quantity. For costs, it only impacts the total inventory value for actual cost items.

Inquiries for Negative Inventory

Two inquiries are available to monitor the costing of negative inventory depletion transactions and the recalculations of the quantities and costs performed by the Negative Inventory Resolver process. These queries are CM_PENDING_RESOLVER and CM_RESOLVED_NEG_HIST and can be viewed using the Query Viewer.

- The CM_PENDING_RESOLVER query returns negative inventory depletion transactions that have not been resolved.
- The CM_RESOLVED_NEG_HIST query returns negative inventory depletion transactions that have been resolved and recorded in a history table CM_RESOLVE_HIST.

See Also

Chapter 2, “Structuring Your Cost Management System,” Defining Cost Profiles, page 20

Chapter 2, “Structuring Your Cost Management System,” Determining Your Negative Inventory Strategy, page 43

Calculating Cost for Actual or Average Makeable Items

For makeable items using actual or average cost profiles, the Transaction Costing process processes according to the production ID. After the production ID has been closed for accounting, the Transaction Costing process finishes debiting the unposted transactions and calculates the actual cost of the assembly items. Then, the process clears WIP to finished goods for all cost books. Finished goods receives the completed items. They are posted to the TRANSACTION_INV record or directed to another production ID. The Transaction Costing process gathers the actual costs that have been recorded and posts the costs to the CE_ACTUAL_COST table. Then, the Transaction Costing process posts the manufacturing costs from the CE_ACTUAL_COST table to the CM_ACTUAL_COST table.

If the production ID is not costed by the Transaction Costing process, the transaction displays on the Pending Transactions page under the Pending Calculation Prdn Cost. If an item is not costed, simply enter the necessary corrections to the production data and the item will be costed on the next run of the process. There are a number or reasons that the Transaction Costing process may not pick up a production ID that has been closed for accounting, including:

- The Transaction Costing process was not run for the business unit and cost book with the Calculate Actual Prdn Costs check box selected.
- For direct labor costs, no actual labor rates are set up for the business unit when the make item's Cost Profile has a labor cost method of *Actual Time-Crew Rate.*
- For direct labor costs, no conversion rates exist for the business unit when the make item's Cost Profile has a labor cost method of *Actual Time-Conversion Rate.*
- For direct labor costs, either no routing times or no conversion rates are defined for the business unit when the make item's Cost Profile has a labor cost method of *Standard Time-Conversion Rate.*
- For direct labor costs, no default cost version is active for the business unit when the make item's Cost Profile has a labor cost method of *Standard Time-Conversion Rate.*
- For direct machine costs, no conversion rates exist for the business unit when the make item's Cost Profile has a machine cost method of *Actual Time-Conversion Rate.*
- For direct machine costs, either no routing times or no conversion rates are defined for the business unit when the make item's Cost Profile has a machine cost method of *Standard Time-Conversion Rate.*
- For direct machine costs, no default cost version is active for the business unit when the make item's Cost Profile has a labor cost method of *Standard Time-Conversion Rate.*
- For overhead costs, no conversion overhead codes were defined.
- For overhead costs or direct materials, no default cost version is active for the business unit.
- For direct materials, the production ID has rows stuck in CM_DEPLETION or CM_DEPLETE.
- For direct materials, insufficient quantity exists to satisfy the depletion.
- For direct materials, an adjustment has been posted since the last time the Transaction Costing process has been run and the process must be run again for this production ID.
- The production ID has uncosted rows in CE_ACTUAL_COST, due to:
  - A lower level production ID with unfinished costing. The lower level production ID has the Hold for Final Cost check box selected the cost profile and the Transaction Costing process was run in mid-period mode.
  - A current level open production ID that has the Hold for Final Cost check box selected the cost profile and the Transaction Costing process was run in mid-period mode.
  - The production ID has rows stuck in CM_DEPLETION or CM_DEPLETE.
  - The production ID is not defined for actual or average costing.

Using Reverse Component Consumption

The Transaction Costing process also reverses the depletion cost for components or kits returned to inventory. During a reverse component consumption, the transaction groups, 220 (Component Kit) and 230 (Component Consumption), are inserted in the TRANSACTION_INV table with a negative quantity. The Transaction Costing process must find the correct cost and process the receipt to the CM_RECEIPTS record.

In a standard costed environment, the reverse component consumption is received and put away at the standard cost.

For actual and average costed environments, the original receipt cost must be located by back tracking from the depletion record (for the production ID that consumed the component) to the original receipt. The process uses the last component consumed for the unit, item, production ID, and operation sequence. If the item is lot or serial-controlled, then the specific lot or serial must be found on the depletion record. FIFO and LIFO items also use the last consumed on the depletion record.

Creating Accounting Entries

The parameters for the Accounting Line Creation process are defined on the Cost Accounting Creation process page. The Accounting Line Creation job performs up to four processes in this order:

Create Accounting Lines (CM_ACCTG) — This PeopleSoft Application Engine process retrieves costed transactions and finds the correct ChartField combinations to use for the debit and credit lines of each accounting entry. Results are stored in the CM_ACCTG_LINE table.

Commitment Control Budget Processor (FS_BP) — This process performs budget checking against the rows in CM_ACCTG_LINE table. Results are stored in the CM_ACCTG_LINE table. The BUDGET_HDR_STATUS and BUDGET_LINE_STATUS fields display the current budget checking state of the accounting entry. Budget checking does not apply to manufacturing transactions.

Acquire IntraUnit Entries (CM_IU_ACCTG) — This PeopleSoft Application Engine process creates balancing entries for intraunit transactions in the CM_ACCTG_LINE table. If commitment control is turned on for PeopleSoft Inventory, then the accounting entry must pass budget checking successfully before ChartField balancing is done. This process picks up any row with a status of *N* (not balanced) or *E* (error) in the CM_IU_STATUS field and attempts to create the balancing entries. The results are stored back in the CM_ACCTG_LINE table with a status of *B* (balanced), *X* (balancing not required), or *E* (error).

Set GL Distrib Status (CM_GL_ACCTG) — This application engine process verifies that the accounting entries were created for the debit and credit sets without error and the budget checking and ChartField balancing have been successfully completed or not required. The process then changes the GL_DISTRIB_STATUS of the transaction to *N* (none). With an *N* status, the transaction can now be picked up from the CM_ACCTG_LINE table by the Journal Generator process and sent to the general ledger system.

Numbering Sequence of the Accounting Lines

Within the Accounting Line Creation process, a substantial reduction in processing time can be achieved by using set-based processing to number the lines of the newly-created accounting entries. As delivered, the system uses row-by-row processing to create the sequential accounting line numbers. By performing additional set up steps you can switch from row-based processing to set-based processing to generate the line numbers. The set-based approach is optional. The delivered default option is the row-by-row approach.

Using the set-based processing method to generate the sequential accounting line number is significantly faster than row-based processing. However, set-based processing can produce gaps in numbering. For example, within one accounting entry with four lines, the lines can be numbered 1, 5, 6, and 11, rather than 1, 2, 3, and 4.

See Also

Chapter 2, "Structuring Your Cost Management System," Selecting the Method to Number Accounting Lines, page 47

Creating Accounting Lines

The Accounting Line Creation process retrieves costed transactions and finds the ChartFields to use for the debit and credit lines of each accounting entry. The results are stored in the CM_ACCTG_LINE table. The process always uses the date and time of the transaction and not the transaction date that was entered. Accounting entries can be manually back dated using the Edit Unposted Accounting Lines page.

The Accounting Line Creation process searches for the correct ChartField information to build the accounting entry lines. The system searches for the ChartFields based on this logic starting with the first step and continuing until a match is found:

1. If the transaction is an interunit transfer of inventory stock, then the ChartFields to define the intransit account, interunit receivables, and interunit payables balancing entries are derived from the method that you selected for interunit accounting.

   The other parts of the accounting entries are derived from these pages.

2. If location accounting is used for the storage areas or production areas, the system first searches for the correct Storage Area Accounting page or Production Area Accounts page.

   When the entries on these pages match the same key fields on the transaction, then the correct ChartFields are found to build the accounting entry. Often, these pages define just one side of the accounting entry and the other side is derived from the Accounting Rules page or the interunit transfer method. The system searches for the page by starting with the first rule and continuing until a match is found:

Rule	Unit	Area	Cost Element
1	Business Unit	Storage Area or Production Area	Cost Element
2	Business Unit	Storage Area or Production Area	Blank

3. The Accounting Line Creation process uses the Accounting Rules page (Account Distribution page) with the most specific information matching the transaction. There are some situations where more than one Accounting Rules page can match the transaction. In this case, the search for the correct Accounting Rules page uses the logic in this table starting with the first rule and going through all twelve rules. The system uses the first rule encountered that matches the transaction.

Rule	Unit	Trans Group	Item ID	Item Group	Distrib Type	Cost Element
1	Business Unit	Transaction Group	Item ID	Blank	Distribution Type	Cost Element
2	Business Unit	Transaction Group	Item ID	Blank	Distribution Type	Blank
3	Business Unit	Transaction Group	Item ID	Blank	Blank	Cost Element
4	Business Unit	Transaction Group	Item ID	Blank	Blank	Blank
5	Business Unit	Transaction Group	Blank	Item Group	Distribution Type	Cost Element
6	Business Unit	Transaction Group	Blank	Item Group	Distribution Type	Blank
7	Business Unit	Transaction Group	Blank	Item Group	Blank	Cost Element
8	Business Unit	Transaction Group	Blank	Item Group	Blank	Blank
9	Business Unit	Transaction Group	Blank	Blank	Distribution Type	Cost Element
10	Business Unit	Transaction Group	Blank	Blank	Distribution Type	Blank
11	Business Unit	Transaction Group	Blank	Blank	Blank	Cost Element
12	Business Unit	Transaction Group	Blank	Blank	Blank	Blank

4. ChartFields entered directly on the transaction override these rules. Often, this is just one side of the accounting entry.

Note. If the accounting pages have not been defined correctly, then the effected transactions are written to the error table. To view any errors occurring in the CM_ACCTG process, use the Accounting Line Errors page.

See Also

Chapter 10, “Managing Transfers,” Understanding Interunit Transfers, page 229

Chapter 3, “Setting Up the Accounting Rules Structure,” page 49

PeopleSoft Enterprise Inventory 8.9 PeopleBook, “Transferring Stock Between Business Units,” Understanding Stock Transfers Between Business Units

Using Commitment Control

Commitment control enables you to check expenditures against a predefined budget. In PeopleSoft Cost Management, these expenditures typically occur when you expense inventory material to a department or expense account. Commitment control considers actual expenditures and imminent future obligations (encumbrances and pre-encumbrances). The option to use commitment control must be selected at both the installation and ledger group level. In multibook environments, only the primary ledger transactions should be checked against control budgets.

Note. Commitment control does not apply budget checking to manufacturing transactions.

If you are using commitment control, the accounting entries must pass budget checking before you can pass them to the general ledger system using the Journal Generator process. If you select the Budget Check Accounting Lines check box on the Accounting Line Creation process page, then the Commitment Control Processor process runs on the accounting lines in the CM_ACCTG_LINE table with a BUDGET_LINE_STATUS of *N* (not budget checked) or *E* (error in budget check). Once the line passes budget checking, the status changes to *V* (valid budget check). Entries that do not pass budget checking appear on the CM Transaction Exceptions - Header Exceptions page, where you can resolve the error status by adjusting or redirecting charges to alternate accounts or changing budget periods for the transactions if authorized to do so.

Note. The Budget Processor process (FSBKBDP3) considers all of the accounting lines in a transaction set together. If one accounting line fails the budget check, the Budget Processor process rejects the entire transaction set.

Commitment Control Statuses

The header of the transaction can have these statuses in the BUDGET_HDR_STATUS field:

Status	Description
N	Not budget-checked.
E	Error: The transaction fails budget checking and does not update the control budget.
V	Valid: The transaction passes budget checking with no errors or warnings and updates the control budget. If commitment control is turned off, all transaction lines are set to *V*.

The transaction line can have these statuses in the BUDGET_LINE_STATUS field:

Status	Description
N	Not budget checked.
E	Error: The transaction line fails budget checking and does not update the control budget.
W	Warning: The transaction line completes budget checking successfully, but the transactions have warning exceptions. The transaction updates the control budget. The warnings can range from an overridden error to mismatched budget and accounting dates. It issues a warning if the transaction is over the budget amount but less than the tolerance amount.
V	Valid: The transaction line passes budget checking with no errors or warnings and the process creates the journal line for the control budget ledger. If commitment control is turned off, all transaction lines are set to *V*.

The statuses in the CM_IU_INDICATOR field tell the Commitment Control Processor process whether to pick up the line. If you use the centralized interunit and intraunit processor to create intraunit ChartField balancing entries, then these accounting lines do not need to be budget checked.

Status	Description
N	Not created by the central processor. This transaction is picked up by the Commitment Control Budget Processor process.
Y	Created by the central processor. The Commitment Control Budget Processor process is skipped. The budget statuses are set to *V*.

See Also

PeopleSoft Enterprise Commitment Control 8.9 PeopleBook, "Setting Up Basic Commitment Control Options"

PeopleSoft Enterprise Commitment Control 8.9 PeopleBook, "Processing Source Transactions Against Control Budgets," Understanding the Budget Checking of Source Transactions

Acquiring Intraunit Entries

Intraunit processing, or fund balancing, creates balancing entries for transfers between ChartFields (such as Fund) within the same business unit. Intraunit balancing can be performed on any ChartField within the business unit except Account. The ChartField Balancing process (CM_IU_ACCTG) compares debit and credit ChartFields (except Account) for the same item and cost element. If the ChartFields are not the same, the interunit receivable and interunit payable accounting entry is created. For example, suppose that these transactions are entered for the same item and cost element. The system is set up for intraunit balancing on the fund ChartField. The interunit receivable account is *4003* and the interunit payable account is *4002* for this transaction:

	Account	Fund	Dept ID	Program	Class	Bdgt Pd
Expense	5002	100	20	88	10	2000
Inventory	1001	200	30	99	20	2000

The Accounting Line Creation process creates this interunit receivable and interunit payable transaction:

	Account	Fund	DeptID	Program	Class	Bdgt Pd
Offsetting Inventory	4003	200	30	99	20	2000
Offsetting Expense	4002	100	20	88	10	2000

Set up the PeopleSoft system to use intraunit accounting. If you are using intraunit ChartField balancing, you must balance the intraunit accounting entries before you can pass them to the general ledger system using the Journal Generator process. If you are also using commitment control, the accounting entries must pass budget checking before they are available to perform ChartField balancing.

To perform ChartField balancing using the Accounting Line Creation process, select the Acquire IntraUnit Entries check box on the Accounting Line Creation process page. This check box is selected by default. The Intraunit Balancing process runs on the accounting lines in the CM_ACCTG_LINE table with a BUDGET_LINE_STATUS of *V*and a CM_IU_STATUS of *N* (not balanced), or *E* (error). Once the intraunit transaction has been balanced successfully, the CM_IU_STATUS changes to *B* (balanced) or to *X* (balancing not required). Entries that could not be balanced are given the status of *E* (error) and appear on the Edit Unposted Accounting Lines page where you can resolve the error status.

Note. On the intraunit transaction, if the ChartField that you are balancing on changes after the ChartField Balancing process, then the system resets the CM_IU_STATUS to *N* (not balanced) and the transaction must be rerun by the ChartField Balancing process.

Intraunit ChartField Balancing Statuses

The transaction can have these statuses in the CM_IU_STATUS field:

Status	Description
N	Not balanced
B	Balanced
P	In process
E	Error

Status	Description
I	Ignore. The line is not an intraunit transaction.
X	Balancing not required.
S	Staged
H	Hold for other business unit affiliates.

See Also

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Using Interunit and Intraunit Accounting and ChartField Inheritance"

Setting the General Ledger Distribution Status

The Set GL Distrib Status (general ledger distribution status) process in the Accounting Line Creation job insures that the accounting entries are not passed to the general ledger system until they are complete. The process also updates the status of accounting entries as they are picked up and used by the Journal Generator process. All rows that have a budget check status of *V* (valid) and an intraunit ChartField balancing status of *B,I,* or *X* will have their GL Distrib Status (general ledger distribution) set to *N* (ready).

GL Distribution Statuses

The transactions can have these statuses in the GL_DISTRIB_STATUS field:

Status	Description
D	Distributed. The entries are posted to the general ledger system. They no longer appear on the Edit Unposted Accounting Lines page.
H	Hold. These lines are not yet ready to be picked up by the Journal Generator.
N	None; not yet processed. The accounting entries are created without error and (if applicable) the budget checking and ChartField balancing complete successfully. The Journal Generator process can now pick up the entries.

Creating Transaction Costs and Accounting Entries Processes

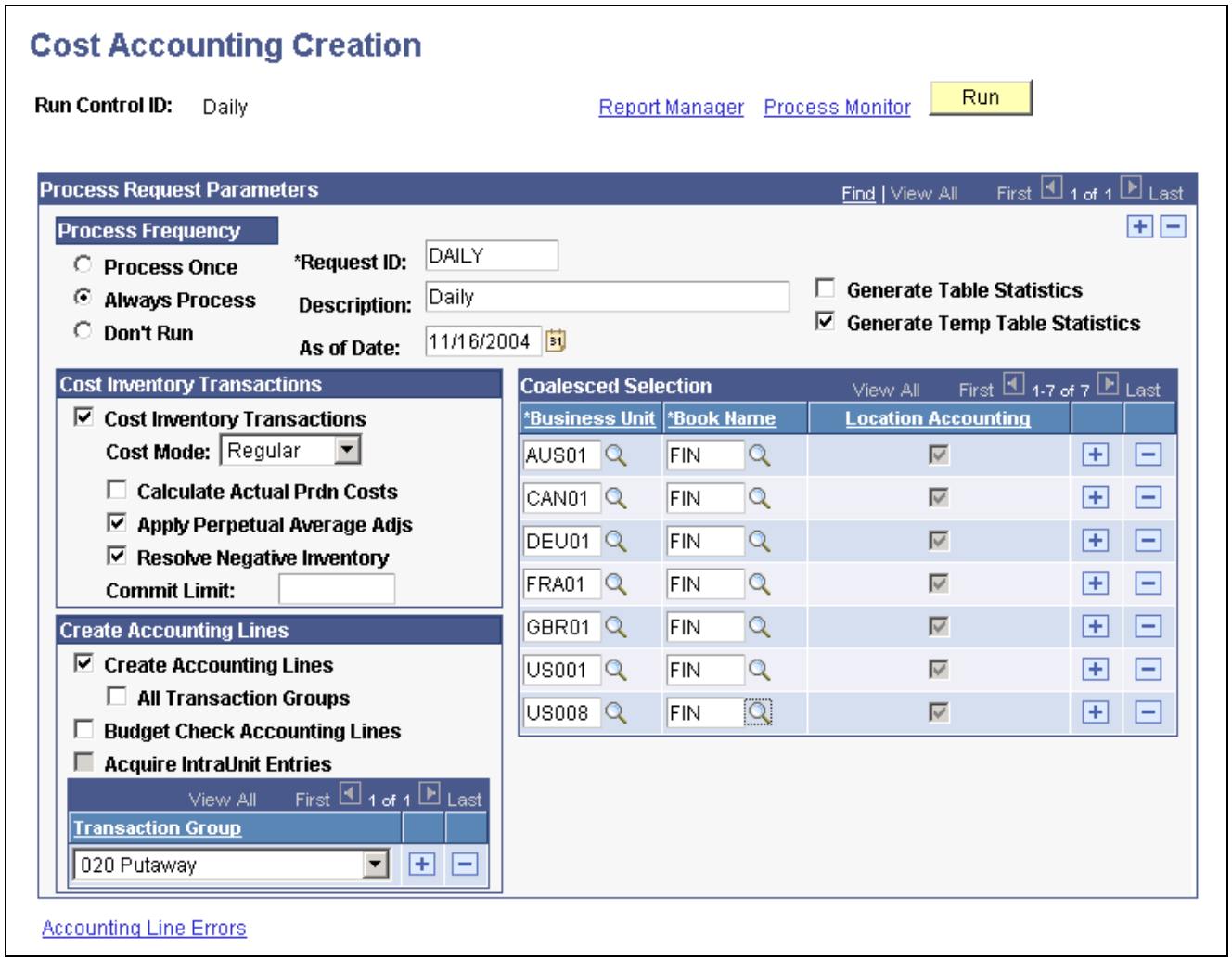
The Cost Accounting Creation process is an application engine process that can launch both the Transaction Costing process and the Accounting Line Creation process.

Page Used to Create Transaction Costs and Accounting Entries

Page Name	Object Name	Navigation	Usage
Cost Accounting Creation	CM_ACCTG_REQ	Cost Accounting, Inventory and Mfg Accounting, Create Accounting Entries, Cost Accounting Creation	Calculates the cost of transactions that have not yet been costed and then creates accounting entry lines for these costed transactions.

Running the Cost Accounting Creation Process

Access the Cost Accounting Creation page.



Cost Accounting Creation process page

Generate Table Statistics (Database administration) This check box enables database administrators to control whether or not this process should issue basic table statistics update commands to the database for the tables accessed by this process. The Cost Accounting Creation process is structured to delete temporary working data at the beginning of the process, before that deletion step, accurate table statistics can be generated.

Database platforms keep statistics about the distribution of the key values in each index and use these statistics to determine which indexes to use in query processing. Cost-based query optimization depends on the accuracy of the distribution statistics. Table statistics should be updated whenever a large amount of data in an indexed column has been added, changed, or removed (that is, if the distribution of key values has changed). The update table statistics option gives database administrators an added tool for maintaining table statistics for query optimization; however, sites that already have database administration procedures in place for periodically updating table statistics might want to clear this option.

Generate Temp Table Statistics The Cost Accounting Creation process stores some of its temporary working data in dedicated temporary tables. This check box is defaulted to make it easier for database administrators to generate accurate table statistics for these types of tables.

As of Date The process selects all unprocessed lines with a transaction date less than or equal to this date.

Cost Inventory Transactions group box

This section contains the parameters used by the Transaction Costing process.

Cost Inventory Transactions Select to have the cost calculated for all uncosted inventory transactions using the Transaction Costing process.

Cost Mode Values are:

Regular: Costing is for uncosted transactions occurring in the period ending up to the *As of Date*. Regular mode can be used at anytime during the period and at period end. When you run this process in regular mode, all transactions are costed, regardless of the Hold for Final Cost check box for the cost book.

Mid-Period: Costing is for uncosted transactions occurring in the partial period ending on the as of date. The Mid-Period value postpones certain types of calculations if final costs are not yet available, for example, purchased items when the invoice has not yet been received or production that are not yet completed. If the profile for the book is marked as Hold for Final Cost, receipt and depletion records are not costed unless the invoice price is available (for purchased items) or the production ID or production schedule is complete (for makeable items). Periodic averages and retroactive perpetual averages are not calculated in this mode.

Calculate Actual Prdn Costs Select to calculate the actual production costs of an item.

Apply Perpetual Average Adjs Select to update the perpetual average costs to include the difference between the purchase price and the voucher, including exchange rate differences. This applies to the perpetual average costing method as defined on the cost profile. Select this check box to create adjustments to the perpetual weighted average costs in both the *Mid-Period* and *Regular* cost modes. For period end processing, select this check box if you want the perpetual average cost items to reflect the invoice price. Actual cost items are always updated once the invoice price is available. Periodic average items are not updated for cost adjustments.

Note. The Apply Perpetual Average Adjs check box is only applicable if you have perpetual average cost items. It does not apply to the retroactive perpetual average method.

Resolve Negative Inventory Select to run the Negative Inventory Resolver process to check for new receipts (putaway and adjustment transactions) and adjust the quantities and costs of previously costed negative inventory depletion transactions. The process is launched within the Transaction Costing process after receipts have been processed, but before depletions.

Commit Limit (Optional) To manage the database resources, enter the number of rows to be processed before committing costed depletion records to the database. If this field is left blank, the system issues a commit to the database after all depletions rows have been processed.

Create Accounting Lines group box

This section contains the parameters for the Accounting Line Creation process.

Create Accounting Lines Select to have accounting entries generated for all costed transactions using the Create Accounting Lines process (CM_ACCTG).

All Transaction Groups Select to run this process for all transaction groups or enter specific transaction groups in the Transaction Group section. Selecting this check box erases any entries that you have made in the Transaction Group section.

Budget Check Accounting Lines Select to run the Commitment Control Budget Processor process (FSPKBDP3). If you have not turned on commitment control for the PeopleSoft system, this check box is unavailable.

Acquire IntraUnit Entries Select to run the Acquire IntraUnit Entries process (CM_IU_ACCTG) of this PeopleSoft job. This check box is unavailable if intraunit processing is not enabled for the PeopleSoft system. This process creates intraunit balancing entries for all applicable transactions in the specified business unit and book. All transaction groups are processed regardless of the entries on this page.

Note. If the Budget Check Accounting Lines check box is available, you should not select the Create Accounting Lines check box and the Acquire IntraUnit Entries check box only, because budget checking is required before intraunit ChartField balancing can be performed. By default, all three check boxes are selected when available.

Transaction Group Enter specific transaction groups to be processed. Use the Insert Row button to add additional transaction groups.

Accounting Line Errors Click to access the Accounting Line Errors page, where you can view any errors generated by the Accounting Line Creation process. This page displays accounting lines that could not be processed because of missing accounting line creation rules.

Coalesced Selection group box

Specify one or many business unit and cost book combinations on each request in the Coalesced Selection group box. All the business units in one request are processed together as one set to take advantage of set-based relational database performance on sets of data. Define the same parameters for all business units within one request or add multiple requests to define different parameters for each request.

Use the Insert Row button within the Coalesced Selection group box to add as many business units and cost books as needed to one request.

To create multiple sets that process one at a time, create multiple process requests on the same process page by using the Insert Row button just below the Process Request Parameters bar (far upper right of page). Depending on your environment, multiple sets could take longer to process than one set. Each request will be run sequentially.

The system displays the business unit setting for Location Accounting.

Note. Within one process request, all the business units must have the same setting for location accounting. A warning message displays if there is a mismatch.

See Also

Chapter 2, "Structuring Your Cost Management System," Defining Cost Profiles, page 20

Reviewing and Changing Item Costing and Accounting Entries

PeopleSoft Cost Management provides several interactive pages to help you analyze, compare, and review the item costs generated in a manufacturing or distribution environment. You can monitor the transactions as they are processed through the Transaction Costing, Accounting Line Creation, and Journal Generator processes. In a manufacturing environment, you can analyze the production costs at every stage of the production ID, enabling you to identify cost fluctuations early in the process.

This section discusses how to review the inventory transactions as they flow through the accounting system.

Reviewing Item Setup

PeopleSoft provides you with inquiry pages to help you review the costing status of an item. Use the:

- Item Cost Inquiry component to review every part of an item's costing definition.

  This ten page component provides information about how the item is set up for costing within the business unit.

- Inventory On Hand page to identify the basic costing setup for an item and the current quantity on hand.

Monitoring the Costing Flow

PeopleSoft provides inquiry pages to enable you to monitor the transactions at each stage as they flow through the accounting processes of the Transaction Costing, Accounting Line Creation, and Journal Generator processes.

- The Message Log inquiry page checks for the successful completion of all processes, including the Transaction Costing, Accounting Line Creation, and Journal Generator processes.

- The Cost Tolerance Inquiry page identifies possible cost errors for all transactions that have completed the Transaction Costing process.
- The Pending Transactions page identifies the number of transactions at each stage of the costing flow.

  Predefined queries give detailed transaction information about each area.
- The Insufficient Qty Tool (insufficient quantity tool) page identifies depletion transactions (in environments using the negative inventory feature) where accounting entries are not created due to insufficient quantity.

Comparing and Analyzing Manufacturing Costs

PeopleSoft Cost Management enables you to monitor the costing of items produced in PeopleSoft Manufacturing for all types of costing (frozen standard, actual, and average costing methods). Use the:

- Actual Cost Inquiry page to review the actual costs of production for a manufactured item.

  Costs are broken down by business unit, item ID, operation sequence, cost category, conversion codes, and other criteria.
- Proactive Production Cost - PID Cost to take a snapshot of the production costs at any stage in the production process.

  Then, these captured costs can be compared and analyzed using the Compare Cost Measures component.
- Compare Cost Measures component to identify costing flow issues by comparing the production costs at various stages for production for a single production ID or production schedule.
- Pending Transactions page to identify the number of production completions that have been putaway in inventory, partially or completely, and the number of production completions that have not been costed by Transaction Costing process.

  Predefined queries give detailed transaction information about each area.

Verifying the Creation of Accounting Entries

Once you generate accounting entries using the Accounting Line Creation process, you can review or change the entries before they are picked up by the Journal Generator process for posting in the general ledger.

Use the:

- Accounting Line Errors page, the Edit Unposted Accounting Lines page, and the Detail Accounting page to review and change accounting entries.
- From the Edit Unposted Accounting Lines page, you can link to the Change Accounting Date page to redirect the accounting entry to an earlier accounting period by changing the accounting date of the transaction before it is sent to the general ledger.
- Pending Transactions page, Unposted Accounting Lines page, Posted Accounting Line page, and the Accounting Entries page to inquire about the accounting entries.

Verifying Your Entries Passed Budget Checking

If you are using commitment control, the accounting entries must pass budget checking before you can pass them to the general ledger system using the Journal Generator process. Entries that do not pass budget checking appear on the CM Transaction Exceptions component, where you can determine the action necessary to resolve the error. The Pending Transactions page also has a query for transactions not posted to the general ledger that identifies the transaction's budget checking status. If you change a line that has already been budget checked, the budget status is set to *N,* and the line must run through budget checking again.

Verifying Your Entries Passed ChartField Balancing

If you are using intraunit ChartField balancing, the intraunit accounting entries must be balanced before passing them to the general ledger system using the Journal Generator process. Also, if you are using commitment control, the accounting entries must pass budget checking before they are available to perform ChartField balancing. The system assigns an error status to entries that cannot be balanced. They appear on the Edit Unposted Accounting Lines page, where you can resolve the problem. The Pending Transactions page also has a query for transactions not posted to the general ledger that identifies the transaction's status. When the accounting entries have successfully passed the Intraunit ChartField Balancing process, you can no longer change the interunit receivables and payables accounting lines.

Note. If you use commitment control and intraunit accounting (fund accounting), budget checking and intraunit ChartField balancing must be completed successfully before the accounting entries can be passed to the general ledger system. Once the accounting entries have been processed by the Journal Generator, you can no longer change any information on the accounting entries.

Using Reports

Use the Accounting Register report and the Transaction Register report to review both transaction costing and accounting entries.

See Also

Appendix B, "PeopleSoft Enterprise Cost Management Reports," page 337

Pages Used to Review and Change Item Costing and Accounting Entries

Page Name	Object Name	Navigation	Usage
Item Cost Inquiry - General: Common	CM_INQ_GEN	Cost Accounting, Item Costs, Review Costs, Item Cost Inquiry, Item Cost Inquiry, General	View general cost information about any item within the business unit, including default cost element, standard cost group, book names, cost profiles, default actual cost, current purchase cost, last price paid, and quantity on hand.
Item Cost Inquiry - General: Transfer Costs	CM_INQ_XFER	Click the Transfer Costs link on the Item Cost Inquiry - General page.	Displays transfer information about the item within the business unit. Also displays the item's transfer price or markup percentage. Information for the item appears by default in the Default Unit Transfer Attributes section. Planning attributes appear as defined at the business unit and item level.

Page Name	Object Name	Navigation	Usage
Item Cost Inquiry - General: Vendor Costs	CM_INQ_VNDR	Click the Vendor Costs link on the Item Cost Inquiry - General page.	Displays the vendors defined for this item on the Purchasing Attributes - Item Vendor component, including vendor ID, vendor location, unit of measure (UOM), currency, minimum order quantity, vendor price and effective date of the price.
Item Cost Inquiry - General: Additional Costs	CM_INQ_ADD	Click the Additional Costs link on the Item Cost Inquiry - General page.	Displays any additional costs added to the item using the Additional Costs by Item page. Also displays the cost type, cost version, cost element, application method, and expense rate or percentage defined for the item and business unit.
Item Cost Inquiry - General: Pricing Info	CM_INQ_PRC	Click the Pricing Info link on the Item Cost Inquiry - General page.	Displays pricing information for this item as defined in PeopleSoft Order Management, including product ID, list price, and any price lists for this item.
Item Cost Inquiry - Standard	CM_INQ_STD	Cost Accounting, Item Costs, Review Costs, Item Cost Inquiry, Item Cost Inquiry, Standard	Displays the current frozen standard costs for this item in this business unit. These standard costs are broken down by cost element and level. The standard costs are determined by the Cost Rollup process and applied to the production environment using the Update Production process.
Prod'n/Standard Cost Detail	CM_PRODCOST_DET	Click the Cost Element link on the Item Cost Inquiry - Standard page.	Displays the detailed costs maintained by component ID and operation sequence.
Item Cost Inquiry - Actual	CM_INQ_ACT	Cost Accounting, Item Costs, Review Costs, Item Cost Inquiry, Item Cost Inquiry, Actual	Displays information about the item's actual costs with this business unit. The deplete cost method (from the cost profile) is identified for each book set up for this item. The item's cost history appears along with every receipt number with unit cost, vendor, the source of the receipt, and the storage area where the item was received.

Page Name	Object Name	Navigation	Usage
Item Cost Inquiry - Perpetual Avg	CM_INQ_PERP	Cost Accounting, Item Costs, Review Costs, Item Cost Inquiry, Item Cost Inquiry, Perpetual Avg	Displays the computed perpetual weighted average for this item within this business unit. The date and time of the computation also appears. Perpetual averages are calculated with each putaway of the item.
Item Cost Inquiry - Retroactive Avg	CM_INQ_PERR	Cost Accounting, Item Costs, Review Costs, Item Cost Inquiry, Item Cost Inquiry, Retroactive Avg	If retroactive perpetual averaging is used for this item within this business unit, then this inquiry page displays the item's perpetual weighted average and the date and time to which it is applied. Retroactive perpetual averages are applied when you run the Transaction Costing process in the *regular* Cost Mode. Multiple averages are computed and applied for each putaway.
Item Cost Inquiry - Periodic Avg	CM_INQ_PERD	Cost Accounting, Item Costs, Review Costs, Item Cost Inquiry, Item Cost Inquiry, Periodic Avg	Displays the periodic weighted averages for this item within this business unit and the date and time it was applied. Periodic weighted averages are applied when you run the Transaction Costing process in the *regular* Cost Mode and are applied to all putaways in the period.
Inventory On Hand	CM_OH_INQUIRY	Cost Accounting, Inventory and Mfg Accounting, Analyze Inventory Accounting, Inventory On Hand Value	View the accounting profile and current on-hand quantity for any item within a business unit. Also displays the item's book names, costing methods, on-hand quantity, and the value of the on-hand quantity.
On Hand by Receipt Line	CM_RCPT_LINEDET_SP	Click the link for the book name on the Inventory On Hand page.	View the quantity available and its value according to the storage location for the business unit, item ID, and book name. This inquiry page also displays the receipt and deplete quantities. Click the column heading to sort the data in ascending order based on the column.

Page Name	Object Name	Navigation	Usage
Cost Tolerance Inquiry	CM_CTC_INQ	Cost Accounting, Item Costs, Review Costs, Cost Tolerance Control	Review costed inventory transactions for possible costing errors based on user-defined tolerance levels. To be viewed on this inquiry, the transactions must have successfully completed the Transaction Costing process of the Cost Accounting Creation process.
Message Log	MESSAGE_LOG	Background Processes, Review Message Log, Message Log - Search	Find any messages created during the Transaction Costing, Accounting Line Creation and Journal Generator processes.
Pending Transactions	CM_NPOSTED	Cost Accounting, Inventory and Mfg Accounting, Analyze Inventory Accounting, Pending Transactions	View inventory accounting transactions that have not yet been posted to PeopleSoft General Ledger. This inquiry page enables you to monitor transactions before and after the Transaction Costing and Accounting Line Creation processes. Click the Details links to view current transaction information generated by predefined queries. This page also provides links to the Accounting Line Errors page and the Query Viewer.
Insufficient Qty Tool (insufficient quantity tool)	RUN_CM_NEG_INV	Cost Accounting, Inventory and Mfg Accounting, Analyze Inventory Accounting, Insufficient Quantity Tool	This PeopleSoft Application Engine program, (CM_NEG_INV), provides you with a query of the accounting line entries that would be generated for those transactions held back in CM_DEPLETIONS due to insufficient quantities.

Page Name	Object Name	Navigation	Usage
Actual Cost Inquiry	CM_ACTUALCOST_INQ	Cost Accounting, Item Costs, Review Costs, Actual Production Costs, Production Selection	(Manufacturing environment only) For makeable items, you can view the actual cost of production based on the production ID or the combination of production area and item ID. Also displays the actual costs of production broken down by operation sequence, cost category, and conversion code. The production status, item ID, book name, and completed quantity also appear. The actual costs are calculated by the Transaction Costing process.
Proactive Production Cost - PID Cost	CE_PRDNID_COSTING	• Cost Accounting, Item Costs, Review Costs, Proactive Production Cost • Production Control, Define Production, Production IDs/Schedules, Production ID Maintenance. Select the Review Proactive Costing link.	For makeable items, this page provides advanced proactive visibility into the costing of a production ID during each phase of production. You can save the current costs under a cost measure type for reviewing and comparing on the Compare Cost Measure component.
Primary Products & Co-Product Cost	CE_OUTPUT_COST_SEC	Select the Primary Product & Co-Product link on the Proactive Production Cost - PID Cost.	View the projected costs for the primary product and co-products of this production ID.
Compare Cost Measures - Output Analysis	CE_COST_ANALYTICS	Cost Accounting, Item Costs, Review Costs, Compare Cost Measures, Output Analysis	Review and compare the cost calculations for the output from a production ID (products, co-products, and so on) at various stages of production. Cost comparisons can include the production ID as planned, as produced, the frozen standard costs, the actual production costs, or other stages of production.

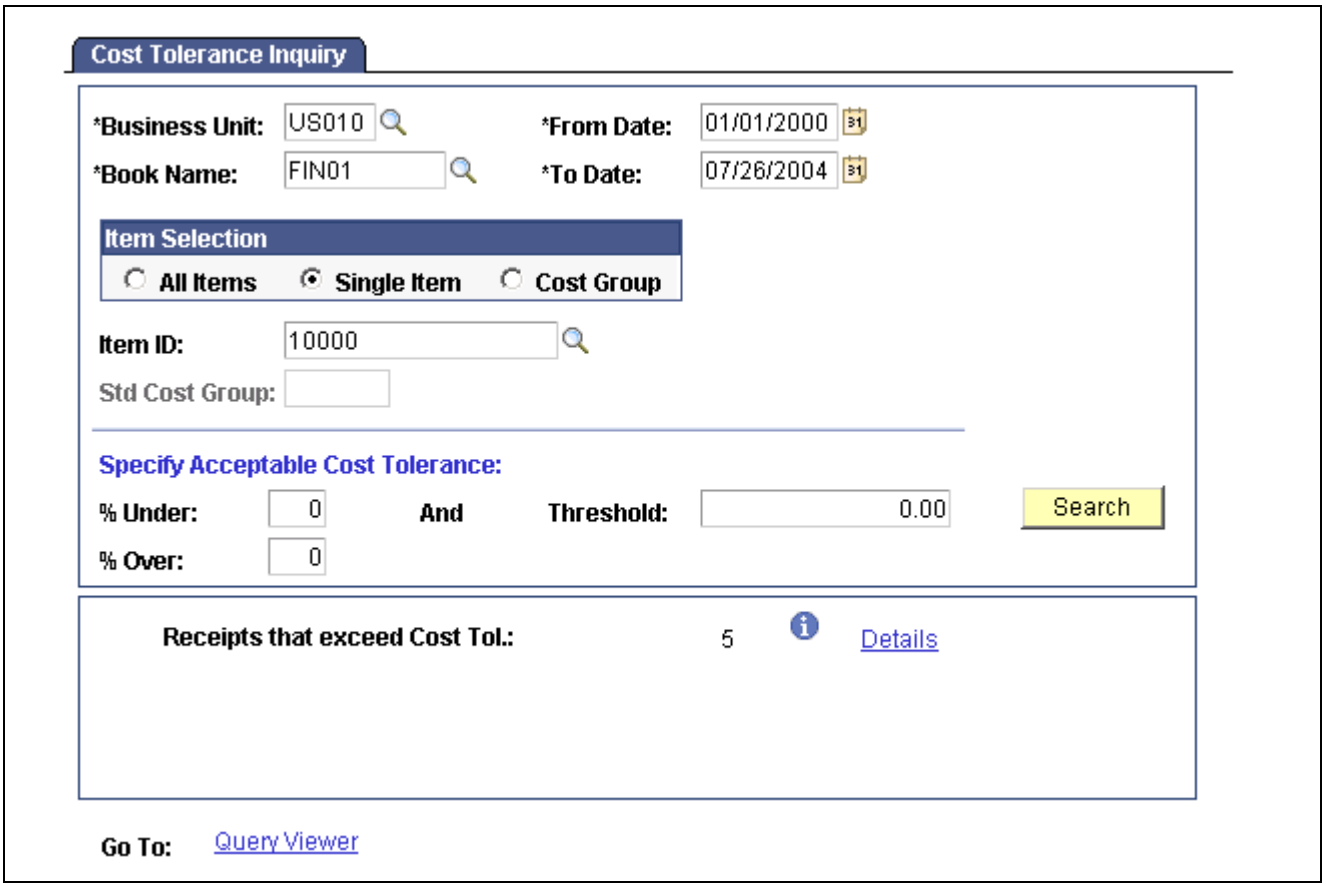
Page Name	Object Name	Navigation	Usage
Compare Cost Measures - Input Analysis	CE_COST_ANALYTICS2	Cost Accounting, Item Costs, Review Costs, Compare Cost Measures, Output Analysis	Review and compare the cost calculations for the input into a production ID (components, direct, and indirect costs) at various stages of production. Cost comparisons can include the production ID as planned, as produced, the frozen standard costs, the actual production costs, or other stages of production.
Sequences for the Cost Measure	CE_COST_MEASUR_SEC	Enter a value in the Cost Measure 1 or Cost Measure 2 fields of the Compare Cost Measures component. If more than one sequence has been created for this cost measure, the system takes you to this page.	Select the sequence number for viewing costs for this business unit, production ID, and item ID combination.
Accounting Line Errors	CM_ACCTG_LN_ERR	Cost Accounting, Inventory and Mfg Accounting, Create Accounting Entries, Accounting Line Errors	Find any accounting lines that could not be created because of missing accounting rules.
Edit Unposted Accounting Lines	CM_ACCTG_LN_UNPOST	Cost Accounting, Inventory and Mfg Accounting, Create Accounting Entries, Edit Unposted Accounting Lines	After you run the Accounting Line Creation process, use this page to review and make changes to the accounting entry line information for a transaction prior to generating journal entries. For any transaction, you can correct the ChartFields and also change the accounting date. For example, you can adjust or redirect charges to other accounts, change the budget period for the transaction, or redirect the entry to a prior accounting period.

Page Name	Object Name	Navigation	Usage
Change Accounting Date	CM_ACCTG_UNPST_TRX	Click the Change Accounting DT button on the Edit Unposted Accounting Lines page.	Enables you to redirect an accounting entry to an earlier accounting period by changing the accounting date of the transaction before it is sent to the general ledger system. The system displays all the debit and credit lines for the selected accounting entry. Enter the new date in the Accounting Date field and click the OK button to change the accounting date for this transaction. If commitment control is enabled, you cannot change the transaction if any line has passed budget checking.
Unposted Accounting Lines	CM_DRILL_UNPST_DET	Cost Accounting, Inventory and Mfg Accounting, Review Accounting Lines, Unposted to GL, Unposted Accounting Lines	View accounting entries that have not yet been picked up by the Journal Generator process for posting to the general ledger system.
Posted Accounting Lines	CM_DRILL_JRNL_DET	Cost Accounting, Inventory and Mfg Accounting, Review Accounting Lines, Posted to GL, Posted Accounting Lines	View accounting entries that have already been picked up by the Journal Generator process for posting to the general ledger system.
Accounting Entries	CM_ACCTG_LINE	Cost Accounting, Inventory and Mfg Accounting, Review Accounting Lines, Accounting Entries	View accounting entries, by entering the search criteria and click the Refresh button. Displays the both the debit and credit sides of the accounting entry and the complete ChartField combinations.
CM Transaction Exceptions - Header Exceptions	KK_XCP_HDR_CM1	Commitment Control, Review Budget Check Exceptions, CM Transaction, Cost Management Exceptions	View budget checking errors or warning messages for PeopleSoft Cost Management transactions. Users who have authority can override the budget exceptions on this page.
Cost Management Line Drill Down	KK_DRL_CM1_SEC	Click the Drill Down to Transaction Line button on the CM Transaction Exceptions - Header Exceptions page.	View line details for PeopleSoft Cost Management transactions with budget exceptions.

Page Name	Object Name	Navigation	Usage
CM Transaction Exceptions - Line Exceptions	KK_XCP_LN_CM1	Commitment Control, Review Budget Check Exceptions, CM Transaction, Line Exceptions	View individual lines in transactions with budget checking errors or warning messages.

Using Cost Tolerance Control

Access the Cost Tolerance Inquiry page.



Cost Tolerance Inquiry page

PeopleSoft Cost Management receives transactions from a variety of sources. The Cost Tolerance Inquiry page helps you to monitor transactions flowing into your cost management system and identifies possible cost errors from any of the sources of incoming inventory. Use the inquiry page to view costed inventory transactions that exceed your cost tolerance parameters. The inquiry results can be viewed on screen or downloaded into a spreadsheet such as Microsoft Excel for further analysis.

In order to be evaluated by this inquiry, an inventory transaction must have successfully completed the Transaction Costing process of the Cost Accounting Creation process.

Search Criteria

Enter your search criteria to select the inventory transactions to be examined for cost tolerance exceptions. Your search criteria determine the sample population to be used.

Business Unit (Required) Enter the PeopleSoft Inventory business unit.

Book Name (Required) Enter the name of the cost book used.

From Date and **To Date** (Required) Enter a date range for the transaction date. The default range is from 01/01/1900 to the current system date.

All Items Select to include all items within the business unit and cost book.

Single Item Select to run this inquiry only for transactions with the item identified in the Item ID field.

Cost Group Select to run this inquiry only for a specific standard cost group defined in the Std Cost Group field. Standard cost groups, or cost groups, enable you to group together a set of items using the Define Business Unit Item -General: Common page. Inventory transactions with items included in the defined cost group are included in this search.

Cost Tolerances and Searching

To qualify as an exception, a transaction must exceed either the % Under or % Over tolerance and also exceed the Threshold tolerance. Cost tolerances are:

% Under Enter a percentage of the average cost. If an individual transaction is less than this percentage of the average cost of the sample then it is tagged as a possible exception.

For example, if the average cost in the sample for business unit US008/cost book FIN/item ID 10001 is 100 USD and the % Under value is 10 percent, then any transaction with an item cost of less than 90 USD is a possible exception.

This field must be less than 100 percent. The default value is zero percent.

% Over Enter a percentage of the average cost. If an individual transaction is greater than this percentage of the average cost of the sample then it is tagged as a possible exception.

For example, if the average cost in the sample for business unit US008/cost book FIN/item ID 10001 is 100 USD and the % Over value is 15 percent, then any transaction with an item cost of greater than 115 USD is a possible exception.

The default value is 100 percent.

Threshold Enter the amount that the costed inventory transaction must fluctuate from the average cost. If any individual transaction differs from the average cost of the sample by more or less than this amount, then the transaction is a possible exception.

For example, if the average cost in the sample for business unit US008/cost book FIN/item ID 10001 is 100 USD and the Threshold value is 25 USD, then any transaction with an item cost of greater than 125 USD or less than 75 USD is a possible exception. This cost tolerance is useful if you wish to prevent small value items from appearing as exceptions.

The default value for this field is zero.

Click the Search button to identify transactions that exceed your cost tolerance parameters. The exception transactions are based on the following calculation:

1. Based on the business unit, book, date range, and item selection entered on this page, the system finds all costed inventory transactions that meet these parameters and creates a sample population.
2. An average cost is calculated for each business unit/cost book/item ID combination based on the sample population.

   Note. This average cost could differ from the average cost used in PeopleSoft Cost Management transactions since the search criteria on this page could limit the number of transactions used.

3. Each individual transaction in the sample population is then compared to the average cost of the sample for the business unit/cost book/item combination using the cost tolerances to find exceptions. Remember, to qualify as an exception, a transaction must exceed either the % Under or % Over tolerance and also exceed the Threshold tolerance.

Viewing Search Results

Receipts that exceed Cost Tol Identifies the number of rows found by the search that exceed the defined cost tolerances. If too many or too few inventory transactions are found, the user can change the search criteria and cost tolerances then launch another search.

Details Select this link to access the results of the query. This link becomes available only when search results are found.

Query Viewer Use this link to access the Query Viewer where you can run queries or schedule them to run at a later time.

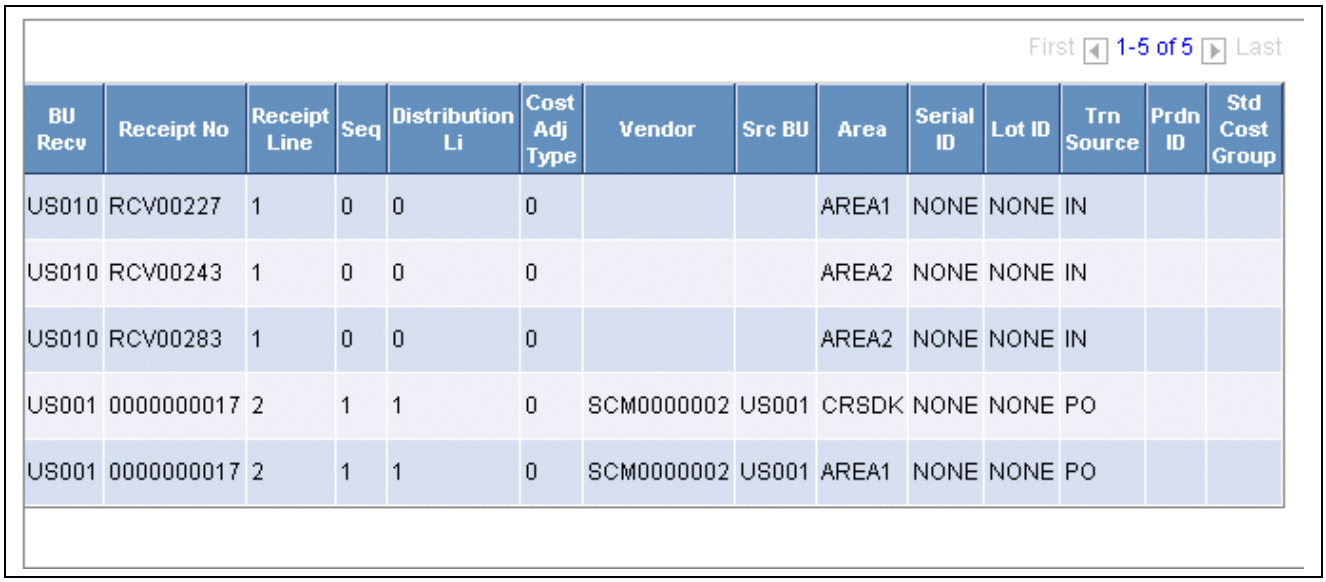
Click the Details link to access the query results:

Download results in : Excel SpreadSheet CSV Text File (3 kb)

View All

	Unit	Book Name	Item	Dt Tmstamp	Seq	Cost Source	Unit Cost	Avg Unit Cost	Cost Difference	Currency	% Difference	Qty Rcvd	Extended Cost	Extended Avg Cost	BU Recv
1	US010	FIN01	10000	08/09/2000 2:08:05PM	1	2	20.0000	15.5134	4.4866	USD	28.9208	10000.0000	200000.0000	155134.0000	US010
2	US010	FIN01	10000	11/06/2002 11:03:04AM	1	2	25.0000	15.5134	9.4866	USD	61.1510	2947.0000	73675.0000	45717.9898	US010
3	US010	FIN01	10000	12/20/2002 1:11:30PM	1	2	0.0000	15.5134	-15.5134	USD	-100.0000	5000.0000	0.0000	77567.0000	US010
4	US010	FIN01	10000	07/24/2004 3:45:33PM	4	1	25.0000	15.5134	9.4866	USD	61.1510	20.0000	500.0000	310.2680	US001
5	US010	FIN01	10000	07/24/2004 3:45:33PM	5	1	25.0000	15.5134	9.4866	USD	61.1510	480.0000	12000.0000	7446.4320	US001

Viewing results online (part 1 of 2)



First 1-5 of 5 Last

BU Recv	Receipt No	Receipt Line	Seq	Distribution Li	Cost Adj Type	Vendor	Src BU	Area	Serial ID	Lot ID	Trn Source	Prdn ID	Std Cost Group
US010	RCV00227	1	0	0	0			AREA1	NONE	NONE	IN		
US010	RCV00243	1	0	0	0			AREA2	NONE	NONE	IN		
US010	RCV00283	1	0	0	0			AREA2	NONE	NONE	IN		
US001	0000000017	2	1	1	0	SCM0000002	US001	CRSDK	NONE	NONE	PO		
US001	0000000017	2	1	1	0	SCM0000002	US001	AREA1	NONE	NONE	PO		

Viewing results online (part 2 of 2)

Values displayed include:

Unit Cost The unit cost of the individual transaction that has exceeded the cost tolerance parameters.

Avg Unit Cost The average unit cost of the sample population.

Cost Difference “Unit Cost” – “Avg Unit Cost”

% Difference (“Unit Cost” - “Avg Unit Cost”) / “Avg Unit Cost” * 100

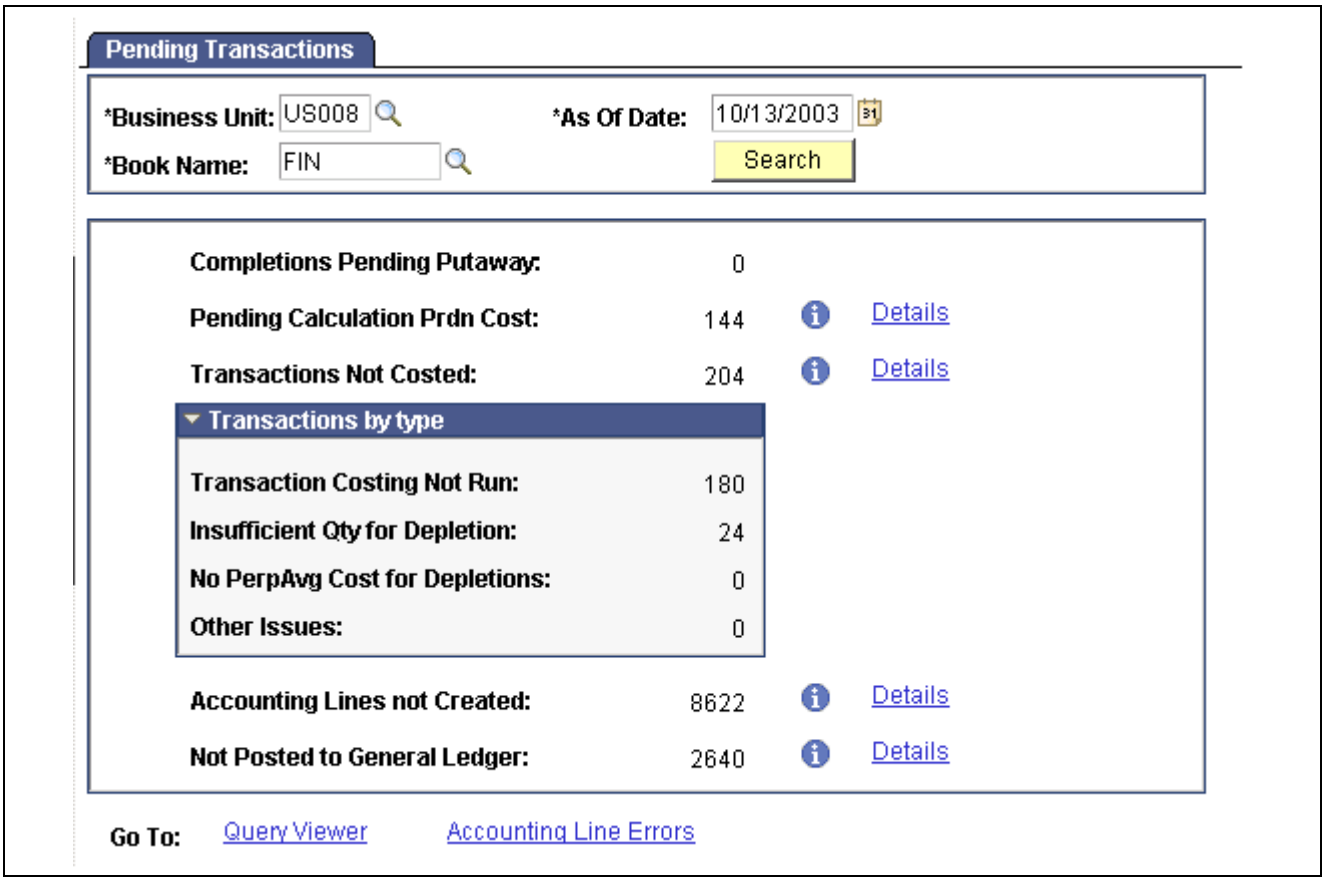
Extended Cost “Unit Cost” * “Qty Rcvd”

Extended Avg Cost “Avg Unit Cost” * “Qty Rcvd”

Costs are viewed with four decimal places; however, the intermediate calculations and comparisons utilize the full precision values available.

Using the Pending Transactions Inquiry

Access the Pending Transactions page.



Pending Transactions page

Use this inquiry page to review inventory accounting transactions that have not yet been posted to the PeopleSoft General Ledger. This inquiry enables you to monitor pending transactions in these stages of the costing flow:

- Before production completions from PeopleSoft Manufacturing have been putaway into PeopleSoft Inventory.
- Before production completions from PeopleSoft Manufacturing have been costed.
- Before the Transaction Costing process.
- Before the Accounting Line Creation process.
- Before the Journal Generator process.

Click the Details links to view current transaction information generated by predefined queries for each of these three stages: (TRANSACTION_INV, CM_PENDING_COSTING, CM_PENDING_ACCTG_LINE, and CM_PENDING_GL_DISTRIB). This page also provides a link to the Query Viewer, where you can run queries or schedule them to run at a later time.

Search Select after entering the business unit, book name, and as of date for the inventory transactions that you want to review. The system displays the number of transactions at each stage of the accounting flow.

Completions Pending Putaway Displays the number of WIP completions and scrap from PeopleSoft Manufacturing that have been partially putaway or not yet been putaway into an inventory storage location. This query is especially useful when using actual or average costing for make items.

Pending Calculation Prdn Cost Displays the number of production completions from PeopleSoft Manufacturing that have been putaway into inventory but not yet costed by the Transaction Costing process. There are a number of reasons why the Transaction Costing process would not have costed these transactions; for a complete list, see the *Generating Costs for Transaction Records* section of this chapter.

Transactions Not Costed Displays the number of inventory transactions, other than production completions, that have not been processed by the Transaction Costing process. This number is further broken down into three sections in the Transactions by Type group box.

Transaction Costing Not Run Displays the number of inventory transactions that have not been costed, because the Transaction Costing process has not been run to include them.

Insufficient Qty for Depletion(insufficient quantity for depletion) Displays the number of inventory transactions that did not complete the Transaction Costing process successfully, because the inventory business unit did not have a sufficient on-hand quantity to satisfy the depletion. The stock quantity of an item may physically exist in inventory however the quantity is not yet recorded in PeopleSoft Inventory due to timing issues or entry errors. The negative inventory feature enables you to move or ship the stock that sends the item's quantity balance into negative numbers within the PeopleSoft system. You can record a negative quantity within PeopleSoft Inventory, however, you could choose not to cost a transaction based on a negative quantity. If you choose not to cost negative inventory transactions, then the Transaction Costing process holds costing the depletion transaction. Each time the Transaction Costing process is run, the depletion transactions on hold are examined to determine if there is sufficient quantity available to satisfy the depletion. Once sufficient quantity exists, the transaction is costed.

Note. The negative inventory feature is activated by selecting the Allow Negative Inventory check box on the Inventory Definition-Business Unit Options page. The Insufficient Qty Cost Option on the Cost Profiles page determines how the Transaction Costing process applies costing to negative inventory transactions.

Other Issues Displays the number of inventory transactions that did not successfully complete the Transaction Costing process due to other issues besides insufficient depletion quantity. Other issues include:

- Transactions where a cost did not exist.
- Transactions waiting for voucher costs (landed costs) from PeopleSoft Payables.
- Transactions that error in the process due to the detection of corrupt or invalid data coming from an interfacing system.
- Transactions that will not be picked up until you run the Transaction Costing process in the *regular* Cost Mode.

Accounting Lines Not Created Displays the number of inventory transactions that have completed the Transaction Costing process successfully, but have not yet been processed by the Accounting Line Creation job. The costed transactions may not have completed the Accounting Line Creation job simply because you have not run the process for the business unit, book name, and as of date combination. Also, these costed transactions may not have completed the Accounting

Line Creation process successfully, because the transactions are missing an accounting rule. Click the Accounting Line Errors link at the bottom of this page to view costed transactions without accounting rules. Accounting rules must be added before you can create accounting entries for costed transactions.

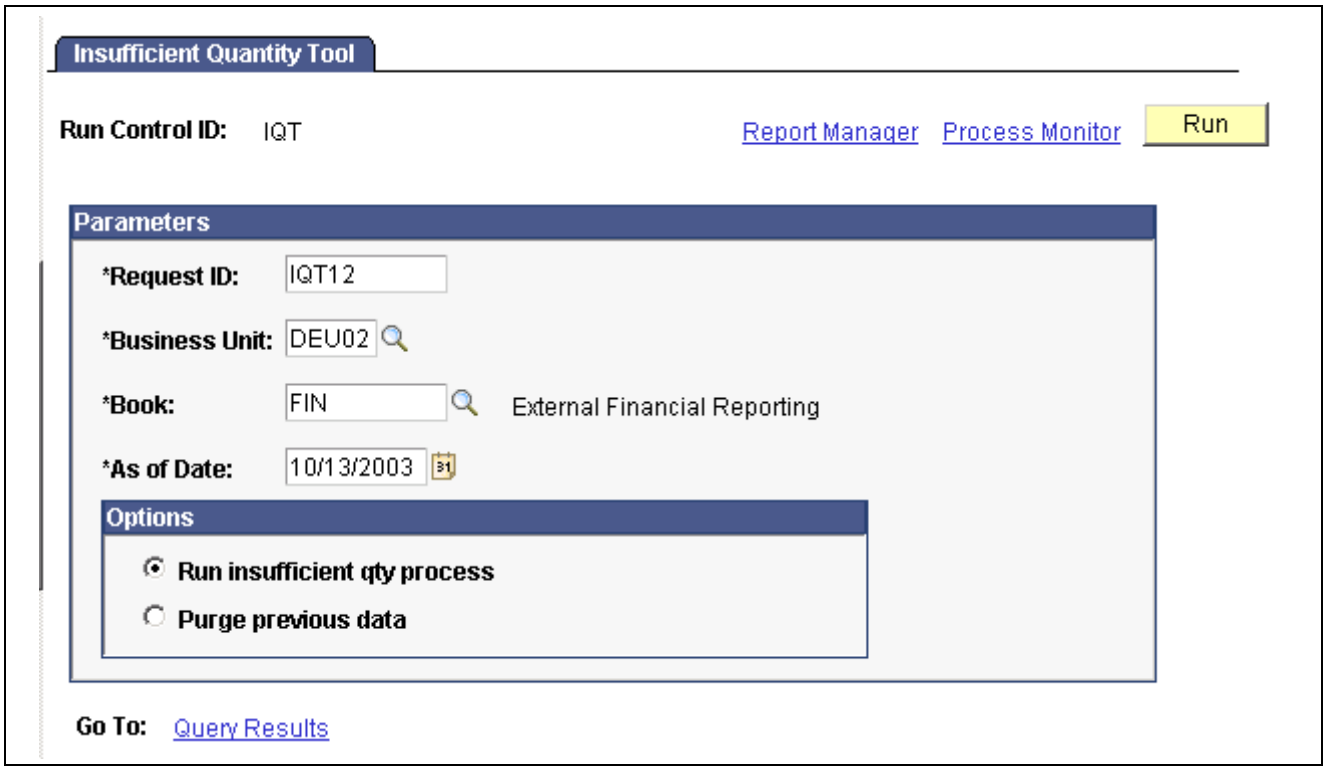
Not Posted to General Ledger

Displays the number of inventory transactions that have completed both the Transaction Costing process and the Accounting Line Creation job successfully, but have not yet been picked up by the Journal Generator process and posted to the general ledger. There are several reasons why the accounting entries may not have been picked up and posted as journal entries:

- The Journal Generator process may not yet have been run against these accounting lines.
- If you are using commitment control, the accounting lines may not have passed budget checking. The accounting line's budget status must be *V* (valid) to be processed. Click the Details link to the right of this field to run the CM_PENDING_GL_DISTRIB query which displays the budget status for the header and line of each accounting entry.
- If you are using intraunit ChartField balancing, the interunit balancing process may not have been run. Select the Acquire IntraUnit Entries check box on the Accounting Line Creation job to run the Acquire IntraUnit Entries process.
- The journal template may not have been defined for these accounting entries. Accounting lines are not picked up by the Journal Generator process if the journal template is not present. Click the Details link to the right of this field to run the CM_PENDING_GL_DISTRIB query, which displays the journal template for each accounting line.
- The general ledger period for these transactions may be closed. Click the Details link to the right of this field to run the CM_PENDING_GL_DISTRIB query, which displays the ledger and ledger group. Verify that you are processing to an open period.

Using the Insufficient Quantity Tool

Access the Insufficient Qty Tool page.



Insufficient Quantity Tool page

This PeopleSoft Application Engine program (CM_NEG_INV) provides you with a query of the accounting line entries that would be generated for those transactions held in CM_DEPLETIONS_VW due to insufficient quantities.

The negative inventory feature is activated by selecting the Allow Negative Inventory check box on the Inventory Definition-Business Unit Options page. Use the Insufficient Qty Cost Option on the Cost Profile page to specify how the negative inventory feature should be applied; select *Hold* to delay costing the entire depletion transaction that drives the item quantity to a negative balance until sufficient stock is putaway to cover the depletion transaction, or select *Partial* to split the depletion transaction that drives the item quantity to a negative balance and costs part of the depletion transaction up to the currently available stock quantity. The remaining depletion transaction is held until sufficient stock is putaway.

By Business Unit, Book, and As of Date this process collects the rows in CM_DEPLETIONS that are held back due to insufficient quantities and creates a query displaying the accounting entries that would be generated. The system saves the information into CM_NEG_SNP2_TBL where it is keyed by process instance, business unit, transaction group, accounting date, and line number. It includes the field, CM_ERROR_CODE, to identify rows where an accounting entry could not be determined, because a transaction accounting rule was not found.

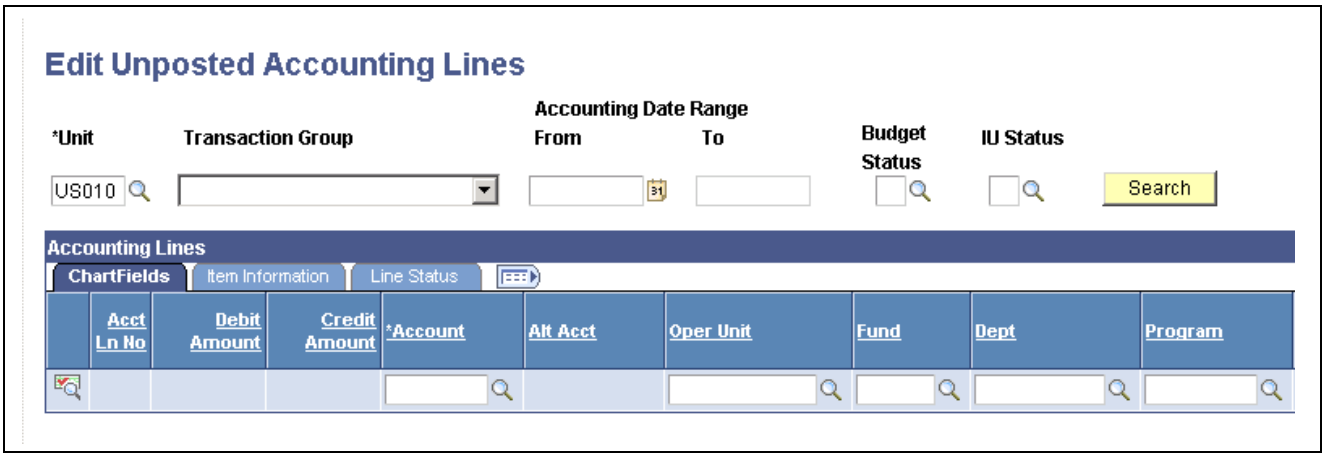
After you run this process click the Query Results link to view the results. Using the query, the results can be exported to a Microsoft Excel spreadsheet or a CSV text file.

Run insufficient qty process Select to run the CM_NEG_INV PeopleSoft Application Engine process to populate the CM_NEG_SNP2_TBL record with entries based on the business unit, cost book, and as of date entered on this page.

Purge previous data Select to purge rows from the CM_NEG_SNP2_TBL record based on the business unit, cost book, and as of date entered on this page.

Editing Unposted Accounting Lines

Access the Edit Unposted Accounting Lines page.



Edit Unposted Accounting Lines page

After you run the Accounting Line Creation process, use this page to review and make changes to the accounting entry line information for a transaction prior to generating journal entries. For any transaction, you can correct the ChartFields and also change the accounting date. For example, you can adjust or redirect charges to other accounts, change the budget period for the transaction, or redirect the entry to a previous accounting period.

Click the Budget Check Details button to view the budget details for the current accounting line. This button displays when commitment control is selected for PeopleSoft Inventory on the Installation Options-Products page.

ChartFields

Click to access the Change Accounting Date page where you can enter a new accounting date for the transaction before the Journal Generator process picks up the transaction. If commitment control is enabled, you cannot change the transaction, if any line has passed budget checking.

Line Status

Select the Line Status tab.

Budget Status Displays the transaction's budget checking status.

IntraUnit Status If you are using intraunit accounting, the transaction's ChartField balancing status appears.

IU Balancing Entry (intraunit balancing entry) If you are using intraunit accounting, this check box is selected if the line is an intraunit receivable or intraunit payable that balances the transaction. These lines are added by the ChartField balancing process.

GL Dist Status (general ledger distribution status) Indicates whether or not the accounting entry has been passed to the general ledger system.

PC Status (project costing status) Indicates whether or not the accounting entry has been passed to PeopleSoft Project Costing. Only entries coded for project costing are passed.

To view and change unposted lines:

1. Enter the business unit, transaction group, and accounting date range.

   If you do not enter a date range, all unposted transactions relating to the transaction group appear. If you do not enter a transaction group, all transaction groups appear related to the business unit that you entered.

2. (Commitment control only) Enter the budget status.

   Values are: *E* (error in budget check), *N* (not budget checked), and *V* (valid budget check).

3. (ChartField balancing only) Enter the IU status (intraunit ChartField balancing status).

   Values are: *B* (balanced), *E* (error), *I* (ignore. The line is not an intraunit transaction), *N* (not balanced), *H* (hold for other business unit affiliates), *P* (in process), *S* (staged), and *X* (balancing not required).

4. Click the Search button to populate the account line information on the lower portion of the page.

5. To alter the accounting date of a transaction, click the Change Accounting DT button to access the Change Accounting Date page, where you can enter a new accounting date for accounting entry. If commitment control is enabled, you cannot change the transaction if any line has passed budget checking. Accounting date is determined by the transaction date, open periods, and lag days. If the transaction date is greater than the last open date, then the accounting date is set to the first date in the next open period. If the transaction date is less than the first open date it will be set to the first open date.

6. Select the ChartFields tab or Line Status tab to display information for any accounting line.

   Change any incorrect data in the editable fields.

7. Click the Budget Check Details button, if available, at the beginning of the account line to access the Commitment Control page for that line.

Note. For any line in error, changing information on the line resets the budget status. Rerun the GL Dist Status and the Accounting Line Creation process. Balancing ChartFields will not be available in balanced rows; therefore, you cannot make changes for those ChartFields.

See Also

Chapter 8, "Costing Transactions and Creating Accounting Entries," Creating Accounting Entries, page 176

PeopleSoft Enterprise Commitment Control 8.9 PeopleBook, "Processing Source Transactions Against Control Budgets," Using the Commitment Control Page

Viewing Header Exceptions

Access the CM Transaction Exceptions - Header Exceptions page.

Override Transaction Select to enable the entire transaction to update the control budget, even if error exceptions exist. This option is available for Super Users with Budget Override security access only. This option is not available if the transaction passed budget checking with only warning exceptions. Select it prior to budget checking or after you run the Budget Processor process, and it returns errors.

Inquiry Criteria Click to access the Refine Inquiry Criteria page, where you can restrict rows to specific business units, ledger groups, and accounts. Leave these fields blank to return all values.

Budget Override Available Info Click the Budget Override Available Info (budget override available information) button to determine why you can't override an exception for a budget.

Budget Check Click the Budget Check button to run the Budget Processor process again after you override the transaction or a budget. Run the process again, if you changed the transaction.

Budget Check Details Click the Budget Check Details button to access the Commitment Control page, where you can view the commitment control transaction ID, commitment control transaction date, budget checking process status, process instance, source transaction type, commitment control amount type, and budget checking header status for the transaction.

View Exception Detail Click the View Exception Details button to access the CM Transaction Exceptions - Line Exception page, where you can view the reason for the exception for each line and navigate to line details.

Exception Limits the rows to transactions with either *Error* or *Warning* exception. You must select an exception type.

More Budgets Exist If selected, the transaction has more exceptions than the number that you entered in the Maximum Rows field. Enter different search criteria to shorten the list or increase the maximum number of rows.

The Budgets with Exceptions group box on the lower portion of the page displays all the commitment control budgets that had exceptions for the transaction. You can limit the number of budget rows the system displays by entering selection criteria.

Override Budget Select to update the control budget ledger, even though the transaction exceeds the budget. This field is available only if the budget transaction failed budget checking and if you have authority to override a budget entry. It is not available if the source transaction type does not allow overrides and the budget header status is *Not Checked.* If the budget header status is *Not Checked,* you changed the source transaction after the Budget Processor process issues the error exceptions, and you have not run the Budget Processor process again.

When you override the budget, the system populates the Override User ID field with the user ID for the user who overrode budget checking and the Override Date field with the date and time the budget was overridden.

Note. The ChartFields that appear might not match the budget ChartFields, because the Budget Processor process translates the transaction ChartFields into the corresponding budget ChartFields using the control budget definition.

See Also

PeopleSoft Enterprise Commitment Control 8.9 PeopleBook, “Managing Budget Exceptions,” Viewing and Handling Budget Transaction Exceptions

PeopleSoft Enterprise Commitment Control 8.9 PeopleBook, “Inquiring on Budgets and Transaction Activities,” Viewing Budget Details and Transaction Activity

Costing and Accounting for Consigned Inventory

If you use the inbound consignment inventory option, a supplier can place goods at your location, but payment is not due until you sell or use the goods.

When you receive a consigned item into inventory, the quantities are tracked but no accounting is performed. The liability is not recognized until the consigned receipt is consumed. Consumption transactions and any subsequent transactions are costed, and accounting entries are created. Consumption transactions for consigned items include:

- Transfer from a non-owned location to an owned location.
- Shipping/Issue or Express Issue.
- Adjustment.
- Physical accounting adjustment.
- Stock used as a component in a PeopleSoft Manufacturing production order.

See Also

PeopleSoft Enterprise Inventory 8.9 PeopleBook, "Managing Consigned Purchases Inventory," Understanding Consigned Purchases in Inventory Management

Costing Consignable Items

The receipt cost associated with the depletion transaction (as defined by the item's cost profile within each cost book) determines the transaction values.

PeopleSoft Cost Management does not include consigned receipts in an item's average cost, but it does include stock transfers from a non-owned to an owned location. The system costs consigned depletions at the consigned receipt's cost, instead of the average cost of the item. For items using an average cost method, the system updates the average cost when you:

- Put away a consignable item in an owned location.
- Receive a consignable item from a non-consignment supplier.
- Transfer a consignable item from a non-owned storage location to an owned storage location.
- Consume the item into a production ID in the manufacturing process.

Creating Inventory Accounting Lines for Consumed Consignment Inventory

When consigned inventory is consumed and costed, the Accounting Entry Line Creation job generates the appropriate distribution accounting for each transaction group that is processed.

Transfer From a Non-Owned to an Owned Location

Inventory transfer transactions (060), where a consigned item is moved from a non-owned to an owned location, create this entry:

DR Inventory

CR Accrued Liability

If location accounting is not used, the bin-to-bin transaction pulls the debit side of the accounting entry from the Accounting Rules page. If location accounting is used, the bin-to-bin transaction pulls the debit side of the accounting entry from the Storage Area Accounting page for the destination storage location. The accrued liability account (credit side) is retrieved from the original receipt line in the RECV_LN_DISTRIB record.

Shipping/Issue or Express Issue

Issue transactions (030-034) create this entry:

DR COGS

CR Accrued Liability

The COGS account is determined using existing logic. The accrued liability account (credit side) is retrieved from the original receipt line in the RECV_LN_DISTRIB record.

Issue to PeopleSoft Maintenance Management

Issue consigned inventory stock to a work order in PeopleSoft Maintenance Management using transaction group 231 (WM Usage).

DR Work Order

CR Accrued Liability

When items are issued from PeopleSoft Inventory to a work order, PeopleSoft Maintenance Management can provide overriding ChartField combinations on the work order. These account distribution overrides are used with the existing accounting logic in PeopleSoft Cost Management to create the necessary accounting entries. If overrides are not provided, the work order expense account is determined using existing logic and the accrued liability account is retrieved from the original receipt line in the RECV_LN_DISTRIB record.

Adjustments and Physical Accounting Adjustments

Inventory adjustment transactions (050, 051, 053) and inventory counting adjustment transactions (040, 041) that adjust the stock level down will create this entry:

DR Adjustment Account

CR Accrued Liability

The adjustment account is determined using existing logic. The accrued liability account (credit side) is retrieved from the original receipt line in the RECV_LN_DISTRIB record.

Stock Consumed as a Component in Manufacturing

Component consumption transactions (230 and 220) create this entry:

DR WIP

CR Accrued Liability

The WIP account is determined using existing logic. The accrued liability account (credit side) is retrieved from the original receipt line in the RECV_LN_DISTRIB record.

Costing and Accounting for the Repair and Maintenance of Assets

PeopleSoft Maintenance Management is a product within the asset life cycle management suite in PeopleSoft Enterprise Financials. This product manages the maintenance and repair of an asset. The maintenance and repair of an asset may require parts from inventory. Work orders, created in PeopleSoft Maintenance Management, place demand for parts or items in PeopleSoft Inventory, where demand fulfillment picks, issues, and depletes the part. The technician maintaining the asset may pick up the material or the material might be delivered directly to the job site. Once work is completed, the technician returns any unused material back to PeopleSoft Inventory.

Depletions and returns for work orders are placed in the TRANSACTION_INV table where the transactions are picked up by PeopleSoft Cost Management for costing and accounting line creation.

Issuing Materials to a Work Order

When items are issued from PeopleSoft Inventory to a work order, the transaction group 231 (WM Usage) is used to debit a work order expense account and credit inventory. However, PeopleSoft Maintenance Management can provide overriding ChartField combinations. These account distribution overrides are used with the existing accounting logic in PeopleSoft Cost Management to create the necessary accounting entries. In order to override the ChartField combinations used to create accounting entries in PeopleSoft Cost Management, the Activity ID field must be populated for the work order placed in the TRANSACTION_INV record. If this field is not populated, the Accounting Line Creation process uses the default accounting rules as dictated by the Accounting Rules pages and the Storage Area Accounting pages. In addition to the Activity ID field, PeopleSoft Project Costing requires the following fields to be populated in order to post the transactions to the correct project/work order:

- Project ID
- Business Unit PC
- Resource Type
- Resource Sub Cat
- Resource Category
- Analysis Type

After the Transaction Costing and Accounting Line Creation processes have been run, the data is staged in the CM_ACCTG_LINE record with *N* in the PC_DISTRIB_STATUS field for the PeopleSoft Project Costing import process to pick up and post to the work order.

Returning Materials to Inventory

Once the repair or maintenance work is completed, the technician may return unused items to PeopleSoft Inventory. Items are returned by entering a negative quantity in the same component used to issue the items originally. During a reverse issue, the transaction group, 231 (WM Usage) is inserted in the TRANSACTION_INV table with a negative quantity. The Transaction Costing process must find the correct cost and process the receipt to the CM_RECEIPTS record.

Note. You cannot return more stock than originally issued to the work order.

Costing and Accounting for Vendor Managed Inventory

Vendor managed inventory is a supply chain management strategy in which a vendor manages goods that are located in a customer's warehouse. The goods can be consigned or non-consigned stock. The consigned stock is owned by the vendor until the customer consumes it, and the non-consigned stock is owned by the customer when it is received.

As the vendor, you will create a Vendor Managed Inventory (VMI) business unit, which represents your customers warehouse. This PeopleSoft Inventory business unit will have storage locations that contain items and item quantities. These items and item quantities will match the consigned items and item quantities at the customer site.

Non-Consigned Goods

Non-consigned stock is owned or consumed by the customer when it is received into their warehouse. When the sales order is shipped and depleted, the transaction is written to the TRANSACTION_INV record using the transaction group 037 (VMI Interunit shipment) to debit the cost of goods sold account and credit the inventory account. In addition, the auto-putaway process is initiated and updates the item quantities in the VMI business unit and the OM Billing Interface process (OM_BILL) selects demand lines for invoicing and sends them to PeopleSoft Billing in order to create an invoice for the customer.

Consigned Goods

Consigned stock (not VMI) is owned by the vendor until the customer consumes it from the customer's warehouse. When consigned items are consumed, the customer sends an EIP message to the VMI business unit. This creates a transaction in the TRANSACTION_INV record using the transaction group 038 (VMI Consumption) to debit the cost of goods sold account and credit the inventory account. The OM Billing Interface process reads the transaction table and creates a billing-only sales order for all 038 transactions.

See Also

PeopleSoft Enterprise Inventory 8.9 PeopleBook, "Using Vendor Managed Inventory"

Calculating and Applying Purchase Price Variance and Exchange Rate Variance

In addition to costing the purchase receipt transactions, the Transaction Costing process calculates variances for material charges and for any existing landed cost charges. The variances are calculated based on the values retrieved by the Landed Cost Extract process from matched and posted vouchers in PeopleSoft Payables.

An exchange rate variance (ERV) occurs when the invoice for the purchased item is in a different currency than the inventory business unit's currency and the exchange rate between the two currencies changes between the time that you enter the purchase order and the time that you voucher the invoice.

Given the costs passed in from the Landed Cost Extract process, variances between the material price, landed costs, and exchange rates are calculated:

- For standard-cost items, two variances can be calculated, purchase price variance (PPV) and exchange rate variance.
    1. The purchase price variance is the difference between the standard costs for the material and landed cost elements and the corresponding actual costs from the matched, posted, and extracted vouchers.

Based on the timing of the voucher processing and the Landed Cost Extract process, the PPV could be computed and posted in one or two parts. If the voucher is not available when you run the Transaction Costing process, then the system calculates the difference between the standard cost and the PO price. When the voucher becomes available, then the Transaction Costing process computes the difference between the voucher price (in terms of the exchange rate at PO time) and the standard cost less variances previously recorded.

2. The exchange rate variance is the change between the exchange rate for material and landed costs on the PO and the exchange rate for material and landed costs on the voucher. This is calculated once the voucher has been matched, posted, and extracted. This is the difference between the amount on the voucher (in terms of the voucher exchange rate to the base currency) less the amount from the PO receipt (in terms of the PO exchange rate).

- For actual-cost items, variances are always applied once the voucher price has been matched, posted, and extracted.

  Putaways and depletions are adjusted for the variances. The cost adjustments are calculated for the difference between the current material and landed costs on the PO and the newly determined material and landed costs from the voucher (that has been matched, posted, and extracted). This adjustment does not break out the ERV separately; it is combined with the price variance. The Transaction Costing process finds the original putaways and updates the on-hand inventory stock and depletion records for the variance. The variance is posted based on the ChartField combinations used on the original entries. If you select the Hold for Final Cost check box on the Cost Profile page and run the Transaction Costing process in mid-period mode, then costing of putaways and depletions is put on hold until the corresponding invoices are matched, posted, and extracted; this eliminates the need for variances. This means that costs are not updated unless all cost components with the same cost element have been fully matched and the MATCH_STATUS_LC flag has been set to zero.) If you run the Transaction Costing process in regular mode, all transactions are costed using the available costs, regardless of the setting of the Hold for Final Cost check box. This means that costs are updated by element for all components with the MATCH_STATUS_LC flag set to zero, even if the flag is not zero for all components with that element.

- For perpetual weighted average items, the price variance and the exchange rate variance are calculated and applied if the Apply Perpetual Average Adjs check box is selected on the Transaction Costing process.

  The price variance is the difference between the PO material and landed costs and the voucher material and landed costs. The exchange rate variance is the difference in the exchange rate between the PO and the voucher. The Transaction Costing process automatically updates the current weighted average unit cost to take into account the price change. Inventory stock is revalued to the new weighted average using these transaction groups: 401 (Wt Avg Updates from AP) and 403 (Wt Avg Cost Updates - ERV). If the variances are based on more item units than are currently in on-hand stock, then the variance is applied proportionally to the on-hand inventory stock and the excess variance is written off using transaction group 405 (Wt Avg Update Writeoffs). This writeoff typically debits an expense account and credits an accrued liabilities account. For example, suppose that 100 units are vouchered and the variances are calculated for the 100 units; however, only 90 units are currently on hand. In this case, only 90 units worth of variance costs are applied to the item's weighted average cost for re-averaging purposes. As a result, 10 units worth of variance costs are written off.

- For periodic weighted average items, no variances are computed for material costs, landed costs or exchange rate variances.

  This method assumes that the invoices have been matched, posted, and extracted within the same period that the PO was entered. When you run the Transaction Costing process, it picks up the invoice costs for putaway and average cost calculations. If the invoice costs are not available, then the PO costs are used but no variance updates the average cost calculations for delayed invoice costs.

Example of Purchase Price Variance vs. Exchange Rate Variance - Standard Costing Method

This example illustrates the accounting entries for purchase price variance and exchange rate variance for a standard cost item. The inventory business unit's currency in this example is U.S. dollars (USD).

	Price	Exchange Rate	Price
At PO	100.00 USD	1:5	500 EUR
At Voucher		1:7	520 EUR

The standard cost of the item is 90.00 USD.

10 units are received.

At receipt time, an entry is made to debit the inventory account at the standard cost of the item and credit the accrued liabilities account at the PO price. The difference between the PO price and the standard cost is considered purchase price variance.

Account	Debit	Credit
Inventory	900.00	
Accrued Liabilities		1,000.00
Purchase Price Variance	100.00	

When you receive the invoice, the price has changed to 520 EUR. At the same time, the exchange rate has improved from 1:5 to 1:7. There is an unfavorable purchase price variance (the increase in price from 500 to 520 EUR) and a favorable exchange rate variance (1:5 to 1:7), which results in more EUR per USD.

1. The liability is equal to the invoice price multiplied by the current exchange rate:

   520 x .143 = 74.36 x 10 (quantity received or invoiced)
   = 743.60

2. To determine the second part of the purchase price variance (the difference between the invoice and PO), the new price of 520 EUR is converted using the PO's exchange rate:

   520 x .20 = 104.00

   104.00 - 100.00 = 4.00 x 10 (quantity received or invoiced)
   = 40.00

3. The exchange rate variance is the difference between the current rate and the PO rate multiplied by the invoice price.

   .143 - .20 = .057

   .057 x 520 = 29.64 x 10 (quantity received or invoiced)

= 296.40

Account	Debit	Credit
Accrued Liabilities	743.60 (1)	
Accounts Payable		743.60 (1)
Purchase Price Variance	40.00 (2)	
Accrued Liabilities		40.00 (2)
Accrued Liabilities	296.40 (3)	
Exchange Rate Variance		296.40 (3)

Example of Purchase Price Variance vs. Exchange Rate Variance - Weighted Average Cost

This example illustrates the accounting entries for purchase price variance and exchange rate variance for an average cost item. The inventory business unit's currency in this example is USD.

	Price	Exchange Rate	Price
At PO	100.00 USD	1:5	500 EUR
At Voucher		1:7	520 EUR

10 units are received.

At receipt time, an entry is made to debit the inventory account at the PO price and credit the accrued liabilities account at the PO price.

Account	Debit	Credit
Inventory	1,000.00	
Accrued Liabilities		1,000.00

When you receive the invoice, the price has changed to 520 EUR. At the same time, the exchange rate has improved from 1:5 to 1:7. There is an unfavorable purchase price variance (the increase in price from 500 to 520 EUR) and a favorable exchange rate variance (1:5 to 1:7), which results in more EUR per USD.

1. The liability is equal to the invoice price multiplied by the current exchange rate:

520 x .143 = 74.36 x 10 (quantity received or invoiced)
= 743.60

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   520 x .20 = 104.00

   104.00 −100.00 = 4.00 x 10 (quantity received or invoiced)
   = 40.00

3. The exchange rate variance is the difference between the current rate and the PO rate multiplied by the invoice price.

   .143 - .20 = .057

   .057 x 520 = 29.64 x 10 (quantity received or invoiced)
   = 296.40

Account	Debit	Credit
Accrued Liabilities	743.60 (1)	
Accounts Payable		743.60 (1)
Inventory	40.00 (2)	
Accrued Liabilities		40.00 (2)
Accrued Liabilities	296.40 (3)	
Inventory		296.40 (3)

See Also

PeopleSoft Enterprise Inventory 8.9 PeopleBook, "PeopleSoft Enterprise Inventory Reports," PeopleSoft Enterprise Inventory Reports: A to Z

Generating a PeopleSoft EPM Extract

Use the EPM Costing Extract process (enterprise performance management costing extract process) page to enable integration between PeopleSoft Cost Management and PeopleSoft EPM by populating an on-hand staging table. A PeopleSoft EPM process extracts data from this table, transforms it, and places it into a PeopleSoft EPM data warehouse.

Note. To find out how PeopleSoft EPM uses and reports PeopleSoft Cost Management data, refer to the PeopleSoft Enterprise Performance Management documentation and the ETL mapping reports included on the PeopleBooks CD.

Page Used to Generate a PeopleSoft EPM Extract

Page Name	Object Name	Navigation	Usage
EPM Costing Extract	RUN_EPM2010	Cost Accounting, Inventory and Mfg Accounting, Analyze Inventory Accounting, Generate EPM Extract	Populates an on-hand staging table with costing transaction data. A PeopleSoft EPM process now picks up this data.

CHAPTER 9

Managing Actual and Average Costing

This chapter provides an overview of average and actual costing and discusses how to;

- Review actual and average costing for manufacturing.
- Manage the actual costing method.
- Administer the average cost methods.

Understanding Average and Actual Costing

PeopleSoft Cost Management provides flexibility when establishing and adjusting costs for makeable or purchased items. This chapter discusses features of PeopleSoft Cost Management that are related to the use of actual, and average costing methods that are used in either a manufacturing or distribution environment.

Actual costs for a production ID or production schedule are computed as part of the Transaction Costing process. Actual costs can be viewed by using the inquiry pages that are in this chapter. Changes to the actual or average costing can be accomplished by using the adjustment pages that are in this chapter.

Production IDs that are closed for accounting can be reopened for changes; the actual cost calculations of the Transaction Costing process handles these changes.

Common Elements Used in This Chapter

Book Name — The name of the cost book. Books identify the type of accounting records that are to be maintained, such as tax, managerial, or financial books. A book contains a set of accounting entries that are posted to the general ledger.

Cost Element — A code that is used to categorize the different components of an item's cost and also to define the debit and credit ChartFields for accounting entries.

Lower Level Costs — Costs that are associated with the components that are used on the assembly.

Reason Code — Categorizes why the adjustment occurred and can be used later for analysis. The reason type limits the selection to the appropriate reason codes for adjustments.

Source Code — Identifies an item as make, buy, floor stock, expense, or planning. This determines how the item is used for the Cost Rollup process and Update Production process (CEREVAL, SFPREVAL, CES5001).

Std UOM (standard unit of measure) — The standard unit of measure for this item established on the Item Definition - General: Common page.

This Level Costs — Costs that are associated with procuring distribution items.

Reviewing Actual and Average Costing for Manufacturing

PeopleSoft Cost Management provides you a number of ways to track actual costs of a production ID or production schedule.

For purposes of computing actual costs of production IDs, if any component items (make or buy) use an actual cost profile, then those final lower level actual costs are necessary for computing a final actual cost at the next level. PeopleSoft provides the actual cost inquiry to display production IDs with unfinalized costs as well as the dependencies underneath each level.

Before completing and finalizing a production ID's costs, it is useful to see a projected actual cost variance with visibility into details where an entry that is expected per the standard may have incomplete or unreasonably different actual costs, or there are actual costs for details that are not expected. This is provided by the Compare Cost Measures component, where you can make corrections before posting the costs.

Pages Used to Review Actual Costs in Manufacturing Environments

Page Name	Object Name	Navigation	Usage
Actual Cost Inquiry	CM_ACTUALCOST_INQ	Cost Accounting, Item Costs, Review Costs, Actual Cost Inquiry, Production Selection	(Manufacturing environment only) For makeable items, you can view the actual cost of production based on the production ID or the combination of production area and item ID. This inquiry page displays the actual costs of production broken down by operation sequence, cost category, and conversion code. The production status, item ID, book name, and completed quantity are also displayed. The actual costs are calculated by the Transaction Costing process.
Proactive Production Cost - PID Cost	CE_PRDNID_COSTING	• Cost Accounting, Item Costs, Review Costs, Proactive Production Cost • Production Control, Define Production, Production IDs/Schedules, Production ID Maintenance. Select the Review Proactive Costing link.	For makeable items, this page provides advanced proactive visibility into the costing of a production ID during each phase of production. You can save the current costs under a cost measure type for reviewing and comparing on the Compare Cost Measure component.
Primary Products & Co-Product Cost	CE_OUTPUT_COST_SEC	Select the Primary Product & Co-Product link on the Proactive Production Cost - PID Cost.	View the projected costs for the primary product and co-products of this production ID.

Page Name	Object Name	Navigation	Usage
Compare Cost Measures - Output Analysis	CE_COST_ANALYTICS	Cost Accounting, Item Costs, Review Costs, Compare Cost Measures, Output Analysis	Review and compare the cost calculations for the output from a production ID (products, co-products, and so on) at various stages of production. Cost comparisons can include the production ID as planned, as produced, the frozen standard costs, the actual production costs, or other stages of production.
Compare Cost Measures - Input Analysis	CE_COST_ANALYTICS2	Cost Accounting, Item Costs, Review Costs, Compare Cost Measures, Output Analysis	Review and compare the cost calculations for the input into a production ID (components, direct, and indirect costs) at various stages of production. Cost comparisons can include the production ID as planned, as produced, the frozen standard costs, the actual production costs, or other stages of production.
Sequences for the Cost Measure	CE_COST_MEASUR_SEC	Enter a value in the Cost Measure 1 or Cost Measure 2 fields of the Compare Cost Measures component. If more than one sequence has been created for this cost measure, the system takes you to this page.	Select the sequence number for viewing costs for this business unit, production ID, and item ID combination.

Capturing Production Costs

Access the Proactive Production Cost - PID Cost page.

For makeable items, this page provides proactive visibility into the costing of a production ID during each phase of production. By using this page, you can view and capture the current costs of a production ID based on the component list and operations list. The captured costs are a snapshot of the production ID's costs at a particular point in time, such as during the as planned stage (before the production ID is released and changed by production) or the as produced stage (after the production ID is changed during production). For any production ID, you can create multiple snapshots (or cost measures) and save them under a unique combination for cost measure, description, and sequence number. These cost measures can then be compared to each other and the actual or frozen standard costs of the production ID by using the Compare Cost Measures component. By breaking the costs out into as planned and as produced cost measurements, you can see the impact on anticipated costs throughout the life cycle of the production ID.

Cost Measure Select a value to identify the current stage of the production ID costs. In the text field to the right, enter a description to uniquely identify these calculations. The selection here plus the description and sequence number uniquely identify these captured costs. The cost measure options are:

- *As Planned:* Identifies these captured costs as the cost planning determines and before the production ID is changed by the production process. In other words, the operations list and component list are not changed from the planning stage. The as planned costs should be captured when the production ID has a status of firmed or greater.
- *As Produced:* Identifies these captured costs as the production ID's current costs in the production cycle. As a production ID flows through the production process, the operations list, component list, and rates can change. This option indicates that these capture costs reflect costs after production took over from planning and (possibly) altered the production ID to better suit the current production environment.
- *Other:* Identifies all other cost measures that you wish to save other than as planned and as produced.

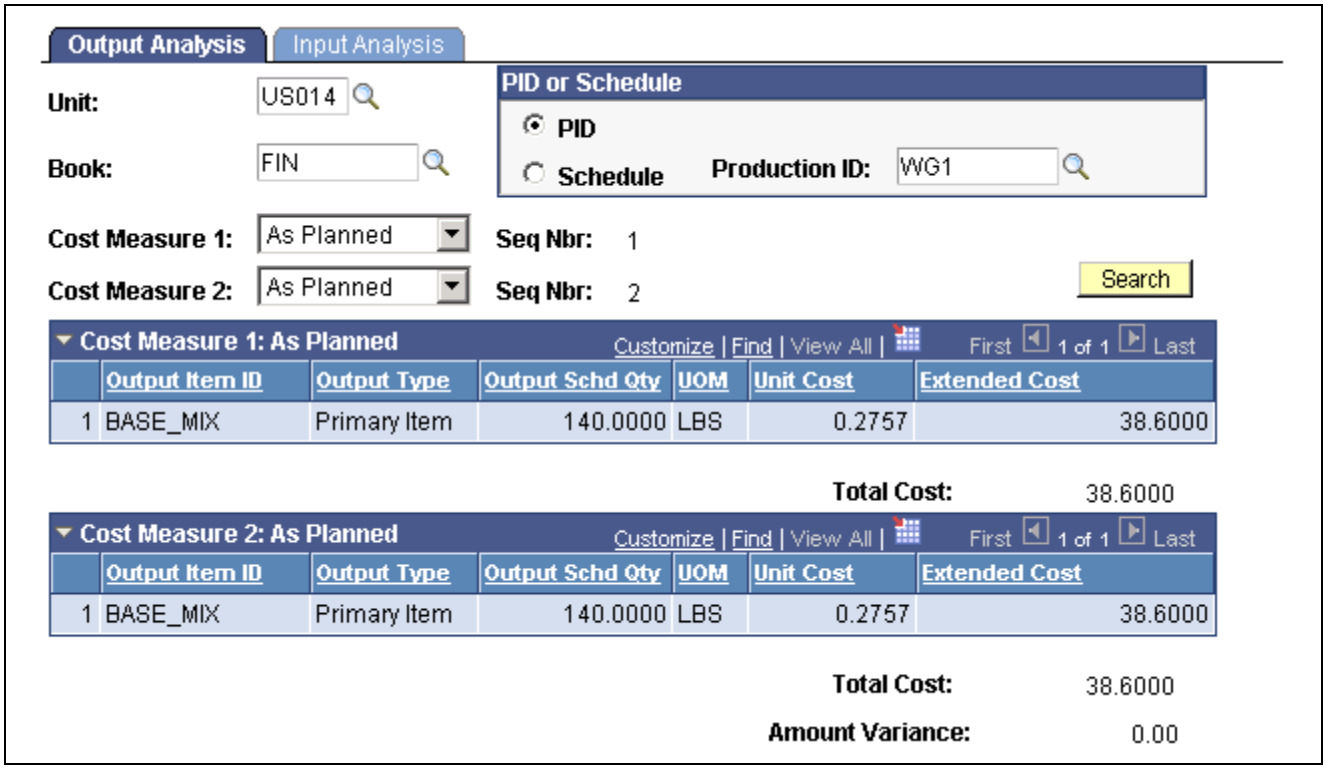
Note. The selection in the Cost Measure field is descriptive only; it does not influence the calculation of costs.

Primary Products & Co-Products Select to access the Primary Products & Co-Product Cost page to view the primary product and any co-products for this production ID.

Save this page to store the current cost calculations by cost measure type and sequence. The cost calculations are saved to the CE_PRDNID_COST record. These cost measures can be compared to each other and the actual or frozen standard costs of the production ID by using the Compare Cost Measure component.

Comparing Production Costs

Access the Compare Cost Measures- Output Analysis page or the Compare Cost Measures-Input Analysis page.



Compare Cost Measures - Output Analysis page

Review and compare the cost calculations for a production ID at various stages of production. Enter the business unit, cost book, production ID or production schedule for the production costs that you want to review.

Cost Measure 1 and **Cost Measure 2**

Enter the two cost measures to compare for this production ID or production schedule. Cost measures represent the current costs at various stages of production. Cost measures include:

- *Actual:* The current actual costs of this production ID or production schedule.
- *As Planned:* Cost captured before while the production ID still reflected the planned production and before changes in the production process. These costs are captured by sequence number by using the Proactive Production Cost - PID Cost.
- *As Produced:* Costs captured after the production ID is released to production and altered to better suit the current production environment. These costs are captured by sequence number by using the Proactive Production Cost - PID Cost.
- *Frozen Standard:* The frozen standard costs that are used for this production ID or production schedule.
- *Other:* Cost captured (by sequence number) using the Proactive Production Cost - PID Cost for costs that are not identified as planned or produced.

Seq Nbr

Enter the sequence number that uniquely identifies the captured costs that use the Cost Measure of *As Planned, As Produced,* or *Other.*

Search

Select to display the costs for Cost Measure 1 and Cost Measure 2.

Managing the Actual Costing Method

This section provides an overview of the management of the actual cost method and discusses how to:

- Specify the item information to adjust an actual cost item.
- Specify the manufacturing information to adjust an actual cost item.
- Manually adjusting actual cost items.

Understanding the Management of the Actual Cost Method

When the items are defined as actual cost, the Transaction Costing process:

- For purchased items, values all receipts (putaways) at the purchase order price. The cost can be later adjusted to the voucher price when the voucher is matched, posted, and landed costs are extracted, unless you have selected the Writeoff PPV and ERV check box on the Cost Profiles page.
- For makeable items, values the receipts (putaways) that are based on the completed production costs from the completed production ID or production schedule. If finished items are placed into inventory before the production ID or production schedule is complete, then an estimated cost is used at putaway. The cost is later adjusted to the completed production cost.
- Values all depletions using the putaway cost (adjusted to the voucher price once it is matched, posted, and extracted). The choice of cost flow method on the cost profile page enables the system to track

which putaways are used to satisfy each depletion. The system can track items by using lot ID, serial ID, FIFO, or LIFO.

- Actual cost items can be updated to the voucher price once it is matched and posted. Putaways and depletions that were previously costed at the purchase order price are adjusted for the difference between the purchase order (PO) price and the voucher price. To delay costing actual cost items until the voucher price is available, select the Hold for Final Cost check box (on the Cost Profiles page) and run the Transaction Costing process with the Cost Mode of Mid Period.

  You also have the option to not update actual cost items to the voucher price. Select the Writeoff PPV and ERV check box on the Cost Profiles page to record any differences between the purchase order price and the vouchered price in an expense account rather than updating the inventory receipt and depletion transactions. The variance is inserted into CM_VARIANC_COST record using the transaction group 400.

The receipt costs of an actual cost item can also be manually adjusted by using the Adjust Actual Cost component. You may need to adjust an item's cost due to entry errors, variances, and other causes. You can increase or decrease the item's cost, or you can establish a new actual cost for an item. This component writes adjustments, using the transaction group 206, to the CM_USER_CST_ADJ record, where they are picked up by the Transaction Costing process.

See Also

Chapter 2, "Structuring Your Cost Management System," Defining Cost Profiles, page 20

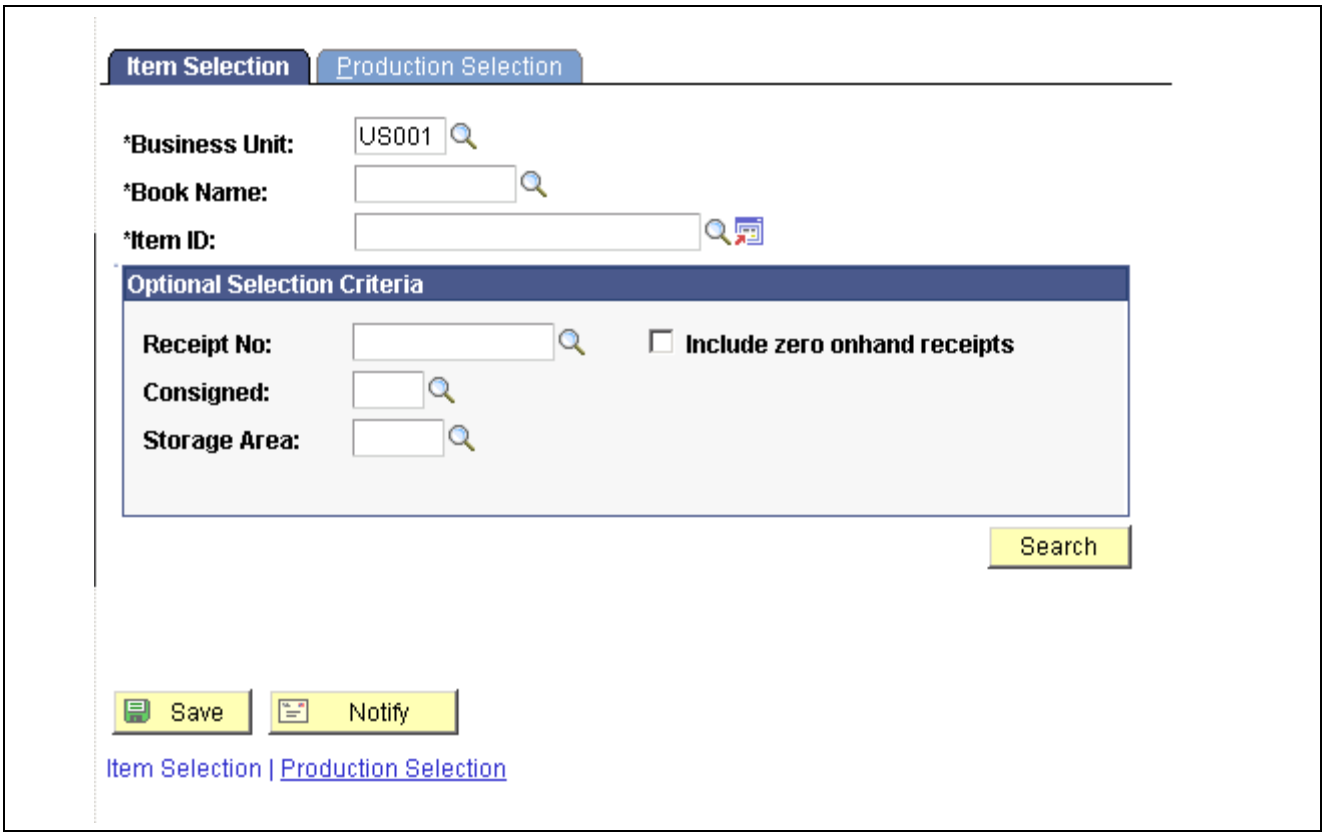
Chapter 8, "Costing Transactions and Creating Accounting Entries," Generating Costs for Transaction Records, page 171

Pages Used to Manage the Actual Costing Method

Page Name	Object Name	Navigation	Usage
Adjust Actual Cost - Item Selection	CM_COSTADJ_PARM	Cost Accounting, Item Costs, Update Costs, Adjust Actual Cost, Item Selection	Specify the item information to adjust an actual cost item.
Adjust Actual Cost - Production Selection	CM_ACTC_INQUIRY	Cost Accounting, Item Costs, Update Costs, Adjust Actual Cost, Production Selection	Specify the manufacturing information to adjust an actual cost item.
Adjust Actual Cost - Adjustment Detail	CM_COSTADJ_ACTUAL	Cost Accounting, Item Costs, Update Costs, Adjust Actual Cost, Adjustment Detail	Apply an actual cost adjustment to an item.

Specifying the Item Information to Adjust an Actual Cost Item

Access the Adjust Actual Cost-Item Selection page.



Adjust Actual Cost-Item Selection page.

Use this page to search for the receipt to be adjusted. You can find the receipt by:

1. (required) Entering the business unit, cost book name, and item ID for which you want to update the actual cost.

   You can select only those items that are actual costed in at least one business unit book.

2. (optional) Refining the search by selecting a specific Receipt No (receipt number).

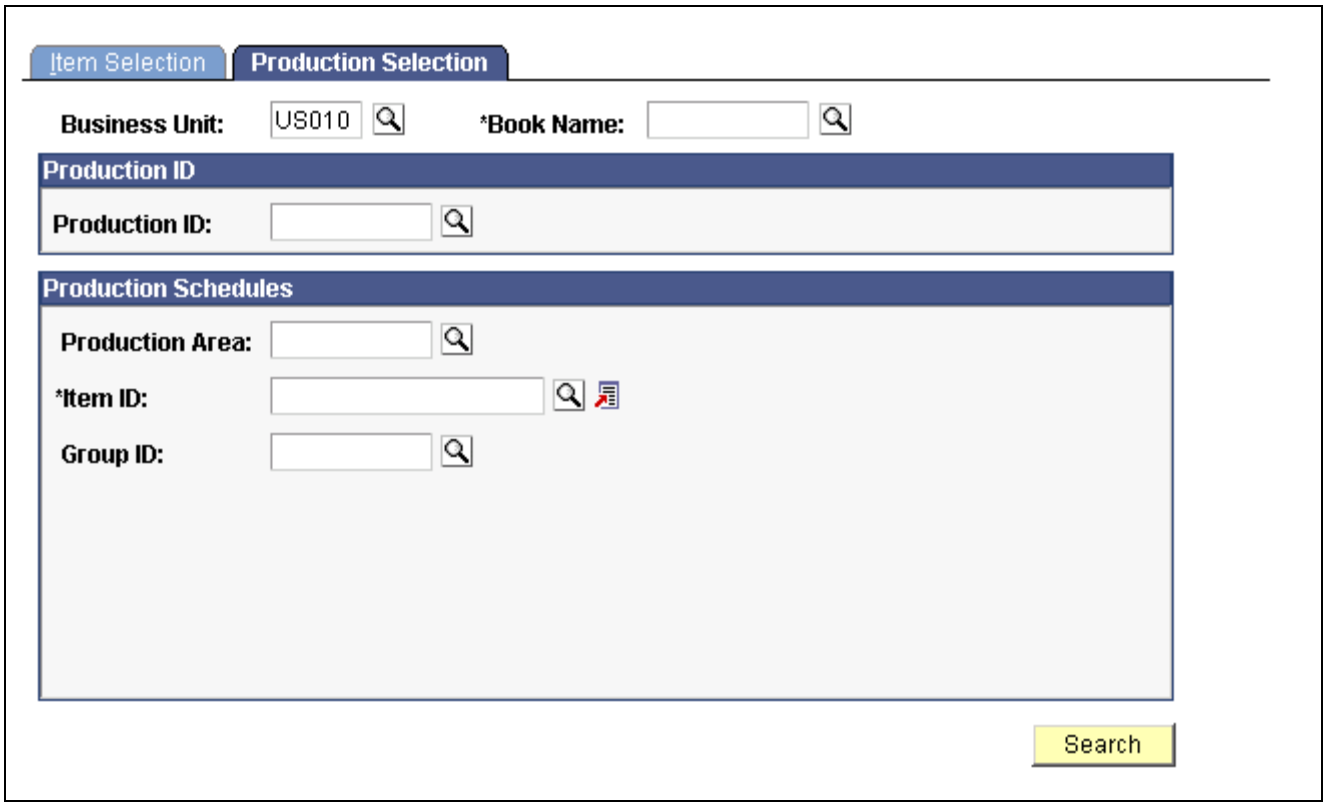
   You can include or exclude consigned receipts by selecting *B* (include both), *N* (exclude consigned items), or *Y* (include consigned items). You can also specify a receipt to a specific storage area.

3. Click the Search button after you make selections.

   The system automatically displays the results of the search on the Adjustment Detail page.

Specifying the Manufacturing Information to Adjust an Actual Cost Item

Access the Adjust Actual Cost-Production Selection page.



Adjust Actual Cost-Production Selection page.

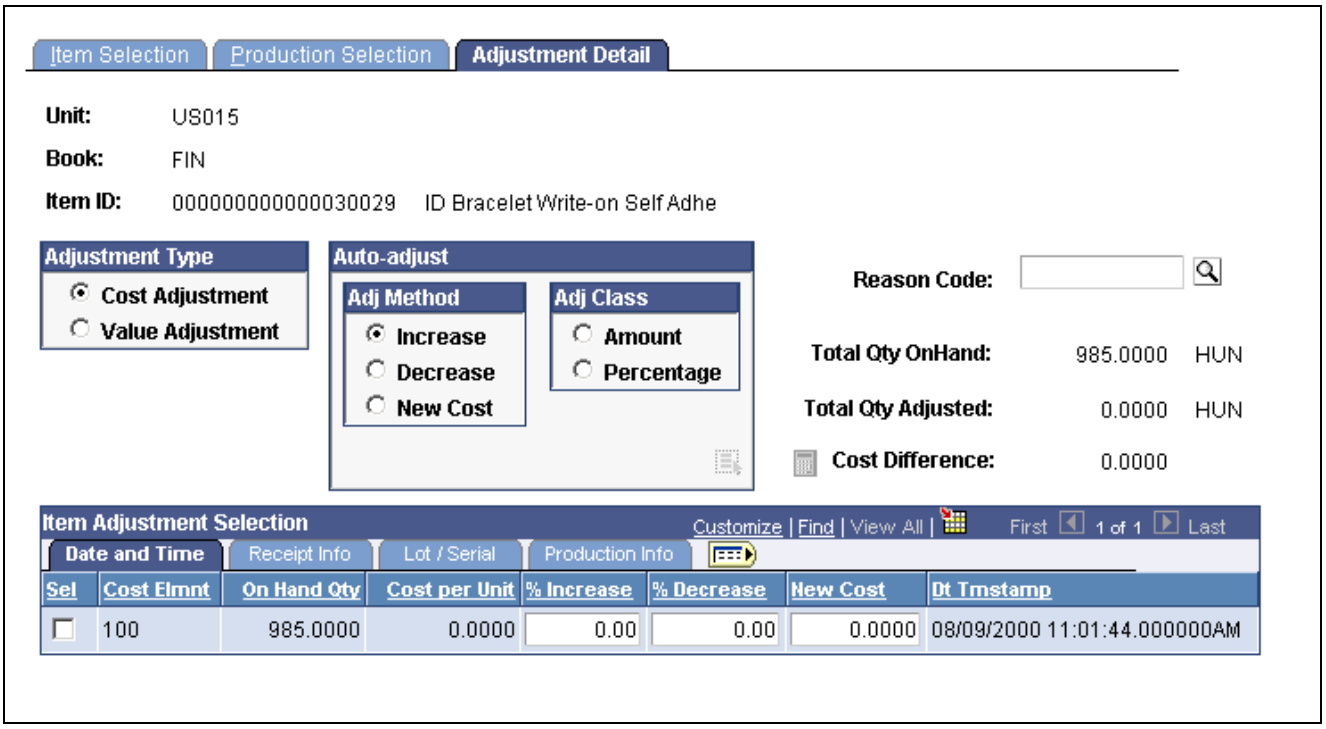
Use this page to search for the receipt that is to be adjusted for production information. You can find the receipt by:

1. (required) Entering the business unit, and cost book name.
2. (required) Entering either a production ID or production area and item ID.
3. (optional) Entering a group ID for production schedules.
4. Click the Search button after you make the selections.

   The system automatically displays the results of the search on the Adjustment Detail page.

Manually Adjusting Actual Cost Items

Access the Adjust Actual Cost - Adjustment Detail page.



Adjust Actual Cost-Adjustment Detail page.

The Adjustment Details page displays the results of the search from the Item Selection page or the Production Selection page. Use the different tabs on this page to display the receipts in date and time order, in receiver number order, in lot or serial ID order, or production ID or area order. Use this page to apply an actual cost adjustment to an item's receipt.

Adjustment Type

Select the cost adjustment type of either cost adjustment or value adjustment. Items that already have a value adjustment are unavailable for cost adjustments. You can make as many cost adjustments as you want, but the new cost is not visible on this page until the Transaction Costing process is run. After you make a value adjustment to a putaway, that item can have further value adjustments, but cost adjustments are not allowed after that time. The value adjustment is considered the superseding point of information; it is the value for this putaway. Once a manual adjustment is made, further adjustments from PeopleSoft Payables are not processed; the manual intervention takes precedence over system generated adjustments.

Cost Adjustment: Adjusts the cost for the specified items in the inventory balance and depletion records (if any of the quantity is shipped). A cost adjustment declares that the old cost is incorrect, and this is the correct cost.

Value Adjustment: Adjusts the value for the specified items that are currently on hand in the inventory business unit. Depletion records are not updated. A value adjustment declares that the old cost is correct, and depletions that are accounted for at the old cost had the correct cost, but now something has occurred that requires a change to the value of the existing on-hand quantity.

Use the Auto-adjust group box to apply one cost or percentage adjustment to all the selected receipt lines in the Item Adjustment Selection group box.

Adj Method (adjustment method)

To adjust the actual cost of an item, you have three options:

Increase: The amount that you enter in the Increase Cost By field or the% Increase field is added to the current average cost.

Decrease: The amount that you enter in the Decrease Cost By field or the % Decrease field is subtracted from the current average cost. Enter the amount as a positive number.

New Cost: The amount that you enter in the New Cost field replaces the current average cost.

Adj Class (adjustment class)

Specify whether the entries are expressed in amount or percentage. This applies to the adjustment methods of increase or decrease.

Click the Apply cost to all button to apply the new costs that are entered in the Auto-adjust group box to all of the receipt lines that are displayed.

Click the Sum Adjusted btnbutton to display adjusted quantities for the item in the Total Qty OnHand, Total Qty Adjusted, and Total Costs Difference fields.

Use the Item Adjustment Selection group box to adjust individual receipt lines. Receipt lines appear based on the selection criteria from the Item Selection or Production Selection pages. The receipts lines can be adjusted individually by using the appropriate Increase(percent increase), Decrease (percent decrease), or New Cost fields on the selected row. To adjust several receipts at one time, use the Auto-adjust group box.

Sel

Select the receipt lines of the item that you want to adjust.

Administering the Average Cost Methods

This section provides an overview of the administration of the average cost methods and discusses how to:

- Adjust perpetual weighted averages.
- Adjust retroactive perpetual weighted averages.

Understanding the Administration of the Average Cost Methods

For average costing, you can select one of three costing methods:

Periodic Weighted Average

The weighted average is calculated only once, at the end of the period. All depletions during that period use this same average. Run the Transaction Costing process with a Cost Mode of Regular to calculate end-of-period averages. There is no cost adjustment page for periodic averages.

Perpetual Weighted Average

The weighted average is calculated at each putaway. The average cost that is applied to depletions could fluctuate throughout the period.

Retroactive Perpetual Weighted Average

The weighted average is calculated after each putaway, just like the perpetual average method; however, this weighted average cost is calculated at the end of the period and applied retroactively to the depletions. This method enables you to value each individual transaction by using the current perpetual average cost at depletion time, yet delay the calculation of the average until the end of a period, when more cost information is likely to be captured for a more

accurate average cost. Run the Transaction Costing process with a Cost Mode of *Regular* to calculate retroactive perpetual average.

Based on the entry in the Cost Element Option field of the Cost Profiles page, the perpetual average costing methods can combine all costs into the primary cost element and calculate one average cost per item or break out the averages by cost element.

When the items are defined as average-cost items, the Transaction Costing process:

- Values all receipts (putaways) at the purchase order price or the cost of production.
- Values all depletions by using the periodic weighted average, the perpetual weighted average, or the retroactive perpetual average method. The choice of cost flow method on the cost profile page does not impact the weighted average calculations, but it is necessary for the system's background processes.
- To apply purchase price variances and exchange rate variances to the perpetual average cost items, select the Apply Perpetual Average Adjs check box on the Transaction Costing process page. Putaways and depletions are adjusted for the difference between the PO price and the voucher price (price variance) and also any difference in the exchange rate that is used on the PO and the voucher (ERV). To delay calculation of the price and exchange rate variances, do not select the Apply Perpetual Average Adjs check box when running the Transaction Costing process.
- For periodic weighted average items, no variances are computed. This method assumes that the invoices are matched, posted, and extracted within the same period that the PO is entered. When the Transaction Costing process is run, it picks up the invoice costs for putaway and average cost calculations. If the invoice costs are not available, then the PO costs are used but no variance later updates the average cost calculations for delayed invoice costs. The frequency of the periodic average computation is controlled by running the Transaction Costing process in Regular mode. When the Transaction Costing process is run in Mid Period mode, periodic averages are not computed and depletion transactions are not costed. The accounting for these transactions is postponed.

The cost of an average cost item can also be manually adjusted by using the Adjust Average Cost page and the Adjust Retro Costs page. When the system is running in a live environment, you may need to manually adjust an item's average cost due to entry errors, variances, and other causes. You can increase or decrease the item's cost, or you can establish a new average cost for an item.

The Adjust Average Cost page and the Adjust Retro Costs page write the perpetual average adjustments to the average cost table, CM_PERPAVG_COST, and the average cost adjustment table, CM_COST_ADJB, where they are picked up by the Accounting Line Creation job.

All periodic average cost items are updated on the CM_PERDAVG_COST record during the Transaction Costing process whenever there is a receipt or depletion of any periodic averaged item. Each update puts a new row in the table, and all other previous rows are marked inactive, so only one row for the business unit and item ID is active. There is no cost adjustment page for periodic cost.

Note. Manual adjustments do not change the average cost that is stored in the AVERAGE_COST_MAT field of the BU_ITEMS_INV record. This field is appears in the Avg Matl Cost field of the Define Business Unit Item-General: Common page.

See Also

Chapter 2, "Structuring Your Cost Management System," Defining Cost Profiles, page 20

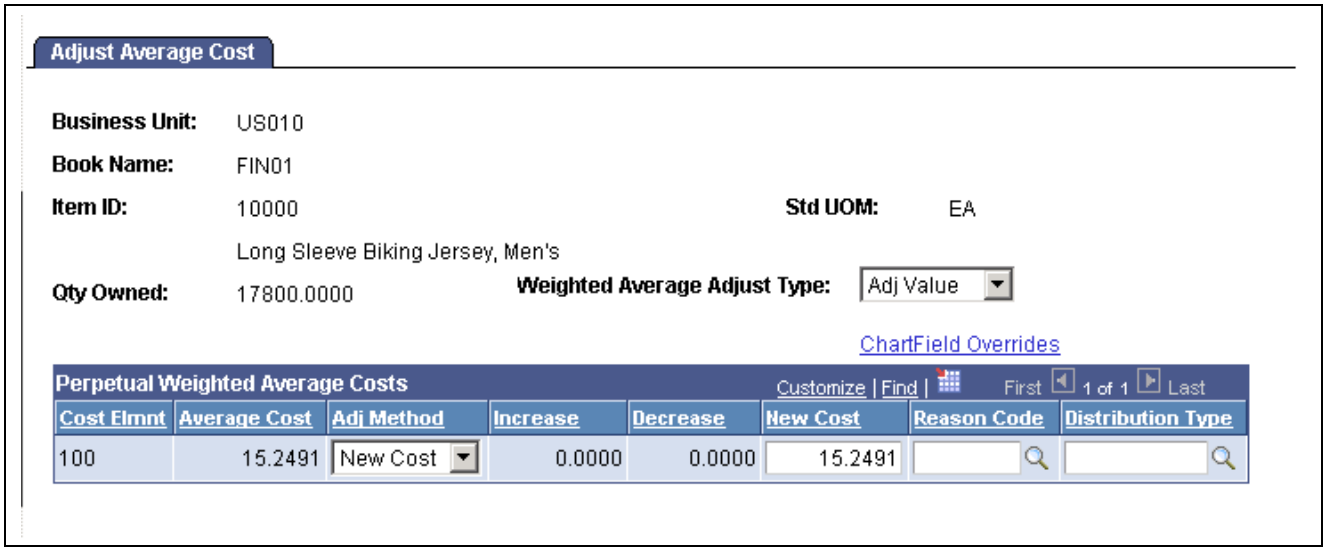
Chapter 8, "Costing Transactions and Creating Accounting Entries," Generating Costs for Transaction Records, page 171

Pages Used to Administer the Average Cost Methods

Page Name	Object Name	Navigation	Usage
Adjust Average Cost	CM_COST_ADJ	Cost Accounting, Item Costs, Update Costs, Adjust Average Cost, Average Cost Adjustment	Adjust perpetual weighted averages for items.
ChartField Overrides	CM_COST_ADJ2	Click the ChartField Overrides link on the Adjust Average Cost page or the Adjust Retro Costs page.	Replace the ChartField combinations that are defined in the account distribution setup.
Adjust Retro Costs	CM_COST_ADJ_RETRO	Cost Accounting, Item Costs, Update Costs, Adjust Retroactive Cost, Adjust Retroactive Average	Adjust retroactive perpetual weighted averages for items.

Adjusting Perpetual Weighted Averages

Access the Adjust Average Cost page.



Adjust Average Cost page.

Use this page to adjust an item's current perpetual weighted average cost based on the business unit, cost book, item ID, and cost element. The cost adjustment and inventory revaluation are processed by the Accounting Line Creation job.

Note. Negative quantities are acceptable, but the unit cost cannot be negative. A message appears if this situation arises.

Qty Owned (quantity owned) Inventory is classified as owned, nonowned, or consigned. If inventory is nonowned, it is not considered a part of the inventory value for the business unit; nonowned inventory does not affect costing, and in this case, the average cost. The owned quantity for an item is used to recalculate average cost. Consigned inventory from a vendor becomes owned inventory when it is consumed; at that time, it is included in average cost recalculation.

Weighted Average Adjust Type

Options are:

Adj Value (adjustment value): Enter a new inventory value for the specified item. The adjustment is processed by the Accounting Line Creation process by using the value adjustment transaction (transaction group 205). Accounting entries are created to record the change in inventory valuation. The adjustment transaction records the difference between the old and the new weighted average cost for the current owned quantity on hand for the entire business unit. If the inventory business unit requires location accounting, the process writes an average cost adjustment transaction for each owned storage area containing a nonzero balance of the item.

Change Avg (change average): Enter a new current average cost for the specified item. This option does not result in accounting entries, but the transaction is stored in the database for record keeping purposes. For example, assume that the balance of the item in PeopleSoft Inventory (average cost multiplied by on-hand quantity) does not agree with the item's net balance in PeopleSoft General Ledger. Upon investigation, you discover that the general ledger (GL) balance is correct. Perhaps it is adjusted by using a manual journal entry. The change average option provides a method to change the average cost for perpetual inventory records.

ChartField Overrides

Select to change ChartField information, or you can select a SpeedType Key and the ChartField information appears as the default from the SpeedType. The SpeedType Key field only appears if SpeedType level is selected on the Inventory Definition - Business Unit Options page.

Adjustment Method

To adjust the average cost of an item, you have three options:

Increase: The amount that you enter in the Increase field is added to the current average cost.

Decrease: The amount that you enter in the Decrease field is subtracted from the current average cost. Enter the amount as a positive number.

New Cost: The amount that you enter in the New Cost field replaces the current average cost.

Distribution Type

(Optional) User-defined codes that are a subset of transaction groups. This enables you to break down a transaction group into customized categories which can use different ChartFields by distribution type from the distribution accounting rules.

Use the Average Cost Adjustment/PPV report to view adjustments that this page creates.

See Also

Appendix B, "PeopleSoft Enterprise Cost Management Reports," CMS1000 - Average Cost Adjustment/PPV Report, page 344

Adjusting Retroactive Perpetual Weighted Averages

Access the Adjust Retro Costs page.

Enables you to update or add an average cost for the item in the retroactive perpetual average record. The entry is inserted into the actual cost table. The Transaction Costing process (in the regular Cost Mode) then recalculates the correct average for every depleted depletion transaction.

Qty Owned (quantity owned)

Inventory is classified as owned, nonowned, or consigned. If inventory is nonowned, it is not considered a part of the inventory value for the business unit; nonowned inventory does not affect costing, and in this case, the retroactive perpetual average cost. The owned quantity for an item is used to recalculate the retroactive perpetual average cost. Consigned inventory from a vendor becomes owned inventory when it is consumed; at that time, it is included in perpetual average cost recalculation.

Weighted Average Adjust Type

The options are:

Adj Value (adjustment value): Enter a new inventory value for the specified item. The adjustment is processed by the Transaction Costing process and the Accounting Line Creation process by using the value adjustment transaction (transaction group 205). Accounting entries are created to record the change in inventory valuation. The adjustment transaction records the difference between the old and the new perpetual weighted average cost for the current owned quantity on hand for the entire business unit. If the inventory business unit requires location accounting, the process writes an average cost adjustment transaction for each owned storage area containing a nonzero balance of the item.

Change Avg (change average): Enter a new current average cost for the specified item. This option does not result in accounting entries, but the transaction is stored in the database for record keeping purposes. For example, assume that the balance of the item in PeopleSoft Inventory (average cost multiplied by on-hand quantity) does not agree with the item's net balance in PeopleSoft General Ledger. Upon investigation, you discover that the GL balance is correct. Perhaps it is adjusted by using a manual journal entry. The Change Average option provides a method to change the average cost for perpetual inventory records.

ChartField Overrides

Select to change ChartField information, or you can select a SpeedType Key and the ChartField information appears as the default from the SpeedType. The SpeedType Key field only appears if SpeedType level is selected on the Inventory Definition - Business Unit Options page.

Adjustment Method

To adjust the average cost of an item, you have three options:

Increase: The amount that you enter in Increase Cost By is added to the current average cost.

Decrease: The amount that you enter in Decrease Cost By is subtracted from the current average cost. Enter the amount as a positive number.

New Cost: If there is no current perpetual average for this item, then you can enter an amount in theNew Cost field. This new cost is applied to the beginning of the period.

Distribution Type

(Optional) User-defined codes that are a subset of transaction groups. This enables you to break down a transaction group into customized categories which can use different ChartFields by distribution type from the distribution accounting rules.

CHAPTER 10

Managing Transfers

This chapter provides an overview of interunit transfers and describes how to:

- Set up interunit transfers.
- Define transfer prices.
- Establish inventory business unit pairs.
- Review interunit accounting examples.

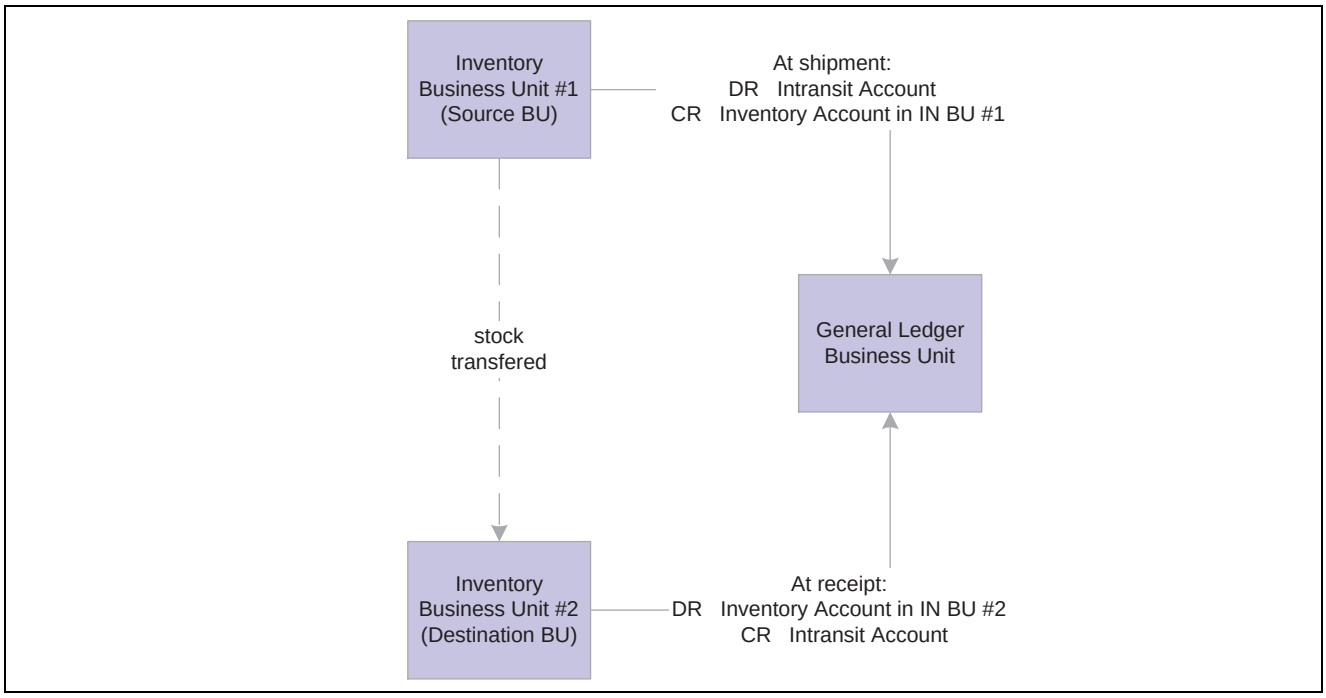
Understanding Interunit Transfers

When you maintain warehouses and plants all over the world, you must be able to transfer goods among these locations and account for transfer costs, currency changes, taxes, and invoicing for business units involved in the transfer. In PeopleSoft Inventory, a transfer of stock between two inventory business units is known as an interunit transfer. There are three approaches to interunit transfers:

Interunit transfer using an intransit account only	The cost of the inventory stock is entered into an intransit account while it is moved from one inventory business unit to another. This approach can be used when both inventory business units post to the same general ledger (GL).
Interunit transfer with interunit receivables and interunit payables accounts	An intransit account is used along with interunit accounts receivable (AR) and interunit accounts payable (AP) accounts recorded for each inventory business unit. Both inventory business units post to different GL business units. This approach can be used when transferring stock between separate legal entities or within the same legal entity.
Interunit sales approach (intercompany)	An intercompany sale is recorded with the source inventory business unit recording a sale and the linked billing business unit issuing an invoice for the stock transfer to the receiving business unit's payable unit. This approach can be used when transferring stock between separate legal entities or within the same legal entity. Intercompany is required if the (GL) business units are using different currencies.

Note. This chapter discusses transferring stock between two Inventory business units. For information on shipping stock to internal departments or on behalf of another GL unit, see the *Cost Management PeopleBook*, Designing Inventory Accounting chapter. Read the sections "Designing Shipment On Behalf Of" and "Creating and Reversing Interunit Expensed Issues."

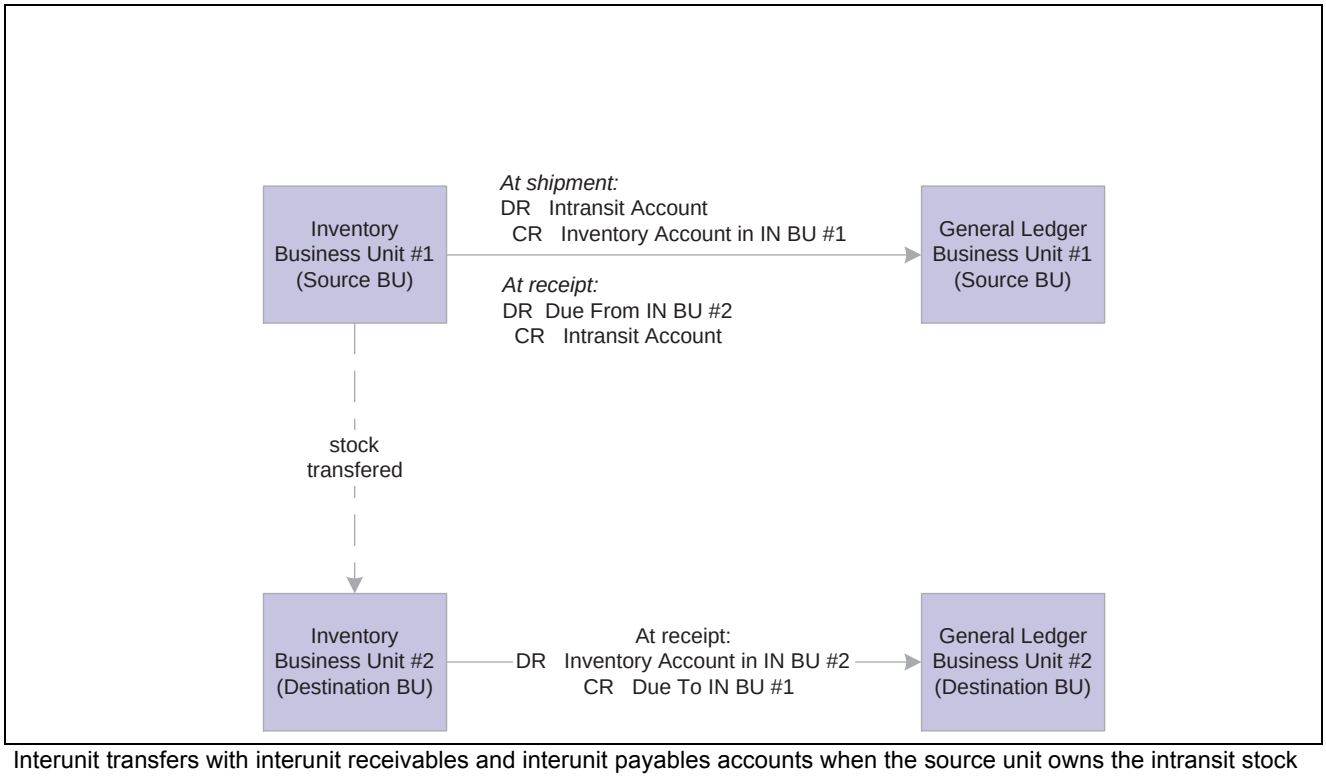
This diagram illustrates the flow of an interunit transfer using only an intransit account:



Interunit transfers using only an intransit account

If the inventory business units transferring stock are linked to the same GL business unit, the system does not generate any affiliate interunit transactions. The intransit account must be defined as belonging to the source or destination business unit.

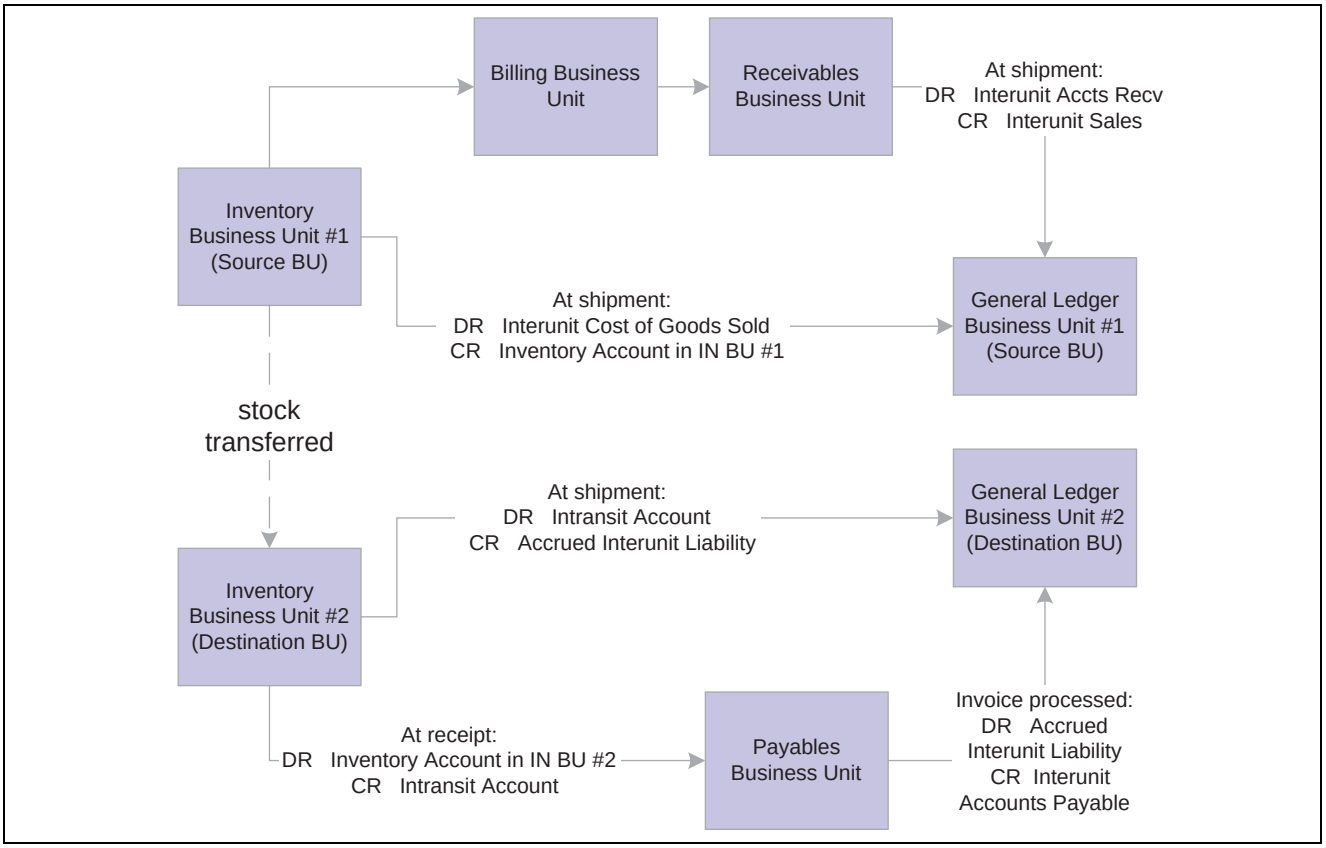
This diagram illustrates the flow of an interunit transfer with interunit receivables and interunit payables accounts when the source unit owns the intransit stock:



Interunit transfers with interunit receivables and interunit payables accounts when the source unit owns the intransit stock

In a transfer where the inventory business units are linked to two GL business units that may be part of the same legal entity, entries are recorded in the interunit receivables and payables accounts. Affiliate accounting is used and the interunit receivables affiliate and interunit payables affiliate entries should equal each other.

This diagram illustrates the cost flow of an intercompany sales transaction:



Intercompany sales approach

In an intercompany transfer, the inventory business units transferring stock want to transfer inventory in an "arm's length" manner. In this case, an intercompany sale is recorded. The destination inventory business unit must be defined as a customer and the source GL business unit must be defined as a vendor. The billing business unit linked to the source inventory business unit performs the additional tasks of calculating value-added taxes (VAT), invoice generation, legal shipping documentation, accounting line creation, and voucher initiation. The AP voucher is recorded in the interface tables of the destination payables business unit where it can be processed and paid.

See Also

PeopleSoft Enterprise Inventory 8.9 PeopleBook, "Transferring Stock Between Business Units"

PeopleSoft Enterprise Inventory 8.9 PeopleBook, "Defining Your Operational Structure in PeopleSoft Inventory," Defining Default Storage Location Structures and Attributes

PeopleSoft Enterprise Billing 8.9 PeopleBook, "Establishing InterUnit and IntraUnit Billing"

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Defining Financials and Supply Chain Management Common Definitions," Defining Additional Common Information

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Defining and Using ChartFields," Understanding PeopleSoft ChartFields

Common Elements Used in This Chapter

FERC Code(Federal Energy Regulatory Commission code)	Appears only if you select FERC reporting on the PeopleSoft Inventory Options page.
ChartFields	Chart of accounts used to record accounting entries and journal entries in PeopleSoft applications.
Cost Element	Use this code to categorize the different components of an item's cost and define the debit and credit ChartFields for accounting entries.
Transaction Group	Predefined codes attached to different types of transactions, such as, stocking, issues, adjustments, and so on.
Distribution Type	User-defined codes that are a subset of transaction groups. This enables you to break down a transaction group into customized categories.
Item Group	A grouping of items that enable you to design the accounting structure for a group of similar items, such as, sporting equipment or dress shoes. The item group is attached to an item using the Item Definition - General page.
Affiliate	A ChartField used in interunit transactions or consolidation reporting to identify the other business unit in the transaction. Provides a way to map transactions between business units while using a single intercompany account. The use of an Affiliate ChartField is optional.

Setting Up Interunit Transfers

PeopleSoft provides detailed instructions on setting up the system for interunit transfers.

See *PeopleSoft Enterprise Inventory 8.9 PeopleBook*, "Transferring Stock Between Business Units," Setting Up Interunit and Intercompany Transfers.

Defining Transfer Prices

To define transfer prices, use the Item Transfer Price and Item Price Markup components. Use the STD_PRICE_INV_CI and MARKUP_PCT_INV_CI component interfaces to load data into the tables for these components.

This section provides an overview of how to transfer prices and discusses how to:

- Change an item's transfer price.
- Increase the cost of inventory stock.

Before transferring stock between business units, determine the method to use for valuing the intransit stock. Use the InterUnit Transfers/Expenses group box on the Fulfillment Setup page to make the selection. The transfer price can be changed manually on any line of a material stock request.

There are four different methods to value an interunit transfer:

- At Cost

  The system transfers the item at its cost in the source inventory business unit. This is the default method if you do not establish a transfer price, markup percentage, or if you select zero cost. If the item is using actual cost, the system uses the current value of the default actual cost from the Define Business Unit Item - General page. Average-cost items are transferred at the current average cost and standard-cost items are transferred at the current standard cost for the item.

- At a Transfer Price

  The system uses a fixed transfer price as the default for material stock requests. You can define the transfer price on the Item Transfer Price page. You can change the transfer price on any line of a stock request. If the transfer price differs from the item's cost (standard, weighted average, or actual) in the source inventory business unit, the system recognizes the gain or loss on the transfer.

- At a Percent Markup of Cost.

  The system creates the transfer price by increasing the cost of the inventory stock by a percentage markup. The material stock request uses the markup prices as the default, but you can change the transfer price on any line of a stock request. Define the percentage increase on the Item Price Markup page. For the source inventory business unit, a gain is recorded for the difference between the marked-up transfer price and the cost of the item.

- At Zero Cost.

  The system values the intransit stock at zero. The zero cost method records the entire cost of the stock in the source business unit's interunit transfer gain or loss account. You can use this method for the shipment of promotional or sample items. Select the Transfer at Zero Cost check box on the Fulfillment Setup page (for the entire Inventory business unit) or manually on the Material Stock Request - Accounting/Interunit Detail page or the Express Issue - Detail Override/Exceptions page. You can also select this check box on the Par Location Definition - Line Details page for issues to the par location.

Recording Gain or Loss for the Source Business Unit

When processing an interunit issue or receipt, the Transaction Costing process (CM_COSTING) determines any difference between the item's cost and the transfer price. For an interunit transfer, the typical shipping accounting entry debits the intransit inventory account at the item's transfer price and credits the inventory account at the item's cost. Any difference between the transfer price and cost creates an additional entry associated with Transaction Group 300 (gain or loss on transfer price).

Recording Gain or Loss for the Destination Business Unit

When an interunit receipt is processed for the destination (receiving) business unit, any gain or loss is calculated for standard costed items only as a gain or loss on interunit transfers (300). For items using the average costing method, the transfer price is weighted into the new average cost for the item in the destination business unit. For items using the actual costing method, the transfer price becomes the actual cost for the receipts at the destination business unit.

See Also

PeopleSoft Enterprise Inventory 8.9 PeopleBook, "Setting Up Fulfillment at the Business Unit and Item Levels," Defining Basic Fulfillment Defaults

Pages Used to Define Transfer Prices

Page Name	Object Name	Navigation	Usage
Fulfillment Setup	OF_SETUP_INV	Inventory, Fulfill Stock Orders, Fulfillment Rules, Setup Fulfillment, Fulfillment Setup	Establish transfer prices by markup percentage rather than a fixed item price.
Item Transfer Price	STD_PRICE_INV	Cost Accounting, Item Costs, Define Rates and Costs, Item Transfer Price	Change an item's transfer price by entering a set price for transferring items to other business units (interunit transfer). This value can appear by default on any interunit stock request based on the settings on the Fulfillment Setup page.
Item Price Markup	MARKUP_PCT_INV	Cost Accounting, Item Costs, Define Rates and Costs, Item Transfer Markup, Item Price Markup	Increase the cost of inventory stock by entering the percentage markup for transferring items to other business units (interunit transfer). If on the Fulfillment Setup page you indicate that you base the transfer prices on a percentage markup instead of a set transfer price, enter the percentage for the items on this page.

Changing an Item's Transfer Price

Access the Item Transfer Price page.

The system uses a fixed transfer price as the default on the material stock request. You can change the transfer price on any line of a material stock request:

- When shipping the stock from the source unit, if the transfer price differs from the item's cost (standard, perpetual average, periodic average, or actual), then the system recognizes the gain or loss on the transfer.
- When receiving the stock in the destination unit, the transfer price is used as the purchase price. For receipts:
  - If the item uses the actual receipt cost method, then the transfer price is used as the receipt cost of the item.
  - If the item uses the standard receipt cost method, then the system uses the standard cost to value the receipt and calculates a gain or loss.

Unit The source inventory business unit that is shipping the stock.

Transfer Price Used by PeopleSoft Inventory as the default price when entering transfer or issue information.

Using the Item Price Markup Page

Access the Item Price Markup page.

The system can create the transfer price by increasing the cost of the inventory stock by a percentage markup. The system uses this markup price as the default on the material stock request, but the user can change the transfer price on any line in the stock request. Define the percentage increase on this page. For the source inventory business unit, a gain is recorded for the difference between the marked-up transfer price and the cost of the item. The system uses the transfer price as the purchase price for the receiving inventory business unit. For items using the average costing method, the transfer price is weighted into the cost of the item. For items using the actual costing method, the system adds a record for the quantity received at this marked-up transfer price. For items using the standard costing method, the system uses the standard cost to value the receipt and calculate a gain or loss.

Unit The source inventory business unit that the system uses to ship the stock.

Price Markup %(price markup percentage) Used by PeopleSoft Inventory as the default percentage when determining the transfer price of an inventory issue. It applies the markup to the cost of the item when it ships. The system accounts for the markup percentage amount as a gain on the transfer.

See Also

PeopleSoft Enterprise Inventory 8.9 PeopleBook, "Setting Up Fulfillment at the Business Unit and Item Levels," Defining Basic Fulfillment Defaults

Establishing Inventory Business Unit Pairs

This section provides an overview of how to establish inventory business units and discusses how to define inventory business unit pairs.

The inventory pairs method enables you to define some of the parameters used by interunit transfers at the inventory business unit level. The remaining parameters are derived from the centralized interunit and intraunit processor. To use the inventory pairs method, select Use IN BU Settings Only or Use Both on the Installation Options - Inventory page.

See *PeopleSoft Enterprise Inventory 8.9 PeopleBook*, "Transferring Stock Between Business Units," Selecting an Interunit Accounting Method for Stock Transfers.

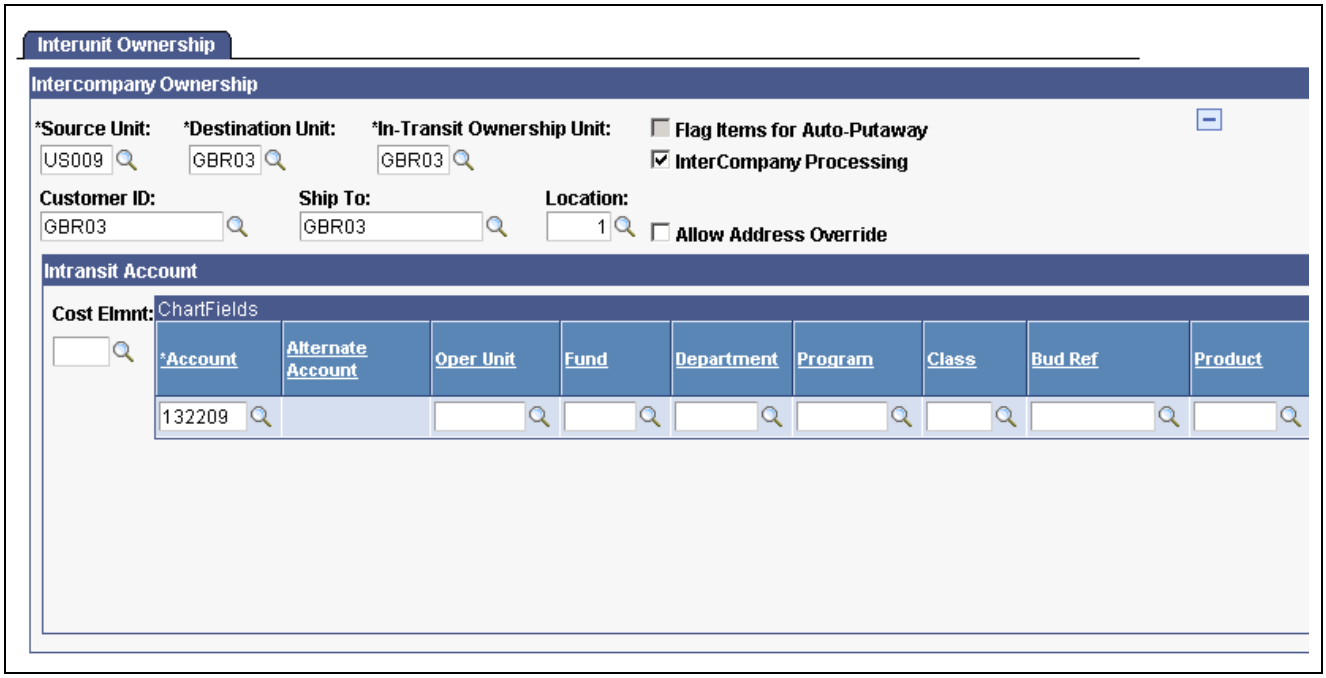
Page Used to Establish Inventory Business Unit Pairs

Page Name	Object Name	Navigation	Usage
InterUnit Ownership	DMD_IU_DEFN_INV	Set Up Financials/Supply Chain, Product Related, Cost Accounting, InterUnit Transfers Accounting, Interunit Ownership	Define inventory business unit pairs. If you transfer items between inventory business units, define which business unit owns the intransit inventory. This enables you to account for the inventory. Additionally, define the ChartFields appropriate for the intransit inventory.

Creating an Interunit Pair in PeopleSoft Inventory

To define interunit transfer pairs, use the InterUnit Transfers Accounting component. Use the InterUnit Transfer Accounting component interface (INTERUNIT_DEF_INV) to load data into the tables for this component.

Access the InterUnit Ownership page.



Interunit Ownership page

If you select Use Both or Use IN BU Settings Only on the Installation Options - Inventory page, then you are using the inventory business unit pairs for some or all of the interunit transfers. If you select Use IN BU Settings Only, you must define all business unit pairs on this page. If you select Use Both, you only need to define the inventory business unit pairs on this page when the intransit account is dependent on the inventory unit, not the GL unit. For pairs not defined on this page, the processes look to the interunit pairs in the centralized interunit and intraunit processor.

Source Unit Enter the Inventory business unit that issues the inventory stock.

Destination Unit Enter the inventory business unit that receives the inventory stock.

In-Transit Ownership Unit	Enter one of the two business units that owns the intransit inventory.
Flag Items for Auto-Putaway	Select to insert the depleted shipment into the putaway staging tables of the destination business unit automatically. Run the Complete Putaway process to complete the putaway into inventory. Auto-putaway cannot be used for an intercompany transfer.
InterCompany Processing	Select to use the interunit sales approach for transfers between these business units. The system records an intercompany sale with the source inventory business unit recording a sale and the linked billing business unit issuing a voucher (invoice) for the stock transfer to the receiving business unit's payable unit. This approach can be used when transferring stock between separate legal entities. This check box is automatically selected if the business units use different base currencies. If you select this check box, then the intransit ownership unit must be the destination business unit.
Customer ID	If this is an Intercompany relationship, enter the customer ID that you have defined for the destination business unit. PeopleSoft Billing uses this ID to create the voucher (invoice) to send to the destination payables business unit.
Ship To and **Location**	(Intercompany only) The Ship To Customer ID and Location Code contain the shipping location and shipping defaults for the destination inventory business unit.
Allow Address Override	Select to enable users to override the default shipping address of the interunit stock request.
Intransit Account	Use to define the ChartFields and cost elements for the intransit account. The cost of the inventory stock is stored in this account from shipment to receipt. For each cost element defined, you can enter different intransit ChartFields, thereby capturing each cost separately. Leave the Cost Elmnt field blank to capture all of the costs in the same intransit account (ChartField combination).

See Also

Chapter 10, "Managing Transfers," Understanding Interunit Transfers, page 229

Chapter 2, "Structuring Your Cost Management System," Using the Cost Elements Page, page 29

PeopleSoft Enterprise Inventory 8.9 PeopleBook, "Transferring Stock Between Business Units," Setting Up Interunit and Intercompany Transfers

Reviewing Interunit Accounting Examples

These examples illustrate the accounting entries that you can create when using the three different types of interunit stock transfers:

Type of Transfer	Description	Examples
Interunit transfer using only an intransit account	The cost of the inventory stock is entered into an intransit account, while it is moved from one inventory business unit to another. This approach can be used when both inventory business units post to the same general ledger.	Example 1.1
Interunit transfer using interunit receivables and interunit payables accounts	An intransit account is used along with interunit receivables and payables accounts recorded for each inventory business unit. Both inventory business units post to different general ledger business units. This approach can be used when transferring stock between separate legal entities or within the same legal entity.	Examples 2.1 to 2.3
Interunit sales approach (intercompany)	An intercompany sale is recorded with the source inventory business unit recording a sale and the linked billing business unit issuing a voucher (invoice) for the stock transfer to the receiving business unit's payable unit. Use this approach when transferring stock between separate legal entities or within the same legal entity. Intercompany is required if the GL business units are using different currencies.	Examples 3.1 to 3.4

Transferring Interunit Stock Using Only an Intransit Account

This example illustrates a stock transfer from inventory business unit US012 to inventory business unit US013. Both of these business units post to the same general ledger, and in this case, US012 owns the intransit inventory until it is received at the requesting business unit.

Example 1.1

The setup looks like this:

From Inventory BU	GL	To Inventory BU	GL	Ownership	Intransit
US012	US003	US013	US003	US012	132224

The accounting entry for the shipping transaction at USO12 looks like this:

Bus Unit	Account	Description	Affiliate	Debit	Credit
US003	132224	Intransit inventory		1500.00	
US003	132010	Inventory			1500.00

If the location accounting check box is clear in the source business unit, the inventory credit account is derived from the Accounting Rules page (Account Distribution page) for the Inter Business Unit Transfer Shipments Transaction Group (031). If the location accounting check box is selected, the credit account is derived from the storage area from which the inventory is shipped. In either case, the debit account is always the intransit inventory account defined for the inventory business unit combinations on the InterUnit Ownership page or from the intransit account defined in the centralized interunit and intraunit processor. No affiliate interunit transactions are generated for US003.

The accounting entry for the receiving transaction at US013 looks like this:

Business Unit	Account	Description	Affiliate	Debit	Credit
US003	130000	Inventory		1500.00	
US003	132224	Intransit inventory			1500.00

If the location accounting check box is clear in the source business unit, the stores inventory debit account is derived from the Accounting Rules page (Account Distribution page) for the Inter Business Unit Transfer Receipts Transaction Group (022). If the location accounting check box is selected, the debit account is derived from the storage area to which the inventory is received. In either case, the credit account is always the intransit inventory account defined for the inventory business unit combinations in the InterUnit Ownership page or from the intransit account defined in the centralized interunit and intraunit processor.

Transferring Interunit Stock Using Interunit Receivables and Payables

Here are three examples of stock transfers for inventory business units that post to different PeopleSoft General Ledgers.

Example 2.1

This example illustrates a stock transfer from inventory business unit US001 to inventory business unit US012. These inventory business units post to different general ledgers and in this case US001 owns the intransit inventory until it is received. The units use the same currency. During setup, the intercompany (interunit sales approach) method was not selected for these two units. The setup looks like this:

From Inventory BU	GL	To Inventory BU	GL	Owner ship	Intransit	Source Interunit	Dest Interunit
US001	US001	US012	US003	US001	132202	100124	200103

The accounting entry for the shipping transaction at US001 looks like this:

Business Unit	Account	Description	Affiliate	Debit	Credit
US001	132202	Intransit		1500.00	
US001	132010	Inventory			1500.00

If the location accounting check box is clear in the source business unit, the inventory credit account is derived from the Accounting Rules page (Account Distribution page) for the Inter Business Unit Transfer Shipments Transaction Group (031). If the location accounting check box is selected, the credit account is derived from the storage area from which the inventory is shipped. In either case, the debit account is always the intransit inventory account defined on the InterUnit Ownership page or the centralized interunit and intraunit processor.

The accounting entry for the receiving transaction at US012 looks like this:

Business Unit	Account	Description	Affiliate	Debit	Credit
US003	130000	Stores inventory		1500.00	
US003	200103	Interunit payables	US001		1500.00
US001	100124	Interunit receivable	US003	1500.00	
US001	132202	Intransit inventory			1500.00

If the location accounting check box is clear in the source business unit, the stores inventory debit account is derived from the Accounting Rules page (Account Distribution page) for the Inter Business Unit Transfer Receipts Transaction Group (022). If the location accounting check box is selected, the debit account is derived from the storage area to which the inventory is received. In either case, the credit account is always the intransit inventory account defined on the InterUnit Ownership page or the centralized interunit and intraunit processor.

Example 2.2

This example illustrates a stock transfer from inventory business unit US001 to inventory business unit US012. These inventory business units post to different general ledgers and in this case US012 owns the intransit inventory upon shipment from the source inventory business unit. The units use the same currency. During set up, the intercompany (interunit sales approach) method was not selected for these two units. The setup looks like this:

From BU	GL	To BU	GL	Owner ship	Intransit	Source Interunit	Dest Interunit
US001	US001	US012	US003	US012	132224	100124	200103

The accounting entry for the shipping transaction at US001 looks like this:

Business Unit	Account	Description	Affiliate	Debit	Credit
US001	100124	Interunit receivable	US003	1500.00	
US001	132010	Inventory			1500.00
US003	132224	Intransit		1500.00	
US003	200103	Interunit payables	US001		1500.00

If the location accounting check box is clear in the source business unit, the Inventory credit account is derived from the Accounting Rules page (Account Distribution page) for the Inter Business Unit Transfer Shipments Transaction Group (031). If the location accounting check box is selected, the system derives the credit account from the storage area from which the inventory is shipped. In either case, the debit account is always the intransit inventory account defined for the inventory business unit combinations on the InterUnit Ownership page. In this instance, it's the intransit inventory account in the US003 general ledger.

The accounting entry for the receiving transaction at US012 looks like this:

Business Unit	Account	Description	Affiliate	Debit	Credit
US003	130000	Stores Inventory		1500.00	
US003	132224	Intransit Inventory			1500.00

If the location accounting check box is clear in the source business unit, the stores inventory debit account is derived from the Accounting Rules page (Account Distribution page) for the Inter Business Unit Transfer Receipts Transaction Group (022). If the location accounting check box is selected, the debit account is derived from the storage area to which the inventory is received. In either case, the credit account is always the intransit inventory account defined for the inventory business unit combinations on the InterUnit Ownership page.

Example 2.3

This example illustrates another accounting scenario when transferring items between inventory business units that post to different general ledgers. The inventory business units use the same currency. During set up, the intercompany (interunit sales approach) method was not selected for these two inventory business units. In this case there is a difference between the item cost and the transfer price for the item, and the quantity of the item shipped is different from the quantity of the item received. In this situation, additional postings occur. The adjustment intransit transaction is recorded in the business unit that owns the intransit inventory.

	US001 and US001	US012 and US003
Item cost (standard cost)	150.00	170.00
Transfer price	165.00	
Gain or loss account	550000	551000
Inventory write off	660000	661000

The setup looks like this:

From Inventory BU	GL	To Inventory BU	GL	Owner ship	Intransit	Source Interunit	Dest Interunit
US001	US001	US012	US003	US001	132202	100124	200103

The accounting entries for the shipping transaction (US001 ships 10) look like this:

Business Unit	Account	Description	Affiliate	Debit	Credit
US001	132202	Intransit		1500.00	
US001	132010	Inventory			1500.00
US001	132202	Intransit		150.00 (1)	
US001	500100	Gain or loss			150.00

The gain or loss is determined by computing the difference between the item's cost and its transfer price, multiplied by the quantity shipped.

The accounting entries for the receiving transaction (US012 receives only 5) looks like this:

Business Unit	Account	Description	Affiliate	Debit	Credit
US003	130000	Stores inventory		850 (1)	
US003	200103	Interunit payables	US001		850
US003	200103	Interunit payables	US001	25	
US003	500100	Gain or loss			25 (2)
US001	100124	Interunit receivable	US003	825	
US001	132202	Intransit inventory			825
US001	673000	Inventory Write off		825 (3)	
US001	132202	Intransit inventory			825

The 50.00 USD is derived from the receipt quantity of 5 multiplied by the item's standard cost of 170.00 for US012.

The gain or loss at the receiving business unit is calculated as the difference between the transfer price of 165.00 and the standard cost of 170.00 for the item in business unit US012. If the item received is using the weighted average or actual costing method, no gain or loss entry is created. The gain or loss amount is based on the quantity of the item received.

The write off of intransit inventory is calculated as the difference between the quantity shipped and the quantity received, multiplied by the transfer price of the item.

Transferring Interunit Stock Using the Interunit Sales Approach (Intercompany)

These examples illustrate different types of accounting transactions that can be generated for intercompany transfers.

Example 3.1

This example illustrates an intercompany inventory transfer from business unit US002 to business unit US013. These business units post to different general ledgers but have the same base currency. US013 assumes ownership at the time of shipment. The item is standard costed for US013 and can be any cost type for US002. In this case, there are differences between the item cost in the source business unit, the item transfer price, and the item cost in the destination business unit. Here is what the setup looks like for this example:

US002 Cost 5.00

Transfer Price 7.00

US013 Std Cost 6.00

From BU	GL	To BU	GL	Owner ship	InterCo COGS	Inventory (source)
US002	US001	US013	US003	US013	500000	132010

InterCo InTransit	InterCo Accr'd Liability	Inventory (destination)	InterCo Gain or Loss
132225	212000	130000	500100

Here is what the accounting entries in PeopleSoft Inventory look like upon shipment:

Business Unit	Account	Description	Affiliate	Debit	Credit
US001	500000 (1)	InterCo COGS		5.00	
US001	132010 (2)	Inventory			5.00

Business Unit	Account	Description	Affiliate	Debit	Credit
US003	132225 (3)	InterCo intransit		7.00	
US003	212000 (4)	InterCo accr'd liability	US001		7.00

If the location accounting check box is clear in the source business unit, the inventory credit account (2) is derived from the Accounting Rules page (Account Distribution page) for the Intercompany Cost of Goods transaction group (301). If the location accounting check box is selected, the inventory credit account is derived from the storage area from which the inventory is shipped. In either case, the debit account (1) is the source interunit account defined for the inventory business unit combination on the InterUnit Pair page or InterUnit Template page of the centralized interunit and intraunit processor.

US001 doesn't use the gain or loss on Transfer Price transaction group (300); the margin between the cost of the inventory transferred and the transfer price is intrinsic in the difference between the intercompany sales and the intercompany cost of goods sold.

The intercompany intransit account (3) is defined on the Interunit Ownership page. This transaction belongs to the InterCompany Transfers transaction group (035).

The intercompany accrued liability account (4) is the destination interunit account defined for the inventory business unit combination on the InterUnit Pair page or InterUnit Template page of the centralized interunit and intraunit processor. This transaction belongs to the Intercompany Transfers transaction group (035).

Here is what the accounting entries for PeopleSoft Billing look like during the same period as the shipment:

Business Unit	Account	Description	Affiliate	Debit	Credit
US001	200103	InterCo receivables	US003	7.00	
US001	400100	InterCo sales			7.00

Here is what the accounting entries for PeopleSoft Inventory look like upon putaway:

Business Unit	Account	Description	Affiliate	Debit	Credit
US003	130000 (5)	Inventory		6.00	
US003	132225 (6)	InterCo intransit			6.00

Business Unit	Account	Description	Affiliate	Debit	Credit
US003	500100 (7)	InterCo gain or Loss		1.00	
US003	132225 (8)	InterCo intransit			1.00

If the location accounting check box is clear in the destination business unit, the inventory debit account (5) is derived from the Accounting Rules page (Account Distribution page) for the InterCompany Receipts transaction group (025). If the location accounting check box is selected, the inventory debit account is derived from the storage area into which the inventory is received.

The intercompany intransit account (6) is defined on the Interunit Ownership page. This transaction belongs to the InterCompany Receipts transaction group (025).

US003 uses the gain or loss on Transfer Price transaction group (300) here, because the item received is a standard costed item and the standard cost differs from the transfer price. Because the standard price is less than the transfer price, the intercompany intransit account (8) is credited and the intercompany gain or loss account (7) is debited. If the standard price were more than the transfer price, you would make the opposite entries. Here is what the accounting entry looks like for PeopleSoft Payables upon voucher processing:

Business Unit	Account	Description	Affiliate	Debit	Credit
US003	212000	InterCo accr'd liability	US001	7.00	
US003	200000	InterCo A/P	US001		7.00

Here is what the accounting entry looks like for the open payable and receivable settlement:

Business Unit	Account	Description	Affiliate	Debit	Credit
US003	200000	InterCo A/P	US001	7.00	
US003	100025	Cash			7.00
US001	100002	Cash		7.00	
US001	200103	InterCo receivables	US003		7.00

Example 3.2

This example illustrates an intercompany inventory transfer from business unit US002 to business unit US013. These business units post to different general ledgers but have the same base currency. US013 assumes ownership at the time of shipment. The item is actual costed or average costed for US013 and can be any cost type for US002. In this case, the item transfer price and the item cost in the source business unit differ.

US002 Cost 5.00

Transfer Price 7.00

This example differs from the previous one only in the accounting entries for PeopleSoft Inventory upon putaway. In this example, the item is an actual or average cost item for US013. Here is what the accounting entries look like in PeopleSoft Inventory upon putaway:

Business Unit	Account	Description	Affiliate	Debit	Credit
US003	130000	Inventory		7.00	
US003	132225	InterCo intransit			7.00

Example 3.3

This example illustrates an intercompany inventory transfer from business unit US012 to business unit FRA02. These business units post to different general ledgers and have different base currencies. FRA02 assumes ownership at the time of shipment. The item is standard costed for FRA02 and can be any cost type for US012. In this case, there are differences between the item cost in the source business unit, the item transfer price, and the item cost in the destination business unit.

US012 Cost 5.00 (in US012 base currency)

Transfer Price 7.00 (in US012 base currency)

FRA02 Std. Cost 6.00 (in FRA02 base currency)

Exchange Rate 1.05 (one unit of USD-US012 base currency = 1.05 units of EUR-FRA02 base currency)

From BU	GL	To BU	GL	Ownership	InterCo COGS	Inventory (source)
US012	US003	FRA02	FRA01	FRA02	500000	132010

InterCo Intransit	InterCo Accr'd Liability	Inventory (destination)	InterCo Gain or Loss
132208	212000	130000	500100

Here is what the accounting entries look like in PeopleSoft Inventory upon shipment:

Business Unit	Account	Description	Affiliate	Debit	Credit
US003	500000 (1)	InterCo COGS		5.00	
US003	132010 (2)	Inventory			5.00
FRA01	132208 (3)	InterCo intransit		7.35	
FRA01	212000 (4)	InterCo accr'd liability	US003		7.35

If the location accounting check box is clear in the source business unit, the inventory credit account (2) is derived from the Accounting Rules page (Account Distribution page) for the InterCompany Cost of Goods transaction group (301). If the location accounting check box is selected, the inventory credit account is derived from the storage area from which the inventory is shipped. In either case, the debit account (1) is the source interunit account defined for the inventory business unit combination on the InterUnit Pair page or InterUnit Template page of the centralized interunit and intraunit processor.

US012 doesn't use the gain or loss on Transfer Price transaction group (300); the margin between the cost of the inventory transferred and the transfer price is intrinsic in the difference between the intercompany sales and the intercompany cost of goods sold.

The intercompany intransit account (3) is defined on the Interunit Ownership page. This transaction belongs to the InterCompany Transfers transaction group (035). The amount of this entry is in FRA02 base currency of EUR.

The intercompany accrued liability account (4) is the destination interunit account defined for the inventory business unit combination on the InterUnit Pair page or InterUnit Template page of the centralized interunit and intraunit processor. This transaction belongs to the InterCompany Transfers transaction group (035). The amount of this entry is in FRA02 base currency of EUR. Here is what the accounting entries look like for PeopleSoft Billing for the same period as shipment:

Business Unit	Account	Description	Affiliate	Debit	Credit
US003	100127	InterCo receivables	FRA01	7.00	
US003	400100	InterCo sales			7.00

Here is what the accounting entries look like for PeopleSoft Inventory upon putaway:

Business Unit	Account	Description	Affiliate	Debit	Credit
FRA01	130000 (5)	Inventory		6.00	
FRA01	132208 (6)	InterCo intransit			6.00
FRA01	500100 (7)	InterCo Gain or loss		1.35	
FRA01	132208 (8)	InterCo intransit			1.35

If the location accounting check box is clear in the destination business unit, the inventory debit account (5) is derived from the Accounting Rules page (Account Distribution page) for the InterCompany Receipts transaction group (025). If the location accounting check box is selected, the inventory debit account is derived from the storage area into which the inventory is received.

The intercompany intransit account (6) is defined on the Interunit Ownership page. This transaction belongs to the InterCompany Receipts transaction group (025).

FRA01 uses the gain or loss on Transfer Price transaction group (300) here since the item received is a standard cost item and the standard cost differs from the transfer price. Because the standard price is less than the transfer price, the intercompany intransit account (8) is credited and the intercompany gain or loss account (7) is debited. If the standard price were more than the transfer price, you would make the opposite entries.

Note. Entries are in FRA01 base currency of EUR.

Here is what the accounting entry looks like for PeopleSoft Payables upon voucher processing:

Business Unit	Account	Description	Affiliate	Debit	Credit
FRA01	200124	InterCo accr'd liability	US003	7.35	
FRA01	200000	InterCo A/P	US003		7.35

Here is what the accounting entry looks like for open payable and receivable settlement:

Business Unit	Account	Description	Affiliate	Debit	Credit
FRA01	200000	InterCo A/P	US003	7.35	
FRA01	100030	Cash			7.35
US003	100025	Cash		7.00	
US003	100127	InterCo receivables	FRA01		7.00

Example 3.4

This example illustrates an intercompany inventory transfer from business unit US012 to business unit FRA02. These business units post to different general ledgers and have different base currencies. FRA02 assumes ownership at the time of shipment. The item is actual costed or average costed for FRA02 and can be any cost type for US012. In this case, there are differences between the item transfer price and the item cost in the source business unit.

US012 Cost 5.00 USD (in US012 base currency)

Transfer Price 7.00 USD (in US012 base currency)

Exchange Rate 1.05 (one unit of USD-US012 base currency = 1.05 units of EUR-FRA02 base currency)

This example differs from the previous example only in the accounting entries for PeopleSoft Inventory upon putaway. In this example, the item is an actual or average cost item for FRA02.

Here is what the accounting entries look like for PeopleSoft Inventory upon putaway:

Business Unit	Account	Description	Affiliate	Debit	Credit
FRA01	130000	Inventory		7.35	
FRA01	132208	InterCo InTransit			7.35

Note. Transaction Group 042 (IBU Transfer Adjustments) works the same for intercompany receipts as it does for interunit receipts.

See Also

PeopleSoft Enterprise Inventory 8.9 PeopleBook, "Transferring Stock Between Business Units"

PeopleSoft Enterprise Billing 8.9 PeopleBook, "Establishing InterUnit and IntraUnit Billing"

CHAPTER 11

Structuring Landed Costs

This chapter provides an overview of landed costs and discusses how to:

- Set up miscellaneous landed costs.
- Record estimated landed costs.
- Record actual landed costs.
- Create inventory adjustments and variances for landed costs.
- Review landed cost.
- Adding non-recoverable Indian duties and taxes to the item cost.

Understanding Landed Costs

The cost of obtaining inventory stock includes more than just the material costs of the items. Landed costs include all of the charges that are associated with getting items into a warehouse and available for use or sale, including material, subcontracted services, freight, insurance, duty, taxes, and handling charges. This chapter discusses how to handle all of the landed costs.

PeopleSoft's landed costs feature calculates and accounts for the total landed cost by recording the variances for the difference between the actual invoiced cost and estimated purchase order (PO) cost for:

1. Material costs of the item.
2. Subcontracted services that are included in a production ID in PeopleSoft Manufacturing. This only applied to subcontracted services using actual cost accounting.
3. Other miscellaneous landed costs, such as freight, insurance, duty, taxes, and handling charges.

Note. PeopleSoft's landed cost feature can be used to record the non-recoverable portion of excise duty, customs duty, and sales tax for India.

These variances can be applied to the system by updating the item's cost (for actual and average cost items) or updating a variance account (for standard cost items).

PeopleSoft's landed costs feature:

- Uses cost elements and miscellaneous charge codes to identify and track each type of landed cost separately or in groups. The material cost of the item is tracked by the material cost element. Other miscellaneous landed costs are tracked by the miscellaneous charge codes and cost elements in the *landed cost* cost category.
- Displays the estimated landed costs by default on the PO.

- Copies the estimated landed costs from the PO to the receipt where the landed costs are prorated to the individual receipt distribution lines. At putaway, the accrued landed costs are entered into the value of the inventory stock so that the full cost of obtaining the inventory stock is recorded.
- Uses the actual landed costs that are derived from the posted vouchers in PeopleSoft Payables, including all adjustment and reversal vouchers, to calculate variances that update inventory stock values or variance accounts. These variances adjust for changes between estimated and actual landed costs based on fluctuations in both the costs and exchange rates. During voucher entry, material costs and miscellaneous charges can be entered on vouchers that are received from the merchandise vendor or from third-party vendors. The merchandise vouchers must be matched and posted before their actual landed costs are passed to PeopleSoft Cost Management. Third-party vouchers must be posted before their actual costs are passed to PeopleSoft Cost Management.
- Processes the material cost of a subcontracted PO as a landed cost. The subcontracted service must be defined for actual cost. No miscellaneous charge codes are needed for subcontracted services. The estimated cost on the PO is used to record the receipt of the subcontracted service into PeopleSoft Inventory and Manufacturing. Later, when the voucher is entered, matched, and posted, the actual (voucher) cost is used to update the production ID and inventory stock.
- Generates reports to accurately compare estimated versus actual landed costs enabling you to better evaluate supply options.

Consigned items can be set up as landed cost items. When the consigned item is consumed, then the system transacts all accrued landed cost charges.

Note. To use the complete landed cost feature, you must have PeopleSoft Cost Management, PeopleSoft Purchasing, PeopleSoft Inventory, and PeopleSoft Payables installed. To update subcontracted services to actual costs, you must also have PeopleSoft Manufacturing installed and use a cost profile for actual cost.

Setting Up Miscellaneous Landed Costs

Miscellaneous landed costs include costs of obtaining the item, such as freight, insurance, duty, taxes, and handling charges. In order to record miscellaneous landed costs, you must first define several factors. You must decide how to categorize and identify landed costs by using cost elements and miscellaneous charge codes. You can set up the conditions that the system uses to automatically apply miscellaneous landed costs to POs. You must establish how the various miscellaneous landed costs are calculated and prorated to receipt and voucher distribution lines.

To set up miscellaneous landed costs:

1. (Optional) For reporting purposes, you can group similar landed costs together to make reports more readable to users. Use the Landed Cost Group page to create groups for landed costs. For example, air freight and ocean freight components might be grouped into a single freight cost group.
2. Create cost elements with the cost category of *landed.* Cost elements enable you to account for and report on different types of costs. This enables you to accurately identify each different type of miscellaneous landed costs. Use the Cost Elements page to create cost elements. A landed cost element can be made up of one or many miscellaneous charge codes.
3. Define miscellaneous charge codes (also know as cost components) to define miscellaneous landed costs along with the attributes that identify how and when the landed costs are to be applied, calculated, and prorated. Use the Misc Charge/Landed Cost Definition page to define miscellaneous charge codes. Define which cost element the miscellaneous charge will summarize into.
4. (Optional) If you plan to applying several miscellaneous charge codes to a single PO line, then consider using the landed cost template to group all the related charge codes together and apply them as a group.

This feature enables you to quickly apply charge codes and track relationships for future changes to the structure. Use the Misc Chg/Landed Cost Template page to define different collections of miscellaneous charge codes.

5. (Optional) You may tell the system when to apply the miscellaneous charge codes or landed cost templates to a PO. This is done by identifying the properties that must exist on a PO in order to apply the charge codes. Use the Miscellaneous Charges - Miscellaneous page to associate templates or charge codes and specific charge amounts for any combination of item category, item ID, vendor ID, vendor location code, ship-to ID, and purchasing business unit. When one of these item/category/vendor combinations is included on a PO, the system applies the template or charge code, and then calculates and prorates the estimated landed costs to the PO schedule line.
6. (Optional) For items that you wish to define a standard cost profile to be used for analytical purposes.

Note. If you do not need to update landed costs to actual amounts because the estimated costs are accurate, then include the landed costs by using the Additional Costs by Items page. Apply the estimated landed costs to the item by simplifying entering the costs by cost element on the Additional Costs by Items page. This method does not update inventory values or create variance when the voucher is processed.

See Also

Chapter 4, “Defining the Cost Foundation for Makeable Items,” page 87

Chapter 5, “Using Standard Costing for Purchased Items,” page 101

Pages Used to Define Miscellaneous Landed Costs

Page Name	Object Name	Navigation	Usage
Landed Cost Group	CM_LC_GROUP	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Landed Cost Groups, Landed Cost Group	Aggregate landed cost charges into cost groups for reporting purposes.
Cost Elements	CM_ELEMENT	Set Up Financials/Supply Chain, Product Related, Cost Accounting, Cost Elements	Use to categorize the different components of an item's landed costs.
Misc Charge/Landed Cost Defn , (miscellaneous charge/landed cost definition)	CM_LC_COMPONENT	Set Up Financials/Supply Chain, Product Related, Procurement Options, Charges/Costs, Misc Charge/Landed Cost Defn	Define miscellaneous charges, including landed costs, to be applied to POs.
Misc Chg/Landed Cost Template, (miscellaneous charge/landed cost template)	CM_LC_TEMPLATE	Set Up Financials/Supply Chain, Product Related, Procurement Options, Charges/Costs, Misc Chrg/Landed Cost Template, Misc Chg/Landed Cost Template	Define different collections of landed cost charge codes that you can apply to groups of purchased material.
Miscellaneous Charges - Miscellaneous	ITM_CAT_VNDR_MC	Items, Define Items and Attributes, Miscellaneous Charges, Miscellaneous	Enter the criteria for applying miscellaneous charge codes or landed cost templates to POs.
Miscellaneous Charges Selection	ITM_CAT_MC_CRITERIA	Select the Selection Criteria link on the Miscellaneous Charges - Miscellaneous page.	Enter the criteria for the miscellaneous charges to appear on the Miscellaneous Charges - Miscellaneous page.

Using the Landed Cost Group Page

To create landed cost groups, use the Landed Cost Group (CM_LC_GROUP) component.

Access the Landed Cost Group page.

For reporting purposes, you can group similar miscellaneous landed costs together to make reports more readable to users. Use the Landed Cost Group page to create groups for landed costs. By setID, enter a group ID and a description. As you define miscellaneous charge codes on the Misc Charge/Landed Cost Definition page, enter the related landed cost group ID. Set the parameters of the reports to view the information by cost group.

Creating Cost Elements

Access the Cost Elements page.

Cost elements are used for more than landed cost charges. They identify and categorize all the different components of an item's cost and also define the debit and credit ChartField combinations for accounting entries. Cost elements enable you to report and record costs in different categories. For landed costs, you create one or more cost elements for reporting. When setting up a cost element for landed costs, you must identify its category as landed.

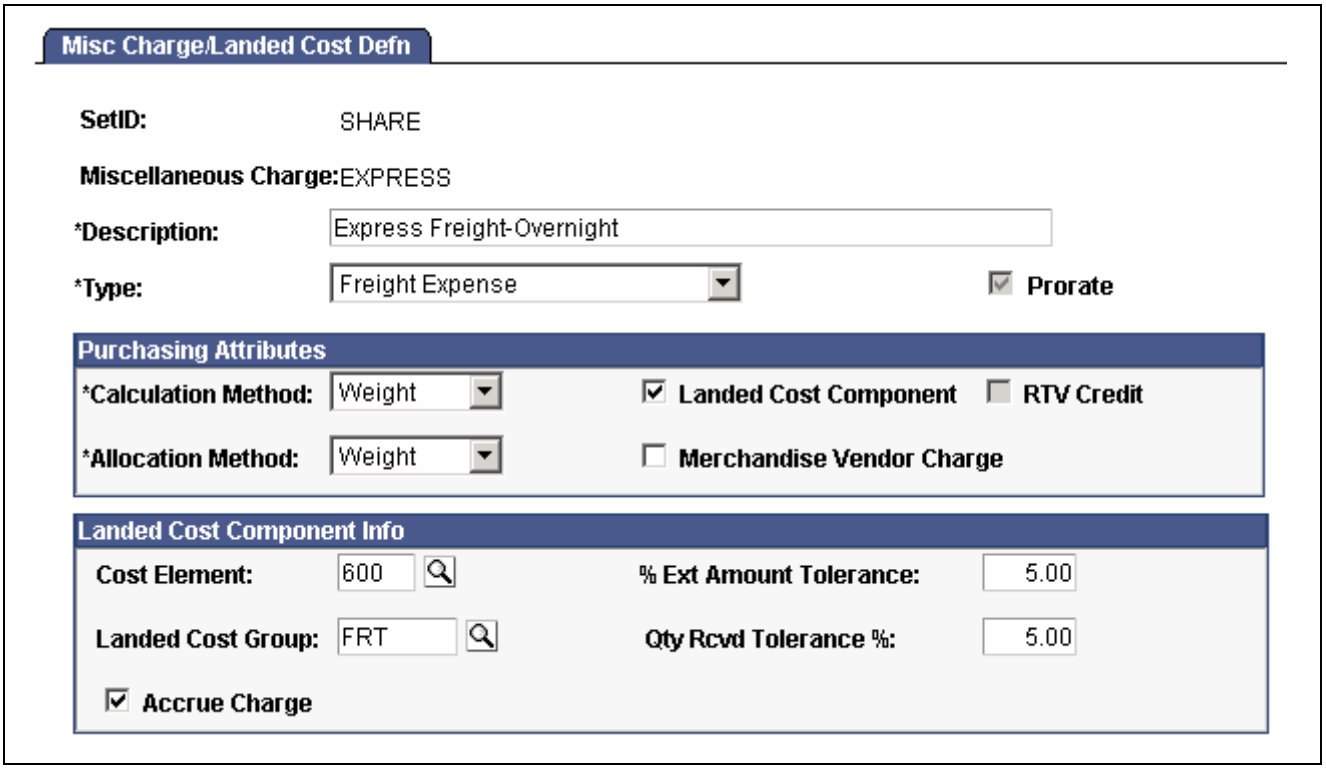
See Also

Chapter 2, "Structuring Your Cost Management System," Using the Cost Elements Page, page 29

Defining Miscellaneous Charge Codes

To define miscellaneous charge codes, use the Misc Charge/Landed Cost Defn component.

Access the Misc Charge/Landed Cost Defn page.



Miscellaneous Charges/Landed Cost Defn page

This page is used to identify both miscellaneous charges and miscellaneous landed cost charges. Landed costs charges are prorated to the PO distribution lines, receipt distribution lines, and voucher lines. A landed cost can be from the merchandise vendor or a third-party vendor.

If you select the Accrue Charge check box, then the estimated landed costs for that miscellaneous charge code are included in inventory value at putaway. If you do not select the Accrue Charge check box, the system waits for the actual landed costs (recorded on the matched and posted voucher) and then records the actual landed costs in an expense account. The non-accrued charges are not included in the inventory value.

Note. PeopleSoft's landed cost feature can be used to record the non-recoverable portion of excise duty, customs duty, and sales tax for India. Define a miscellaneous charge code by using the VAT input non-recoverable type and selecting the Prorate and Landed Cost Component options. The non-recoverable portion is recorded in the item value.

See Also

PeopleSoft Enterprise Source to Settle Common Information 8.9 PeopleBook, "Defining Procurement Options," Setting Up Miscellaneous Charges and Landed Costs

Using Landed Cost Templates

To create a landed cost template, use the Misc Chg/Landed Cost Template component.

Access the Misc Chg/Landed Cost Template page.

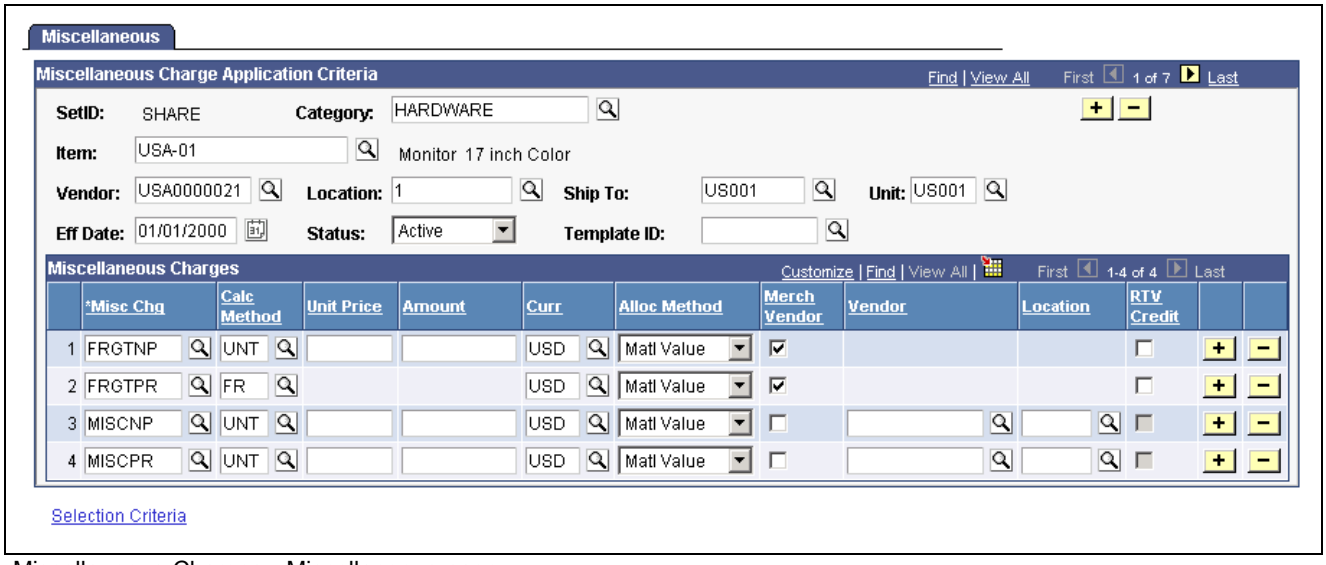
If you plan to apply several miscellaneous charge codes to a single PO or PO line, then consider using the landed cost template to group all of the related charge codes together. You can apply them as a group to the Miscellaneous Charges - Miscellaneous page or directly to the PO by using the Header - Miscellaneous page or the Schedule-Miscellaneous Charges page. This feature enables you to quickly apply charge codes and track relationships for future changes to the structure. Use the Misc Chg/Landed Cost Template page to define different collections of miscellaneous charge codes.

See Also

PeopleSoft Enterprise Source to Settle Common Information 8.9 PeopleBook, "Defining Procurement Options," Defining Miscellaneous Charges and Landed Costs

Designing Charge Codes to Default to Your POs

Access the Miscellaneous Charges - Miscellaneous page.



Miscellaneous Charges - Miscellaneous page.

In order to have the system automatically populate the POs with the correct miscellaneous charge codes and charge amounts; you must design a series of parameter combinations. When a PO is entered that matches the combination of parameters that you define, the assigned charge code or template is used.

You can set up default miscellaneous charges that are automatically calculated based on these combinations, where level one overrides level two, and so on:

Level	Miscellaneous Charge Hierarchy Criteria
1	Item, vendor, purchasing business unit, and ship to location. (INV_ITEM_ID, VENDOR_ID, BUSINESS_UNIT, and SHIPTO_ID)
2	Item, vendor, and purchasing business unit. (INV_ITEM_ID, VENDOR_ID, and BUSINESS_UNIT; and no SHIPTO_ID)
3	Item and vendor. (INV_ITEM_ID and VENDOR_ID; and no BUSINESS_UNIT nor SHIPTO_ID)
4	Item. (INV_ITEM_ID; and no VENDOR_ID, BUSINESS_UNIT, nor SHIPTO_ID)
5	Category, vendor, purchasing business unit, and ship to location. (CATEGORY_ID, VENDOR_ID, BUSINESS_UNIT, and SHIPTO_ID; and no INV_ITEM_ID)
6	Category, vendor, and purchasing business unit. (CATEGORY_ID, VENDOR_ID, and BUSINESS_UNIT; and no INV_ITEM_ID nor SHIPTO_ID)
7	Category and vendor. (CATEGORY_ID and VENDOR_ID; and no INV_ITEM_ID, SHIPTO_ID, nor BUSINESS_UNIT)
8	Category. (CATEGORY_ID; and no INV_ITEM_ID, VENDOR_ID, BUSINESS_UNIT, nor SHIPTO_ID)

For example, you can set up miscellaneous charges that are automatically calculated on the PO when a certain item is ordered from a particular vendor, for a particular purchasing business unit, and for a specific ship to location of the business unit. You can also set up a miscellaneous charge that is automatically calculated for a particular item.

Only one Miscellaneous Charges - Miscellaneous page combination is used for each charge code. If you define the same charge code at multiple levels, the system uses the Miscellaneous Charges - Miscellaneous page at the most specific level of detail. However, you can define more than one charge code. For example, if you define a miscellaneous charge named shipping for an item (level 4), and also for the category (level 8) that the item belongs to, only the charge that is defined for the item is used. The miscellaneous charge that is defined for the category is only used for items that do not have a miscellaneous charge that is specifically defined for them. However, if you define one charge code (shipping) at the item level and another charge code (handling) at the category/vendor/Purchasing business unit/ship to location, then the PO picks up both the handling and shipping charges.

Template ID — If you want to apply a template of miscellaneous charges, select the template ID. Miscellaneous charge templates are set up on the Misc Chg/Landed Cost Template page.

Misc Chg (miscellaneous charge) — The miscellaneous charge code. If you want to apply a miscellaneous charge code, select the charge code ID. Miscellaneous charge codes are set up on the Misc Charge/Landed Cost Definition page.

Calc Method (calculation method) — Select the method that you want to use to calculate this charge. The default comes from the Misc Charge/Landed Cost Defn page. Choose from these options:

FL (flat amount): The charge is a flat amount that you enter in the Amount field.

FR (free): No charge is to be applied.

UNT (per unit amount): Calculate the charge based on the number of items on the PO line.

VAL (percent of value): Calculate the charge based on a percentage of the material value.

VOL (rate based on volume): Calculate the charge based on the total volume for the PO line.

WT (rate based on weight): Calculate the charge based on the total weight for the PO line.

UOM (unit of measure) — The unit of measure, for volume or weight, depending on the choice that you made in the Calc Method field.

Unit Price — The per unit amount of the charge.

Value % — If the miscellaneous charge is a percentage of the unit price, this is the percentage of the charge.

Amount — The fixed order amount of the miscellaneous charge. You can define both a unit price and an amount if the calculation method is UNT, VOL, or WT.

Currency — The currency of the miscellaneous charge.

Alloc Method (allocation method) — Select the method to allocate the miscellaneous charge. The default comes from the Misc Charge/Landed Cost Defn page. Options are:

Matl Value (material value): Allocates the charges based on the value of the items on each selected line.

Quantity: Allocates the charges based on the quantity of items on each selected line.

Volume: Allocates the charges based on the volume of the items on each selected line.

Weight: Allocates the charges based on the weight of the items on each selected line.

Merch Vendor (merchandise vendor) — The Merch Vendor option setting appears by default from the miscellaneous charge's purchasing attributes on the Misc Charge/Landed Cost Defn page. You can override the setting here as necessary. If you select this option, charges are paid to the PO vendor. If you do not select this option, you can use the Vendor and vendor Location fields to designate a third-party vendor.

RTV Credit (return to vendor credit) — Select this check box if you can receive credit from the vendor for these miscellaneous charges if the items are returned. This check box is only active if the merchandise vendor is selected.

Selection Criteria — Click to access the Miscellaneous Charges Selection page, where you enter the criteria for the miscellaneous charges to appear on the Miscellaneous Charges page.

Miscellaneous Charges Selection Page

Access the Miscellaneous Charges Selection page.

Enter criteria in each field to narrow the search. For example, if you enter only a setID, then all the miscellaneous charges that are set up on the Miscellaneous Charges - Miscellaneous page for that setID are retrieved. If you enter a setID and an item, then all the miscellaneous charges that are set up for that item in that setID are retrieved.

Enter the maximum number of rows that you want to retrieve in the Max Rows field.

See Also

PeopleSoft Enterprise Purchasing 8.9 PeopleBook, "Defining Purchasing Item Information," Capturing Item Miscellaneous Charges

Recording Estimated Landed Costs

The PO and receipt in PeopleSoft Purchasing use an estimated cost. The actual cost is not known until the invoice (voucher) is received and processed in PeopleSoft Payables.

POs

Estimated landed costs appear by default on the purchase order:

Material Costs — The PO price for material costs is derived from the PeopleSoft Purchasing system's pricing structure.

Subcontracted Services — The cost of subcontracted services is derived from the item routing of the production ID. In PeopleSoft Manufacturing, when part or all of the manufacturing process is done by an outside vendor, you need to generate POs for the production ID's with subcontracted operations. Using the Select Subcontract Prdn for PO page in PeopleSoft Manufacturing, you select one or more production IDs, production areas, or item IDs for which to generate POs for subcontracted operations. When you run the Select Subcontract Prdn for PO (SFS5000) process, the system automatically transfers the subcontracted operations information for PO creation to PeopleSoft Purchasing, including the production ID information for which the outside processing must be done as well as the operation sequence that is associated with the outside operation. PeopleSoft Purchasing creates the PO by using the information from the production ID. The Inventory business unit that is used for manufacturing is populated to the PO line. Only one distribution line is allowed for the subcontracted item.

Miscellaneous Landed Costs

Other miscellaneous landed costs are placed on the PO by adding miscellaneous charge codes. Miscellaneous charge codes can be applied to the PO:

- *Automatically:* Enter a PO, if any Miscellaneous Charges - Miscellaneous page has the same combination of item category, item ID, vendor ID, vendor location code, ship-to ID, and purchasing business unit, then the charge codes or templates that are defined are placed on the PO. The system then calculates and prorates the estimated landed costs to the PO schedule.
- *Manually add to the PO Header:* Attach the miscellaneous charge codes or landed cost templates directly to a PO by using the Header - Miscellaneous page. Use the PO Form: Miscellaneous page to select the miscellaneous charge codes and the lines to which they apply. The system then calculates and prorates the estimated landed costs to the PO schedule.
- *Manually add to the PO Schedule:* Attach the miscellaneous charge codes or landed cost templates directly to a PO schedule by using the Schedule-Miscellaneous Charges page. You can also view the landed cost charges that appear by default from the Header - Miscellaneous page and the Miscellaneous Charges - Miscellaneous page.

In all cases, the PO prices can be manually altered before dispatch.

For further information about POs, see *PeopleSoft Purchasing PeopleBook,* "Creating Purchase Orders Online."

Receipts

When the merchandise is received in PeopleSoft Purchasing, the material and other landed cost charges from the PO schedule are copied onto the receipt distribution line. A completed receipt in PeopleSoft Purchasing populates the records, RECV_LN_DISTRIB, RECV_LN_DIST_LC and RECV_LN_SHIP_LC, which are used later by the Landed Cost Extract process to pass data to PeopleSoft Cost Management by using the CM_MATCHED_COST record. For subcontracted services, the production ID information is copied to the receipt line and distribution line. For miscellaneous landed costs, the selection in the Accrue Charge check box on the Misc Charge/Landed Cost Definition page determines if the estimated landed costs are included in the inventory value at putaway or included in expense accounts when they're invoiced.

Once the receipt is recorded in PeopleSoft Purchasing, use the putaway processes in PeopleSoft Inventory to store the item into inventory and record the material and other landed costs.

For subcontracted services, enter the receipt on the Subcontracted Receipt page to complete the subcontracted operation of the production ID. The system records the estimated PO cost or the standard cost, depending on the cost profile of the end item, as a debit to Work in Process (WIP).

See Also

PeopleSoft Enterprise Purchasing 8.9 PeopleBook, "Receiving Shipments"

PeopleSoft Enterprise Inventory 8.9 PeopleBook, "Receiving and Putting Away Stock"

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Subcontracting"

PeopleSoft Enterprise Purchasing 8.9 PeopleBook, "Creating Purchase Orders Online," Applying Miscellaneous Charges To Purchase Order Lines

PeopleSoft Enterprise Source to Settle Common Information 8.9 PeopleBook, "Defining Procurement Options," Defining Miscellaneous Charges and Landed Costs

PeopleSoft Enterprise Purchasing 8.9 PeopleBook, "Creating Purchase Orders Online," Entering Schedule Miscellaneous Charges

Pages Used to Record Estimated Landed Costs

Page Name	Object Name	Navigation	Usage
PO Form: Miscellaneous	PO_MISC_WRK	Purchasing, POs, Maintain Purchase Orders, PO Form. Select the Header Misc. Charges link.	Apply miscellaneous charges that you add on the Header - Miscellaneous Charges page to the lines of the PO.
Header - Miscellaneous Charges	PO_HDR_MISC	Purchasing, Purchase Orders, Maintain Purchase Orders, PO Form, Header Misc. Charges. Click the Miscellaneous Charges link.	Enter the miscellaneous charges that you want to allocate to some or all of the lines on the PO using the PO Form: Miscellaneous page.
Schedule - Miscellaneous Charges	PO_SCHED_MISC	Purchasing, Purchase Orders, Maintain Purchase Orders, Schedule. Click the Misc. Charges link.	Change miscellaneous charges on this schedule.

Recording Actual Landed Costs

The actual landed costs are recorded on the voucher in PeopleSoft Payables. Landed costs (material, subcontracted services, and other miscellaneous landed costs) can be recorded on regular vouchers, adjustment or reversal vouchers, or third-party vouchers. A merchandise voucher must be matched and posted and a third-party voucher must be posted before their actual landed costs can be passed to PeopleSoft Cost Management.

In PeopleSoft Payables, miscellaneous charges can be attached to vouchers as non-merchandise and non-recoverable VAT charges. These non-merchandise charges are freight, sales tax, use tax and miscellaneous charges.

Note. For excise duty, customs duty, and sales tax for India, you must enter the receipt ID on the associated voucher line in order to adjust the inventory value to the actual cost of these charges. Once this voucher (recorded to pay these duties or taxes) is matched and posted in PeopleSoft Payables, the system can calculate and apply any variance between the non-recoverable amount on the voucher and the non-recoverable amount in the item cost.

For further information about recording, matching, and posting vouchers, see *PeopleSoft Payables PeopleBook*.

See Also

PeopleSoft Enterprise Payables 8.9 PeopleBook, "Running the Matching Process"

PeopleSoft Enterprise Payables 8.9 PeopleBook, "Running Voucher and Payment Posting"

Creating Inventory Adjustments and Variances for Landed Costs

Once the voucher is matched and posted, the actual landed costs can be sent to PeopleSoft Cost Management. The differences between the estimated and actual landed costs are calculated based on the fluctuations in the cost and the exchange rates. These differences can be applied as adjustments to the item cost for actual or average cost items or can be applied as variances to variance accounts for standard cost items.

To calculate landed cost adjustments or variances:

1. Run the Landed Cost Extract process (LC_EXTRACT) to link the voucher landed costs back to the PO and receipt costs.

   This process retrieves from PeopleSoft Payables the landed costs, including material costs, subcontracted costs, and other miscellaneous landed costs. The miscellaneous landed costs are categorized by the miscellaneous charge codes. Material costs, including subcontracted costs, are categorized by the material cost element. The vouchered costs are recorded into the CM_MATCHED_COST table.

2. Review and correct in exceptions from the Landed Cost Extract process.
3. As needed, manually close any receipt lines or charges that are not fully matched or fully matched but not within the miscellaneous charge code tolerances.
4. For subcontracted services, run the Production Close process (SFS1100) to set the production ID to closed for accounting.
   - For standard cost items, receive the subcontracted PO and complete the operation in PeopleSoft Manufacturing (subcontracted services are on the operations list). The subcontracted service is costed at standard cost. The variance between the standard cost, PO, and voucher amounts are recorded in a variance account and do not update the cost of the subcontracted item.
   - For actual cost items, you also receive the subcontracted PO and complete the operation in PeopleSoft Manufacturing. Once the voucher is posted to CM_MATCHED_COST, the difference between the estimated subcontracted cost on the purchase order and the actual subcontracted cost on the voucher is calculated and flows into WIP and to finished goods. This difference is posted as an adjustment to the subcontracted cost using the transaction group 664 (Subcontracted Cost) in the following step.
5. Run the Transaction Costing process (CM_COSTING) to calculate the variances and cost adjustments. For actual and average costed items that are produced in PeopleSoft Manufacturing, the Transaction Costing process can calculate the variances for subcontracted services between PO costs and voucher costs.

6. Run the Accounting Line Creation process (CM_ALC) to create accounting entries to record the variances and cost adjustments.

Pages Used to Create Adjustments and Variances for Landed Costs

Page Name	Object Name	Navigation	Usage
Landed Cost Extract	LC_RUN_CNTRL	Accounts Payable, Batch Processes, Interfaces, Landed Cost Extraction, Landed Cost Extract	This application engine process retrieves landed cost data from vouchers, POs and receivers, and passes the data to PeopleSoft Cost Management.
Landed Cost Extraction-Messages	AP_MESSAGE_LOG	Accounts Payable, Batch Processes, Interfaces, Landed Cost Extraction, Landed Cost Extract, Messages	View error messages that are associated with previous landed cost extraction requests.
Landed Cost Extract Exceptions - Vchr Lc Log	VCHR_LC_LOG	Accounts Payable, Review, Interfaces, Landed Cost Extract Exceptions, Vchr Lc Log	View exceptions from the Landed Cost Extract process.
LC Manual Close (landed cost manual close)	CM_LC_MANU_CLOSE	Purchasing, Receipts, Close Landed Costs, LC Manual Close	View and enter details about landed costs that are applied to a receipt and the vouchers that are created to pay for them. Use this page to perform manual overrides, closing individual or all landed cost lines that are associated with the selected receipt line.
Voucher Details	CM_LC_MANU_CLS_VC	Select the link in the Misc Chg column on the LC Manual Close page.	View voucher details for the selected landed cost that is applied to the receipt line.
Transaction Costing	CM_COST_REQ	Cost Accounting, Inventory and Mfg Accounting, Create Accounting Entries, Inventory Transaction Costing, Transaction Costing	Run the Transaction Costing process (CM_COSTING) to calculate the cost of transactions that are not yet costed.
Accounting Line Creation	CM_KK_BGTCHK_REQ	Cost Accounting, Inventory and Mfg Accounting, Create Accounting Entries, Accounting Line Creation	Create accounting entries for costed transactions.

Running the Landed Cost Extract Process

Access the Landed Cost Extract process page.

The Landed Cost Extraction module links all landed costs from vouchers, POs, and receipts, and passes this data for both material charges and landed cost miscellaneous charges to PeopleSoft Cost Management. The material costs, including subcontracted services, are categorized by the material cost element. The miscellaneous landed cost charges are categorized by the miscellaneous charge codes. This process is separate from the PeopleSoft Payables Matching process (AP_MATCHING), which matches merchandise vouchers with POs or receivers for that merchandise. However, even if you are not using miscellaneous landed costs, you must run this process to pass invoiced material costs to PeopleSoft Cost Management, where the material variances for price and exchange rates are computed and applied.

Note. In order to run Landed Cost Extraction, you must have PeopleSoft Payables, PeopleSoft Purchasing, and PeopleSoft Cost Management installed on the same database. For subcontracted services, you must also have PeopleSoft Manufacturing installed on the same database.

The Landed Cost Extract process does not pass the actual vouchered miscellaneous charges to PeopleSoft Cost Management until all the vouchers are created for the miscellaneous charge codes that are within a particular cost element. This avoids repeated or erroneous changes to the costs within PeopleSoft Cost Management.

Run the Landed Cost Extract process prior to running the Transaction Costing process.

The Landed Cost Extraction program processes inventory items by:

- Flagging eligible vouchers (matched, posted and not yet processed by land cost extract process).

  Eligible vouchers are regular, adjustment, reversal, and third-party vouchers.

- Finding the corresponding receipts (not yet processed by the landed cost extract process) in the RECV_LN_DISTRIB, RECV_LN_DIST_LC, and RECV_LN_SHIP_LC tables.
- Summing the vouchers with the same receiver line information (BUSINESS_UNIT, RECEIVER_ID, RECV_LN_NBR, RECV_SHP_SEQ_NBR).
- Prorating the miscellaneous charges to the receiver lines based on the receiver accepted quantity.

  The voucher line miscellaneous charge will be prorated based on QTY_RECV_APPLIED / sum of QTY_RECV_APPLIED for the voucher line.

- Calculating the material unit costs.

  Note. Life to date voucher amounts will include previously extracted vouchers, in addition to the vouchers selected in the current Landed Cost Extract run control. This helps to ensure accurate calculations of voucher costs by including associated vouchers. For example, a regular voucher and its associated debit memo voucher will be included in the voucher unit cost calculation.

  - CM_UNIT_COST_VO = Life to date RECV_VCHR_MTCH.MERCH_AMT_VCHR (converted to Inventory business unit base currency) / RECV_LN_SHIP.QTY_SH_ACCPT_SUOM
  - CM_UNIT_COST_POVO = Life to date RECV_VCHR_MTCH.MERCH_AMT_VCHR (converted to Inventory business unit base currency using exchange rate on purchase order) / RECV_LN_SHIP.QTY_SH_ACCPT_SUOM
  - CM_UNIT_COST_PO = RECV_LN_DIST.MERCH_AMT_BSE / RECV_LN_SHIP.QTY_SH_ACCPT_SUOM

- Calculating the miscellaneous charge unit costs.
  - CM_UNIT_COST_VO = Life to date VCHRLN_MISC_CHG_MISC_AMT (prorated to voucher receiver line and converted to Inventory business unit base currency) / RECV_LN_SHIP.QTY_SH_ACCPT_SUOM

  - CM_UNIT_COST_POVO = Life to date VCHRLN_MISC_CHG_MISC_AMT (prorated to voucher receiver line and converted to Inventory business unit base currency using exchange rate on purchase order) / RECV_LN_SHIP.QTY_SH_ACCPT_SUOM
  - CM_UNIT_COST_PO = RECV_LN_DIST_LC.UNIT_COST
- Populating receiving shipment and distribution tables with the actual vouchered miscellaneous charges.
- Populating CM_MATCHED_COST record for material unit costs and miscellaneous charge unit costs by matching receipts and vouchered costs (CM_UNIT_COST_VO, CM_UNIT_COST_POVO, and CM_UNIT_COST_PO).

  One row is created for each cost element of a receiver distribution line.
- Populating CM_MATCHED_COST record for the subcontracted services for a production ID (PeopleSoft Manufacturing).
- Populating CM_MATCHED_COST record for the excise duties, customs duties, and sales taxes for India.

  The process matches the non-recoverable portion of these charges from third-party vouchers (PeopleSoft Payables) to the non-recoverable portion from the POs and receipts (PeopleSoft Purchasing).
- Populating CM_RMATCH_COST record for return to vendor (RTV) adjustment vouchers.
- Storing accrual and nonaccrual charges on the RECV_LN_DIST_VC record so that reports can use this data.
- If a charge is vouchered that is not on the PO, lines are added to the CM_MATCHED_COST record and the RECV_LN_DIST_LC record both with a zero amount to alert analysts of a discrepancy between the expected and vouchered miscellaneous charges.

Note. Miscellaneous charges on receipt IDs are not processed through landed cost until they are fully matched for landed cost. The miscellaneous charge is not fully matched for landed until it is within the cost tolerance that is defined for the charge on the Misc Charge/Landed Cost Defn page. Only the low (floor) tolerance is used. The receiver is only fully matched once all associated vouchers are matched to it; it is considered partially matched until then. Partially matched charges are stored on the RECV_LN_DIST_VC record. Fully-matched landed costs are stored in the CM_MATCHED_COST record.

Note. Landed cost supports multicurrency, sales tax, and non recoverable VAT. During voucher processing, the Procurement Accounting Control settings are checked to determine if the charges are set up as landed. If so, they are treated as other landed cost charges by the extract process. You can also have multiple vouchers for each receiver line.

See Also

PeopleSoft Enterprise Payables 8.9 PeopleBook, “Processing Landed Cost Transactions”

Reviewing and Correcting the Results of the Landed Cost Extract

When the Landed Cost Extract process is complete:

- Use the Landed Cost Extraction - Messages page to view error messages that are associated with previous landed cost extraction requests.
- If the system encounters exceptions during the Landed Cost Extraction cycle, you can view the exceptions on the Landed Cost Extract Exceptions page. The system generates exceptions if:
  - The high (ceiling) tolerances that are established on the Misc. Charge/Landed Cost Defn page are exceeded. If the low (floor) tolerances are not met, no exception is generated based on the assumption that there are more vouchers to come. An exception does not prevent further processing.

- Other errors are found beside tolerance exceptions, including no conversion rate or other setup errors.

Correct any exceptions and rerun the Landed Cost Extract process.

See Also

Chapter 11, "Structuring Landed Costs," Running the Landed Cost Extract Process, page 265

PeopleSoft Enterprise Payables 8.9 PeopleBook, "Processing Landed Cost Transactions," Reviewing Landed Cost Exceptions

Manually Closing Landed Costs

Access the LC Manual Close page.

Use the LC Manual Close page to manually close receipt lines or charges that will not be fully matched. From this page, you can access a Landed Cost Manual Close-Voucher Detail page displaying all voucher line charges that are allocated to a receipt line charge. The Landed Cost Extract process only passes costs to PeopleSoft Cost Management once miscellaneous charges for cost elements are fully matched. This page lets users manually close charges that won't be fully matched.

See Also

PeopleSoft Enterprise Purchasing 8.9 PeopleBook, "Receiving Shipments," Working with Landed Costs on Receipts

Running the Transaction Costing Process for Landed Costs

Access the Transaction Costing process page.

Given the costs that are passed in from the Landed Cost Extract process to the CM_MATCHED_COST and CM_RMATCH_COST records, the Transaction Costing process makes the necessary cost adjustments or variances for the landed costs. Calculations include:

1. For standard cost items, two variances are calculated: purchase price variance (PPV) and exchange rate variance (ERV). Together, the PPV and the ERV make up the total standard cost variance.
    a. The PPV is the difference between the standard cost for the landed cost element and the actual landed costs from the matched, posted, and extracted voucher expressed in the PO exchange rate. Based on the timing of the voucher, the variance could be computed and posted in two parts. If the voucher is not available in the CM_MATCHED_COST record when the Transaction Costing process is run, then the system calculates the difference between the standard cost and the PO price. When the voucher becomes available, then the Transaction Costing process computes the difference between the PO price and the voucher price expressed in the PO exchange rate.
    b. The ERV is the change between the exchange rate for landed costs on the PO and the exchange rate for landed costs on the voucher. This is calculated once the voucher is matched, posted, and extracted to the CM_MATCHED_COST record. An ERV occurs when the invoice for the purchased item is in a different currency than the inventory business unit's currency and the exchange rate between the two currencies changes between the time that you enter the PO and the time that you voucher the invoice.
2. For actual cost items, a cost adjustment is calculated for the difference between the landed costs on the PO and the landed costs on the voucher (that is matched, posted, and extracted to the CM_MATCHED_COST record). This adjustment includes changes in the exchange rate between the PO and voucher. The Transaction Costing process finds the original putaway (in TRANSACTION_INV) and updates the on-hand inventory stock and depletion records for the adjustment. The adjustment is posted based on the ChartField combinations that are used on the original entries.

3. For perpetual weighted average items and retroactive perpetual weighted average items, the cost adjustment (difference between PO price and voucher price including the exchange rate difference) are calculated and applied if the Apply Perpetual Average Adj check box is selected on the Transaction Costing process. The cost adjustment is added to the on-hand inventory stock. If the cost adjustment is based on more item units than are currently in on-hand stock, then the adjustment is proportionally applied to the on-hand inventory stock and the excess is written off to a write-off account.
4. For periodic weighted average items, the system lets users decide when to perform the calculations on a periodic basis. For the receipts that have been vouchered, the voucher amount is used. On the Cost Accounting Creation process page, select the Apply Perpetual Average Adjs check box to update the perpetual average costs to include price and exchange rate adjustments.
5. The system maintains a full history of all cost changes that are processed for inventory items.

If you select the Accrue Charge check box on the Misc Charge/Landed Cost Defn page, then the miscellaneous landed costs for that miscellaneous charge code are included in inventory value at putaway. When the difference between the PO and the voucher (both cost and exchange rate) are computed, the differences are handled based on the cost method:

Actual Cost Items The item's inventory value is adjusted for the difference, along with all depletions against the receipts.

If you wish to write-off the cost adjustment rather than update the item's value, use the Writeoff PPV and ERV check box on the Cost Profiles page. Select this check box to record any differences between the purchase order price and the vouchered price in an expense account rather than catching up the adjustments with the inventory receipt and depletion transactions.

Average Cost Items The average cost is adjusted (depending on the run control settings for the Transaction Costing process) and transactions are recorded to adjust the inventory balance. Depletion transactions are not adjusted.

Standard Cost Items The item's inventory value is not adjusted for the difference. Standard cost is used for the item value. The difference between the standard cost, PO price, and voucher is recorded to a variance account using the ChartField combination (accounts) defined in the transaction accounting rules.

If you select the Hold for Final Cost check box on the Cost Profiles page and run the Transaction Costing process in midperiod mode, then the process waits for the matched cost from the invoice to record adjustments to the actual cost items and to record variances for the standard cost items. Costing of receipts and depletions is put on hold until the PO, receipt, and vouchers are matched and in to the CM_MATCHED_COST record, eliminating the need for variances. If you run the Transaction Costing process in Regular mode, all transactions are costed by using the available cost, regardless of this check box setting.

Most vouchers are processed just one time, however, if corrections are necessary the corrected voucher amounts can be extracted and passed to PeopleSoft Cost Management as often as needed. The system is designed to continuously update the costs to the most current information as vouchers are updated.

See Also

Chapter 8, "Costing Transactions and Creating Accounting Entries," Generating Costs for Transaction Records, page 171

Chapter 8, "Costing Transactions and Creating Accounting Entries," Calculating and Applying Purchase Price Variance and Exchange Rate Variance, page 209

Running the Accounting Line Creation Job for Landed Costs

Access the Accounting Line Creation page.

The Accounting Line Creation job records accounting entries for landed cost differences. This application engine process retrieves the variances that are computed by the Transaction Costing process and creates the accounting entries. These results are stored in the CM_ACCTG_LINE table. The Journal Generator process can then create the journal entries to post to the general ledger system.

If you select the Accrue Charge check box on the Misc Charge/Landed Cost Defn page, then the miscellaneous landed costs for that miscellaneous charge code are included in inventory value at putaway. When the variances are computed, the Accounting Line Creation process creates accounting entries to record the variances.

See Also

Chapter 8, "Costing Transactions and Creating Accounting Entries," Creating Accounting Entries, page 176

Reviewing Landed Costs

To review landed costs:

1. Use the Accrued Liability Reconciliation Tool to verify that all differences between the PO costs and the voucher costs are properly accounted for. The entries that are made to this account by PeopleSoft Cost Management should offset the entries that PeopleSoft Payables makes. The reconciliation tool helps identify transactions that are not offsetting for both material costs and other landed costs.
2. Generate PeopleSoft reports to accurately compare estimated versus actual landed costs, enabling you to better evaluate suppliers. Reports include:
    a. Estimated vs. Actual Landed Costs (CMS3000): Lists variances between the PO's price and the voucher's price for all landed cost components.
    b. Total Purchase Variance (CMS3010): Lists variances between the PO (price and exchange rate) and the voucher (price and exchange rate) for all landed cost components.
    c. Standard Purchase Variance (CMS3020): For standard cost items only, lists the variance between the item's standard cost and the PO price that is recognized at the receipt of the item.

See Also

Chapter 13, "Reconciling PeopleSoft Cost Management and Payables," page 277

Appendix B, "PeopleSoft Enterprise Cost Management Reports," page 337

Adding Non-Recoverable Indian Duties and Taxes to the Item Cost

When you receive raw materials from a vendor, the applicable excise duties, customs duties, and sales taxes (from the vendor excise invoice) can be split into recoverable and non-recoverable parts. The system adds the non-recoverable portion to the inventory value of the raw materials. Later, when you receive the invoice from the vendor and post it into PeopleSoft Payables, any change in the non-recoverable excise duties, custom duties, or sales taxes can be applied to the inventory stock by using the Landed Cost Extract process.

To set up non-recoverable customs duties as a landed cost, read the chapter, "Setting Up Your Customs Duty Structure."

To set up non-recoverable excise duty and sales taxes as a landed cost:

1. Create or identify cost elements with the Cost Category of *Landed.*

   Cost elements enable you to record and report on each different type of landed cost. Use the Cost Elements page to create separate cost elements for non-recoverable excise duty and non-recoverable sales taxes.

2. Create miscellaneous charge codes to define the non-recoverable excise duty and non recoverable sales taxes.

   The charge codes use the type of VAT input non-recoverable, and select the Prorate and Landed Cost Component check boxes. The cost elements that are defined should be added to the charge codes. Use the Misc Charge/Landed Cost Definition page to define miscellaneous charge codes.

3. Enter the miscellaneous charge codes for non-recoverable excise duty and non-recoverable sales taxes to the corresponding tax components that are defined on the Tax Component page.

4. For each tax rate code, enter the recoverable percentage of the total excise duty or sales taxes in the Recoverable Tax Pct field on the Tax Rate Code page.

   The system calculates the non-recoverable percentage by subtracting the recoverable percent from 100 percent.

5. For items using standard costing, you can use the Additional Costs by Item page to include the non-recoverable excise duty and sales taxes as landed costs in the cost rollup.

Non-recoverable excise duty and sales taxes are applied in this manner:

1. The system determines and calculates the excise duty and sales taxes for the PO.
2. When the raw material is received into PeopleSoft Purchasing, the internal vendor excise invoice is recorded with the total excise duty and sales taxes.
3. The Receipt Push process takes the receipt line and matches up the excise duty and sales taxes from the PO schedule line to create the receipt landed costs transactions. The receipt landed costs transactions contain only the non-recoverable portion of excise duty and sales taxes. The Receipt Push process inserts the non-recoverable excise duty and sales taxes into the Putaway staging tables.
4. The receipts (including non-recoverable excise duty and sales taxes) in the Putaway staging tables are then inserted into PeopleSoft Inventory by the Load Staged Items process and the Complete Putaway process.
5. When you receive the vendor's invoice and process it into PeopleSoft Payables, the Landed Cost Extract process passes the difference (if any) between estimated non-recoverable taxes (on the PO) and the actual non-recoverable taxes (on the voucher) to PeopleSoft Inventory, where the item is updated. This process is the same process used for all landed cost adjustments.

See Also

PeopleSoft Enterprise Payables 8.9 PeopleBook, "(IND) Processing Excise Duty, Sales Tax, and Customs Duty for India in Payables"

CHAPTER 12

Accounting for Returns to Vendor

This chapter provides an overview of accounting for returns to vendor (RTVs) and discusses how to:

- Cost methods used for RTV depletion.
- Cost destroyed material.
- Return consigned inventory.
- Return subcontracted material.
- Review an RTV example.

Understanding Accounting for RTVs

PeopleSoft Cost Management accommodates the various reasons for returning goods to a vendor:

Return for credit	Returning items without expecting them to be replaced. In this case, you expect a credit from the vendor.
Return for exchange	Returning one item for another, to either the original vendor or another vendor. The system handles this case in two parts: a return for credit followed by a request for the new item. To request the new item, you manually add a new line to an existing purchase order or create a new purchase order (PO), and you indicate that the new line or PO is a result of an RTV.
Return for replacement	Returning items and expecting them to be replaced.
Return to vendor	Returning items and expecting them to be replaced. The system treats this case as a return for replacement; it is another way to categorize a return for replacement.
Destroy	Destroying the items, instead of returning them, and expecting them to be replaced. The system treats this case as a return for replacement; it is another way to categorize a return for replacement.

You can specify the receipt being returned or the receipt can be unspecified. You can return items for credit that are the same or different than the cost of the original receipt. You can record other miscellaneous charges, such as, restocking fees and freight. With PeopleSoft, you can return items to a vendor at any time:

- If you refuse an item during the physical receipt of the vendor's shipment into your warehouse. Then you record the return on the receipt pages in PeopleSoft Purchasing. In this situation, the system never considers receipt of the item to be accepted and no RTV form is needed.
- You can also return the item after you record the receipt, after it is put away into PeopleSoft Inventory, and even after the system matches the receipt to an invoice, pays it, and posts it. In all of these situations, the

receipt should be allowed to flow through to PeopleSoft Payables and an RTV should be created to offset the voucher. PeopleSoft Payables will build an adjustment voucher when you return an item for credit or if you enter adjustment fees, such as restocking fees, when you enter the RTV.

- You can return an item after closing its PO and reopen the closed PO when necessary. You can even return an item in situations where a PO or receipt identifier is no longer or never was known. You enter on the RTV page all the data that normally appears by default from the PO or receipt. You can record additional RTV fees that are charged by either you or the vendor; the Voucher Build process picks up the fees and creates an adjustment voucher.

Costing Methods Used for RTV Depletion

PeopleSoft Cost Management calculates the cost of returned items using the transaction group 012 (Return to Vendor). The RTV accounting entry consists of:

- The item's RTV Price. This is the negotiated amount of credit from the vendor for the return of the goods. The RTV price is entered on the debit memo in PeopleSoft Payables.
- The item's cost relieved from the inventory business unit. PeopleSoft Cost Management calculates the cost of returned items based on the depletion costing method that is assigned to the items in the business unit books:
  - The weighted average costing of items uses the cost in effect at the time of the return (depletion). No unweighting of the cost occurs.
  - The standard costing of items uses the standard cost in effect at the time of the return.
  - The actual costing of items with lot or serial cost profiles uses the specific lot IDs and serial IDs on the transaction. The actual costing of items with FIFO or LIFO, uses the next FIFO or LIFO receipt (as predetermined with the vendor), even if the RTV indicates a specific PO or receiver.
- The RTV variance. If there is a difference between the item's RTV price and the cost used to relieve inventory, then an RTV variance is calculated. These RTV variances use the transaction group 415 (RTV Variances) to account for those differences.

Costing Destroyed Material

The Transaction Costing process costs the destroy transaction that is used when you destroy an item instead of returning it and expect a replacement in the same manner as it costs the RTV depletion. The Accounting Line Creation process (CM_ALC) also handles the destroy transaction in the same manner as it accounts for the RTV depletion, using the Transaction Accounting Rules-Accounts page for the RTV transaction group (012 and 013).

Returning Consigned Inventory

When you return a consigned item from a nonowned location, the system assumes that the item is not consumed and is still owned by the consignment vendor. The system therefore makes no accounting entry.

When you return a consigned item from an owned location, the system treats it like a regular owned item. In this case, all costing accounting entries are the same as those for a regular, owned RTV.

Returning Subcontracted Material

Subcontracted material can be returned for replacement or credit:

When you return it for replacement, the system makes no accounting entries other than the recognition of the outside processing costs for the good assemblies. This is handled in the earned labor, overhead, outside processing entry in WIP.

When you return subcontracted material for credit, the system scraps the unacceptable assemblies in production. Since the outside processing costs are not incurred, the assemblies must be scrapped at a cost that includes all material, labor, overhead, and outside processing costs up to that subcontracted operation. It does not include the subcontracted operations costs.

Reviewing an RTV Example

This example displays how RTV accounting entries are created.

Inventory		Accrued RTV Receivable		Gain/Loss on RTV		Accts Payable	
	500 (1)	500 (1)					
			450 (2)			450 (2)	
			50 (3)	50 (3)			

1. In the PeopleSoft Inventory/Cost Management, inventory is reduced by the amount of the returned stock using the transaction group 012, Return to Vendor.
2. In the PeopleSoft Payables system, an debit voucher is entered, posted, and extracted. This credit voucher is for the cost of the returned stock plus any additional charges such as restocking fees. This amount may or may not match the value credited to the inventory account.
3. In the PeopleSoft Inventory/Cost Management, the difference between the credit voucher and the inventory stock reduction is recorded as a gain or loss due to RTV using the transaction group 415, RTV Variance.

CHAPTER 13

Reconciling PeopleSoft Cost Management and Payables

This chapter discusses how to use the CM/AP Reconciliation tool set.

Understanding the CM/AP Reconciliation Tool Set

Purchase order receipts to inventory can yield many inventory putaways. Each inventory putaway can yield many accounting entries, which generally debit an inventory asset account and credit the accrued liability account as specified on the purchase order receipt.

On the PeopleSoft Payables side, vouchers are entered to set up payment for vendor invoices. Each purchase order receipt to inventory can yield many vouchers from many vendors for the material and its landed cost charges. Each of those vouchers generally triggers a debit to accrued liability (as specified on the purchase order receipt) and a credit to accounts payable.

The CM/AP Reconciliation tool set helps with the task of ensuring that for each purchase order receipt, the entries to accrued liability from PeopleSoft Cost Management are reconciled with the entries from PeopleSoft Payables. These entries should offset, netting to zero. In practice, there are a number of situations where the accounting entries from the two sources do not offset:

- Receipts are not yet put away.
- Putaways and adjustments are not costed.
- Putaways and adjustments are costed but accounting entries are not yet created.
- Putaways and adjustments are costed and accounting entries are created, but are not picked up by the Journal Generator.
- Receipts are not vouchered.
- Receipts are vouchered but are not posted to voucher accounting lines.
- Wait for final cost is in effect (select the Hold for Final Cost check box on the cost profile so that no costing of transactions occurs until the voucher is matched) if you run in midperiod mode (to minimize adjustments). In regular mode, the purchase order amounts post if the voucher is not yet processed.
- Voucher amounts are different than the purchase order receipt amounts, and those matched cost adjustments are not yet processed through PeopleSoft Cost Management and passed on to the general ledger.
- User-created journal entry to manually account for a difference.

Using the CM/AP Reconciliation Tool Set

The CM/AP Reconciliation tool set allows you to:

1. Run the CM/AP Reconciliation process (CM_APRECN) to match up PeopleSoft Cost Management entries for receipts against PeopleSoft Payable entries for receipts.
2. The CM/AP Reconciliation Summary provides inquiries into the receipts that do not offset each other, and drill-down capabilities through the details of those transactions. Also, there is an option to select receipts that should no longer be displayed on the reconciliation list. These receipts are designated by users as insignificant differences, or they are dealt with in some fashion, such as a manually entered journal entry. You can view and mark as reconciled the receipts having corresponding payables entries that do not balance to zero. You can also view and mark as reconciled the voucher entries that do not have corresponding costing entries but have been accounted for elsewhere.
3. Use the CM/AP Reconciliation Detail to view all detail information about PeopleSoft Payables transactions and PeopleSoft Cost Management transactions. You can also mark any discrepancies as reconciled.

Note. The CM/AP Reconciliation tool set doesn't perform reconciliation entries, but it does provide information necessary for you to understand and resolve reconciliation differences.

Pages Used to Reconcile PeopleSoft Cost Management and Payables

Page Name	Object Name	Navigation	Usage
CM/AP Reconcile	CM_APRECN_REQ	Cost Accounting, Inventory and Mfg Accounting, Analyze Inventory Accounting, Reconcile Accrued Liability, CM/AP Reconcile	Run the CM/AP Reconcile process, after which you can use inquiry pages to find Payables transactions that you need to reconcile with PeopleSoft Cost Management transactions.
CM/AP Reconciliation Summary	CM_APRECN_INQ	Cost Accounting, Inventory and Mfg Accounting, Analyze Inventory Accounting, Accrued Liability Summary, CM/AP Summary	View summary information about discrepancies between Payables transactions and PeopleSoft Cost Management transactions. You can also mark the discrepancies as reconciled.
CM/AP Reconciliation Detail	CM_APRECN_DETAIL	Cost Accounting, Inventory and Mfg Accounting, Analyze Inventory Accounting, Accrued Liability Details, CM/AP Detail	View all detail information about Payables transactions and PeopleSoft Cost Management transactions from the request process. You can also mark any discrepancies as reconciled.

Running the CM/AP Reconciliation Process

Access the CM/AP Reconcile page.

Use the CM/AP Reconcile process (CM_APRECN) to match PeopleSoft Cost Management accounting entries (that are posted to the general ledger) to a matching entry in Payables accounting line table. This process reports any entries that cannot be matched. After running the CM/AP Reconcile process, use inquiry pages to find Payables transactions that you need to reconcile with PeopleSoft Cost Management transactions. There are many causes of discrepancy; for example, maybe you did not voucher a receipt, or you entered a voucher for an amount that differs from the amount on the purchase order. Actions like these can then cause the system to, for instance, not voucher a receipt, not post a vouchered receipt to the voucher accounting lines, not pick up an accounting line with the journal generator, or to post a voucher to the liability account without a receipt.

Account Enter the number (ChartField) of an accrued liability account. The system accepts the number of any account used by both PeopleSoft Cost Management and PeopleSoft Payables.

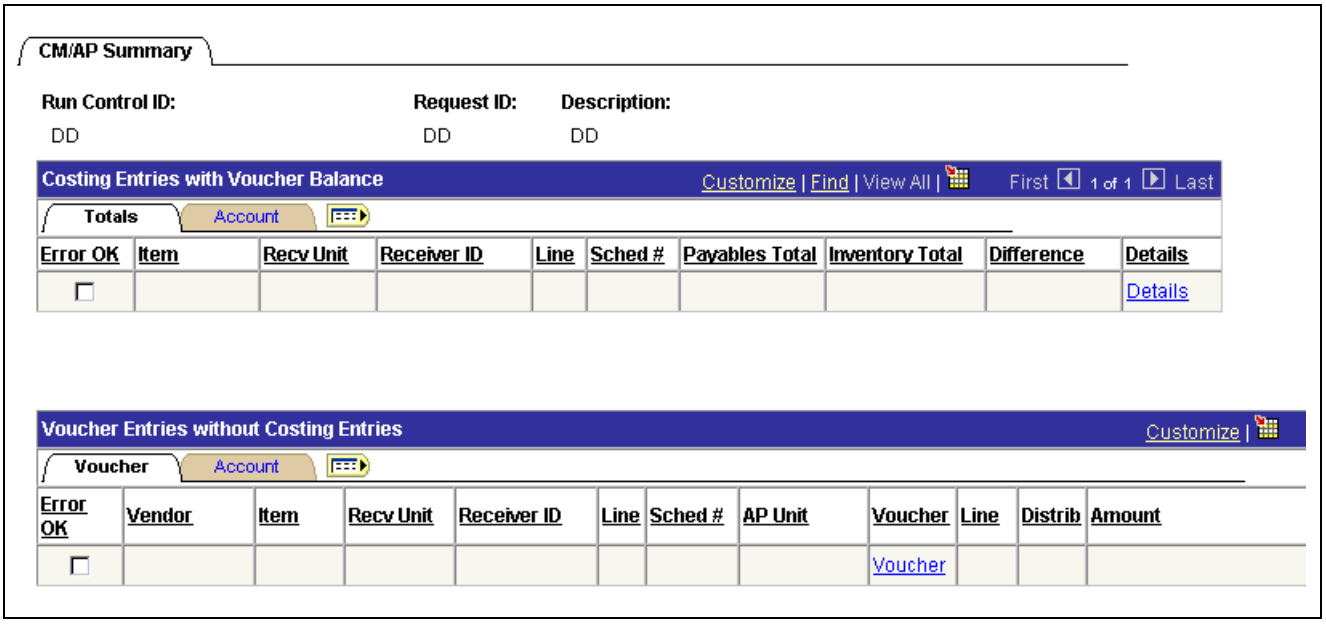
Fiscal Year and **Accounting Period** Enter the time period to be used by this process. The system collects all receipts and vouchers from the first period of the fiscal year to the accounting period entered. Using this time period, the process:

1. Collects all receipts with the accrued liability account named in the Account field and marked as distributed to the general ledger.
2. Collects all vouchers matched to the receipts selected.
3. Collects all vouchers with the accrued liability account named in the Account field and marked as distributed to the general ledger.

Delete All Previous Results Select if you want this run to delete the results of all previous runs. If the check box is not selected, only the data from the prior run of the selected Run Control ID and Request ID are deleted.

Using the CM/AP Reconciliation Summary

Access the CM/AP Reconciliation Summary page.



CM/AP Reconciliation Summary

After you run the CM/AP Reconcile process, you can view summary information about discrepancies between PeopleSoft Payables transactions and PeopleSoft Cost Management transactions. You can also mark the discrepancies as reconciled.

Balanced receipt lines are marked as reconciled and do not appear on the summary page.

You can view the unbalanced receipts by total (summed to the receipt sequence number) or you can view account information. You can view unbalanced vouchers by voucher line or you can view account information. The tab that you select for receipts is independent of the tab that you select for vouchers.

Select Error OK if the discrepancy is acceptable and you do not want the receipt line to appear in future runs. The Receipt schedule is then considered reconciled.

Click the Details button at the end of a line to see the actual accounting entries for the receipt schedule line in the CM/AP Reconciliation Detail page.

Costing Entries with Voucher Balance

Use the Totals tab on this page to view and mark as reconciled the receivers having corresponding payables entries that do not balance to zero. This grid includes receivers having corresponding payables entries that do not balance to zero. A blank in the Payables Total column indicates that the system did not voucher the receipt; a value in the Payables Total column is the accounting entries summed to the voucher line. The Inventory Total column displays the accounting lines that are summed to the Receipt Schedule line, and the Difference column displays the absolute value of the difference between the payables total and the inventory total.

Use the first Account tab on this page to view account information for receivers having corresponding payables entries that do not balance to zero.

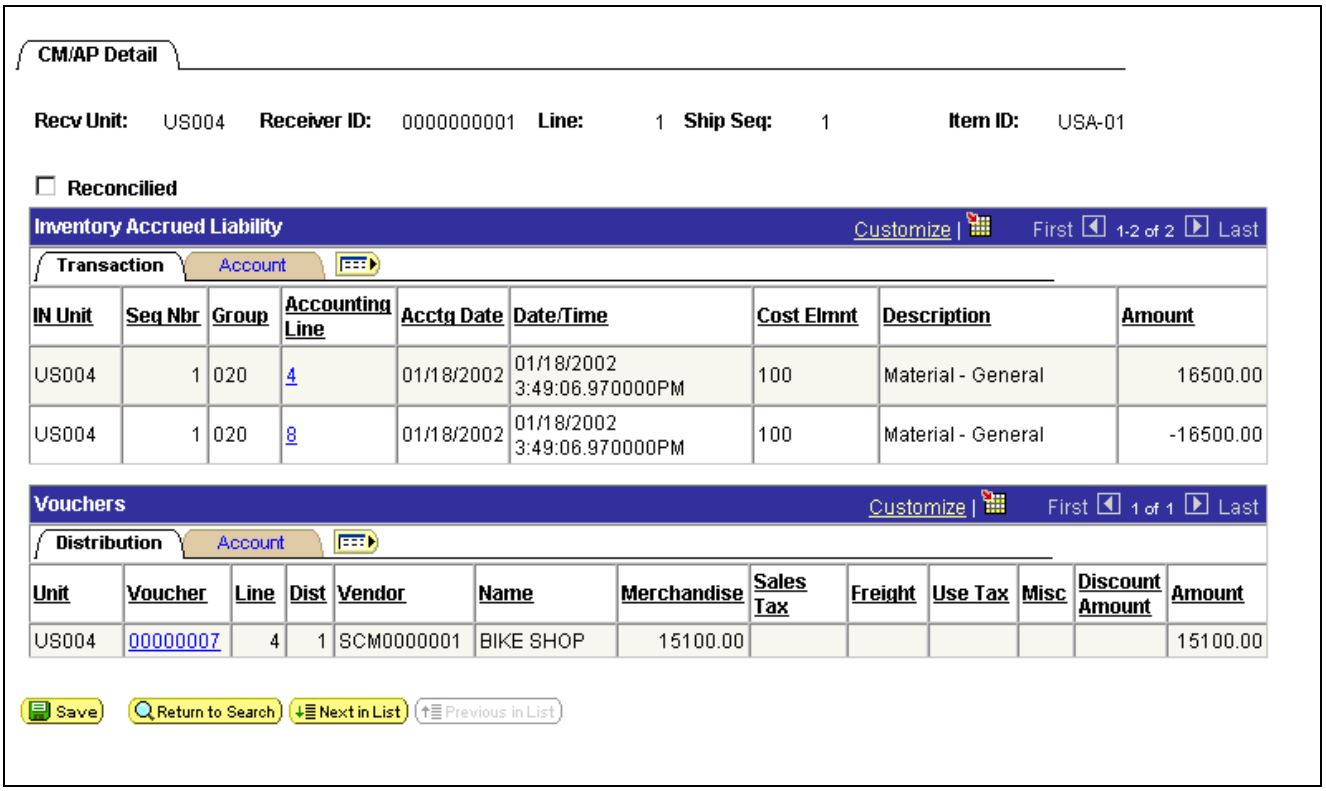
Voucher Entries Without Costing Entries

Use the Vouchertab on this page to view and mark as reconciled the voucher entries that do not have corresponding costing accounting entries or do not have a receipt that is associated to the voucher. Select Error OK if the discrepancy is acceptable and you do not want the voucher entry to appear in future runs. The Voucher line is then considered reconciled.

Use the second Account tab to view account information for voucher entries that do not have corresponding costing entries.

Using the CM/AP Reconciliation Detail

Access the CM/AP Reconciliation Detail page.



CM/AP Reconciliation Detail

After you run the CM/AP Reconcile process, use this page to view all detail information about Payables transactions and PeopleSoft Cost Management transactions from the request process. You can also mark any discrepancies as reconciled.

The Reconciled check box is selected if the receipt and voucher are balanced; it is clear if the receipt and voucher do not balance. Select Reconciled if the discrepancy for this transaction is acceptable.

Inventory Accrued Liability

Use the Transaction tab on this page to view and reconcile accrued liability transactions that have corresponding voucher entries that do not balance to zero. Click the Accounting Line link to drill to transaction details on the Inventory Transaction Entries page.

Use the first Accounttab on this page to view account information for accrued liability transactions having corresponding voucher entries that do not balance to zero.

Vouchers

Use the Distribution tab to view and reconcile voucher distribution lines having accrued liability transactions that do not balance to zero. Click the Voucher link to see details on the Voucher Inquiry page.

Use the second Account tab to view account information for voucher entries that do not have corresponding costing entries.

CHAPTER 14

Analyzing Manufacturing

This chapter provides an overview of production analysis, lists a prerequisite, and discusses how to:

- Analyze production variances for standard cost items.
- Analyze work in progress (WIP) inventory value in standard cost environments.
- Analyze efficiency variances and work center utilization.
- Display scrap and standard earned conversion costs.
- Display actual labor information.

Understanding Production Analysis

PeopleSoft Cost Management enables you to manage and evaluate cost performance. When you are in the process of manufacturing items, you can generate a report that depicts potential production variances and that notifies the appropriate individuals of the variances through workflow. After you close production to accounting, you can run detailed reports that analyze production variances and WIP inventory value.

Prerequisite

Before using this chapter, review the closing production and reopening production sections of PeopleSoft Manufacturing PeopleBook.

See Also

PeopleSoft Enterprise Manufacturing 8.9 PeopleBook, "Closing Production"

Analyzing Production Variances for Standard Cost Items

When you close a production ID or production quantity for accounting, PeopleSoft Manufacturing calculates variances. The variances capture the differences between the cost of what is built and the frozen standard cost of the item. The process breaks down the variances by reason, such as: configuration, usage, component yield, lot size, routing process, rework, teardown, outside processing, and output mix. These variances are summarized up to the production ID and cost element level and are used for accounting and analysis purposes.

Once closed for accounting, PeopleSoft Manufacturing calculates these production variances:

Variance Type	Accounts For	Calculation
Configuration	Difference between the cost of the production ID or production quantity's bill of material (BOM) and the cost of the bill that is used to determine the current production costs. The system combines material lot size and configuration variances for production schedules. Floor stock and expensed items are not considered part of the configuration. Quantity differences due to rounding to the appropriate unit of measure are included here.	Summarized for all components, calculated by cost element: [(ISSUE_QTY + YIELD_QTY) * component's this level and lower level costs] - component usage variance - component yield variance - (production ID completion qty * prodcost LL cost) - component total production scrap cost - mix variances- operation yield.
Usage	Cost that is associated with the difference between the component's current scheduled quantity and the actual issue quantity. The current scheduled quantity is based on the number of components that should have been used for the completed assemblies. The actual issue quantity is the number of good components that are consumed for the completed assemblies or kitted to the production ID. Usage variance is not calculated for floor stock or expensed items.	[ISSUE_QTY - (CURR_SCHED_ QTY * YIELD/100)] * each element of the component's costs summarized by this level and lower level. The component's current scheduled quantity is adjusted to take into account assemblies that are scrapped before where the component is required. Additionally, the current scheduled quantity is adjusted again when the full production quantity is not completed but production is closed.
Operation yield	Difference between actual scrap and expected scrap at the operation when there is operation yield on the operation list. The difference in scrap quantity is costed at the cumulative cost for the operation at which it is incurred.	Calculated by cost element: {(actual scrap – [operation start quantity * (1– (operation yield/100))]} * cumulative operation cost

Variance Type	Accounts For	Calculation
Component yield	Cost associated with the difference between the expected and the actual component yield loss of a component in production. Component yield variance is not calculated for floor stock or expensed items.	[(YIELD_QTY - (Current Schedule Qty * 1 - YIELD/100)] * component cost by cost element summarized by this level and lower level. The component's current scheduled quantity is adjusted to take into account assemblies that are scrapped before the component is required. Additionally, the current scheduled quantity is adjusted again when the full production quantity is not completed but production is closed. In this manner, the current schedule quantity is based on the quantity completed multiplied by the quantity per for the component.
Lot size	Difference in per-unit setup, fixed run, and postproduction conversion costs when the system completes assemblies (with a quantity that differs from the average order quantity [AOQ]) at an operation. A material lot size variance accounts for the difference between the production quantity and the AOQ for those components whose production quantity is per order. Lot size variances could occur if you have split a production ID and the parent and child production ID quantity are each less than the assembly item's AOQ. The system combines material lot size and configuration variances for production schedules.	For labor and machine lot size variance: Calculated by operation: (AOQ - assembly quantity issued to the operation) * (setup, fixed run, or postproduction operation time expressed in hours * corresponding labor or machine rate/AOQ). For material lot size variance: (AOQ - assembly quantity issued to the operation) * component's this-level plus lower-level costs.
Routing process	Financial impact of changes in an item's routing for a production ID or production run. This includes adding, deleting, or skipping operations and changing work centers or tasks.	Summarized by cost element: Earned labor, machine, and overhead costs from SF_EARNCONCOST - lot size variance - this-level-only assembly scrap - this-level-only assembly completions.
Rework	Total charges that are incurred for the rework production ID are compared to the standard cost of the reworked assembly. The difference is the rework expense.	Standard cost of the reworked assembly - total charges that are incurred for the rework.

Variance Type	Accounts For	Calculation
Teardown	Total charges that are incurred for the teardown production ID are compared to the standard cost of the assembly that is to be torn down. The difference is the teardown expense. This always includes the This Level Labor costs of the assembly that is torn down as well as any components that are lost in the teardown process. It could also include additional labor and overhead costs if a teardown operation list is used.	(Standard cost of the assembly to tear down + standard cost of any additional components + any labor and overhead added) - (standard cost of component outputs or assembly scrap)
Outside Processing Variance	The difference between the standard outside processing costs of the operation and the vendor's price as stated on the purchase order that is used to manage the subcontracted operation.	(PRICE_PO from the production ID's purchase order - outside processing cost from the production ID's operation list) * quantity that is completed at the subcontract operation.
Mix	The difference between the actual outputs and the expected outputs.	Calculated and totaled by cost element. Applied to all outputs (co-product, by product, waste, and recycle). OUTPUT_LIST.SCHED QTY - OUTPUT_LIST.COMP QTY) * (prodcost TL cost + prodcost LL cost)
Lot Size	The difference between the operations start quantity to the operation's AOQ on which the per unit setup costs are based.	Calculated when production is completed.
Fixed Scrap Lot Size	The difference between the planned and actual setup completion quantity (run start quantity) valued at the fixed scrap cost of the operation.	Calculated when production is completed.
Unit Cost	The difference between a standard cost end item and the rolled up cost that includes any actual cost components.	Calculated when production is completed.

Note. Variances can be incurred depending on the item's unit of measure rounding and precision. If you have a unit of measure for an item that has a precision of 0 to the right of the decimal, the item can be issued only in whole units. If the item is a component on a BOM and has a component yield factor, the system schedules the component on a production ID or schedules only in whole units. However, the cost of the assembly item using the component is calculated by using the fractional quantity. This could result in small variances, because the sum of the scheduled component costs is greater than the cost of the total completed number of assemblies using the component.

Reviewing Production Variances

PeopleSoft Cost Management provides two reports for analyzing variances:

Potential Production Variance Report	Lists potential variances that exist in production before closing the production IDs and schedules for accounting. You can generate the report when you are in a production status that is in process, pending complete, complete, or closed for labor. Review this report periodically so that you can act to correct potential production problems. In addition, the system can send the report to the appropriate individuals through workflow to notify them of the potential variances. When this report is run, no accounting close occurs, and no variances are posted. This process only calculates and reports the variances based on the current snapshot of production.
Production Variance Report	Lists production variances that exist after you close production IDs and schedules for accounting. Reports all PeopleSoft Manufacturing variances except efficiency and utilization.

See Also

Appendix B, "PeopleSoft Enterprise Cost Management Reports," page 337

Chapter 14, "Analyzing Manufacturing," Analyzing Efficiency Variances and Work Center Utilization, page 290

Analyzing WIP Inventory Value in Standard Cost Environments

Periodically, you must determine the value of material in process. Use this data to verify the general ledger balance for WIP inventory as well as to provide management with an indication of in-process inventory levels.

In-process inventory includes three parts:

- Raw material or subassemblies for regular production that are issued to the shop floor not yet used in an assembly.

  This portion of in-process inventory is stored in the work center's WIP locations and is included as part of the stockroom inventory valuation. Materials in WIP locations use the issue or replenishment method of issuing material.
- Items in various stages of assembly (including material consumed from the WIP locations) as well as labor, machine, overhead, and outside processing costs that are incurred up to the point that the WIP inventory value report is run.

Additionally, components that are kitted to a production ID are directly charged to production and are, therefore, included as part of the in-process inventory (although they might not yet be part of the assembly item). The WIP Value report does not include the costs of scrapped components or assemblies that are completed to stock.

- Rework or tear down assemblies or subassemblies that are issued to the shop floor.

  You might issue additional components to rework an item and incur additional labor and overhead expenses to rework or tear down.

PeopleSoft Manufacturing uses information that is associated with a specific production ID or production quantity as the basis for determining the WIP value; it also maintains a status for all production. WIP value comprises production with a status of:

- In process
- Pending complete
- Complete
- Closed for labor

Production with a status of entered, firmed, released, canceled, or closed for accounting status is not included in the WIP value.

PeopleSoft Manufacturing uses various records to determine WIP value:

Record	Function
Production ID Component List	Determines the components that are used. Maintains the quantity of each component that is issued into production. By costing the component's issued quantity, the system can determine the lower-level costs of the assembly. The component list also contains the rework or teardown assembly issue quantities. This value is determined by multiplying the assembly item's this-level and lower-level costs by the issued quantity.
Earned Conversion Costs	Maintains the labor, machine, and overhead costs that are incurred to date for the production ID or production quantity. This includes conversion costs that are incurred for a subcontracted operation.
Assembly Scrap Costs	Maintains the value of scrapped assemblies to subtract from the in-process value. This includes scrap costs that are incurred for a subcontracted operation.
Production Header Output Record	Contains the quantity that is completed. For a single output production ID or schedule, this is the assembly quantity. For multiple output production, this includes the quantity of primary, co-, and by-product completions. The system also subtracts costed completions from the WIP value.

Determining WIP Value

Use the WIP Inventory Value report to analyze work in process. The basic procedure for determining WIP value is:

- Determine the cost of components that are consumed from WIP locations or kitted directly to a production ID.

  If the production ID is for rework or teardown, the cost of the assemblies that are issued to production is determined.
- Add any labor, machine, outside processing and overhead costs.
- Add any waste by-product costs.
- Subtract scrapped assemblies.
- Subtract assemblies and primary products, co-products, and by-products that are completed and moved to stock or to another production area.

The result is inventory remaining in process.

Understanding WIP Inventory Value Report Categories

The categories of cost across the top of the report correspond to the categories that are associated with the cost elements. They are:

- Material
- Inbound
- Conversion (labor and machine)
- Conversion overhead
- Outbound
- Other

PeopleSoft Manufacturing further defines each of these categories:

Summarization Category	Definition	PeopleSoft Manufacturing:
Component costs	These lower-level costs are the costs that are associated with the components that are issued to production. If the PID is for rework or teardown, these costs represent the assembly items this-level and lower-level costs.	For each component, multiplies the issued quantity by the component's standard cost as its defined in the Production Cost by Item record. It then combines this-level and lower-level costs for a given cost element.
Earned this level costs	The assembly's labor, machine, subcontract, and overhead costs earned to date based on the assembly operation completions that are recorded. Maintained in the SF_EARNCONCOST record.	Subtracts negative records that are associated with a production ID (due to completion reversals or revaluations) from the total.

Summarization Category	Definition	PeopleSoft Manufacturing:
Waste by-product costs	Costs that are associated with the disposal or removal of waste by-products.	Adds costs due to waste by-products to the total for the cost category. It is determined by multiplying the completed quantity as stated in the Production Output record by the cost of the waste item.
Less assembly scrap	Maintained in the SF_SCRAPCOST record.	Adds negative records (due to reversals of scrap or revaluations) from the total for the cost category.
Less assembly completions	Costs that are associated with the assemblies that are completed to stock.	Determines this value by multiplying the quantity of assemblies that are completed to stock or another production area by the assembly's standard cost. Includes primary item, co-products, and recycle by-products. It combines this-level and lower-level costs for a cost element.

See Also

Chapter 4, "Defining the Cost Foundation for Makeable Items," page 87

Appendix B, "PeopleSoft Enterprise Cost Management Reports," page 337

Analyzing Efficiency Variances and Work Center Utilization

If you record actual labor and machine hours, you want to analyze efficiency variances and work center utilization. The Efficiency/Utilization report details variances and utilization by work center. Within work centers, the production ID or schedule that utilized the work center is specified.

Efficiency variance is the difference between the actual hours that are expended for an operation and the earned hours for the operation. Earned hours are based on the standard costing labor and machine setup, run, fixed-run, and postproduction times that are specified in the production operation list and on the quantity that is completed at the operation. The system reports efficiency variances for both labor and machine.

Utilization compares the available hours for a work center to the actual hours that are recorded for a work center. Available hours are equal to the scheduled hours (if entered for the work center) during actual labor and machine time recording. If scheduled hours are not entered, available hours are derived from the work center, production, or five-day workweek calendar. The system reports utilization measurements for both labor and machines by work center.

Note. PeopleSoft Manufacturing reports on (but does not post) efficiency variances and utilization calculations.

Displaying Scrap and Standard Earned Conversion Costs

Periodically, you want to monitor scrap and earned conversion costs that are associated with production. Viewing this information enables you to see how the manufacturing floor is performing. PeopleSoft provides you with the ability to view scrap and earned conversion costs against production IDs and production schedules in the production environment.

Earned conversion costs are calculated fot:

Labor or Machine Setup	Setup time converted to hours multiplied by the labor or machine setup rate. Setup is earned when the first completion is recorded for the operation or when the SetUp Complete check box is selected during the recording of completions and scrap for an assembly.
Labor or Machine Fixed Run	Fixed run time converted to hours multiplied by the labor or machine fixed run rate. Fixed run is earned when the first completion is recorded for the operation.
Labor or Machine Run	When the run labor or machine rate is in terms of a rate per hour, the run times (or run rates) are converted to an amount per hour multiplied by the quantity completed, which is then multiplied by the labor or machine rate. When the labor or machine rate is in terms of an amount per unit, the per-unit amount is multiplied by the quantity that is completed.
Labor or Mach Post Production	Post production time converted to hours, multiplied by the labor or machine post production rate. Post production time is earned when the Post Production check box is selected during the recording of completions and scrap for an assembly or when a production ID or schedule is closed for accounting.

Pages Used to Display Scrap and Earned Conversion Costs

Page Name	Object Name	Navigation	Usage
Scrap List by Operation	SF_SCRAP_INQ_OP	Production Control, Close and Analyze Production, Review Scrap Cost, Scrap List by Operation	After entering data in the Production Selection page, you can view scrap information by operation sequence for a specific production ID or production schedule.
Scrap Cost Detail	SF_SCRAP_INQ	Production Control, Close and Analyze Production, Review Scrap Cost, Scrap Cost Detail	After entering data in the Production Selection page, you can view detailed scrap costs for the production ID or schedule broken down by operation sequence.
Earned Conversion Cost by Operation	SF_EARNCON_INQ_OP	Production Control, Close and Analyze Production, Review Earned Conversion Costs, Earned Cost by Operation	After entering data in the Production Selection page, you can view conversion cost information by operation sequence for a specific production ID or production schedule.
Earned Conversion Cost Detail	SF_EARNCON_INQ	Production Control, Close and Analyze Production, Review Earned Conversion Costs, Earned Cost Detail	After entering data in the Production Selection page, you can view earned conversion cost detail for production.

Displaying Actual Labor Information

Use the Actual Labor inquiry pages to display a summary of the actual labor and machine hours, by operation or work center, recorded for a particular date, and to display those same actual hours in more detail by the type of labor or machine that is performed.

Pages Used to Display Actual Labor Costs

Page Name	Object Name	Navigation	Usage
Actual Hours by Operation	SF_ACTHRS_INQ_GRD	Production Control, Close and Analyze Production, Review Actual Hours, Actual Hours by Operation	After entering data in the Production Selection page, you can view actual labor and machine hours for a production ID or schedule by operation.
Actual Hours Detail	SF_ACTHRS_INQ	Production Control, Close and Analyze Production, Review Actual Hours	After entering data in the Production Selection page, you can view detailed information on actual labor and machine hours for a production ID or schedule by operation.
Crew/Machine Resources Detail	SF_ACTHRS_INQ_SEC	Click the Show Crew/Machine Resources button on the Actual Hours Detail page.	View the details for the crew or machine.

CHAPTER 15

Analyzing Financial Transactions

This chapter provides an overview of financial transaction analysis, lists prerequisites and common elements, and discusses how to:

- Use the financial inquiry pages.
- Generate reports of financial transactions.

Understanding Financial Transaction Analysis

Monitoring general ledger activity is very important in any environment. PeopleSoft Cost Management provides several tools to review financial transactions, including:

- Using online inquiry pages to review transactions in an interactive mode.
- Generating reports that give vital information on the financial health of an organization.

Prerequisites

You can begin to analyze financial information after PeopleSoft Cost Management accounting lines are created. To create accounting lines, you need to perform these functions:

- Generate financial transactions by using PeopleSoft Distribution and Manufacturing.
- Execute the Transaction Costing process (CM_COSTING) to cost the financial transactions.
- Execute the Accounting Line Creation process (CM_ALC) to generate the accounting lines for the transactions.

Once the accounting lines are created, you can navigate, report on, and view accounting information within PeopleSoft Cost Management before it is processed through the Journal Generator.

After generating the accounting lines for the transactions, you can execute the Journal Generator process (FSPGJGEN) to prepare the transactions for posting to the journal. Once the Journal Generator process is completed, you have the ability to navigate from both PeopleSoft General Ledger and PeopleSoft Cost Management.

See Also

Chapter 8, “Costing Transactions and Creating Accounting Entries,” page 169

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, “Using Journal Generator,” Setting Up for Journal Generator

Common Elements Used in This Chapter

	Click the View Related Links button to go to the Transfer Menu, where you can drill to general ledger and transaction details.
	Click the More Details button to view an additional page with more detailed information.
	Click the Download button to load the data that appears on the page to a Microsoft Excel spreadsheet.
FERC Code	Federal Energy Regulatory Commission identification codes. This field appears only if you select FERC reporting on the PeopleSoft Inventory Options page.
ChartFields	Chart of accounts that are used to record accounting entries and journal entries in PeopleSoft.
Cost Element	A code used to categorize the different components of an item's cost and also define the debit and credit ChartFields for accounting entries.
Transaction Group / Group	Predefined codes that are attached to different types of transactions, such as stocking, issues, adjustments, and so on.
Distribution Type	User-defined codes that are a subset of transaction groups. This enables you to break down a transaction group into customized categories.
Item Group	A grouping of items that enable you to design an accounting structure for a group of similar items, such as sporting equipment or dress shoes. The item group is attached to an item by using the Item Definition - General page.
Journal	The general ledger journal ID number. This is assigned when the journal entry is created.
Date	The journal date.
CM Unit	PeopleSoft Cost Management business unit, which is the same unit as the Inventory and Manufacturing business units.
Book Name	The cost book that is used to record the accounting entry.
Acctg Date	Date that the accounting line is created.
Base Amount	Transaction amount that is expressed in the base currency of the unit.
Base Quantity	The item's quantity in the standard unit of measure for the item.
Container ID	The identification number of the storage container that is used to stock this inventory.
Conversion Type	The type of conversion costs that are incurred in the manufacturing process. Conversion types include labor setup, machine setup, labor fixed run, machine fixed run, labor run, machine run, labor post production, machine post production, and manufacturing overhead.
OH Rate Type	Overhead rate type.
OH Lab/Mac	Overhead labor and machine.

Variance Type	Identifies the type of variance. The variances are: 01 configuration, 02 usage, 03 component yield, 04 labor lot size, 05 rtg var (process routing variance), 06 efficiency variance, 07 rate variance, 08 material lot size, 09 rework expense, 10 rework labor expense, 11 outside processing PPV, 12 mix variance, 13 teardown material expense, and 14 teardown conversion expense.
Variance Source	Indicates when the variance is recorded. A variance source of C (close) indicates that the variances are calculated when the production ID or schedule is closed for accounting by using Production Control, Close and Analyze Production, Close Production. A variance source of O (open) indicates that production is reopened and all previously recorded variances are reversed by using Production Control, Close and Analyze Production, Reopen Production.
Production Type	The type of production. The options are: *PR* (production), *RW* (rework), and *TD* (teardown).
TL Scrap	This-level scrap cost that is associated with the scrap cost transaction.
LL Scrap	Lower-level scrap cost that is associated with the scrap cost transaction.
Revalue Type	The types of revaluation include: 01 inv (inventory), 02 inspection, 03 WIP-component costs, 04 WIP - assembly costs, and 05 WIP - waste costs.
Shipping Charge Type	Shipping charge types include freight charges, miscellaneous charges, and non-stockable items.
CC Status	Options include: *A* (all), *E* (error), *N* (not budget checked), and *V* (valid).

See Also

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Defining and Using ChartFields," Understanding PeopleSoft ChartFields

Using the Financial Inquiry Pages

Viewing financial transaction detail and its associated accounting entries is necessary when investigating a suspect entry in the general ledger or when performing daily monitoring of production activity. PeopleSoft Cost Management enables you to see this transaction information on different pages depending on the type of transaction that you are investigating.

The financial inquiry pages consist of:

Review Accounting Lines menu	Under this menu, three components enable you to review accounting entries, including, the Accounting Entries page, the Unposted Accounting Entries page, and the Posted Accounting Entries page.
Review Transaction Entries menu	Under this menu, nine separate pages give you the ability to view the most relevant information pertaining to the different types of transactions.
Review Transaction Details menu	Under this menu, nine separate pages give you the ability to review detailed information about the transaction that you select.

The Review Transaction Entries menu and the Review Transaction Details menu both include pages for you to review these types of entries:

- Inventory transactions.
- Earned conversion costs.
- Production variances.
- Production scrap costs.
- Production actual costs.
- Standard cost revaluations.
- Average cost adjustments.
- Actual cost adjustment.
- Non-stock shipment transactions.

You choose how you want to view accounting entries on the pages that display them. Entries can display debits and credits in one column or two separate columns based on the selection of the Display Debit/Credit Amounts in Subsystems check box on the Overall Preferences page. This default is applied by user ID.

See Also

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, "Defining User Preferences," Defining Cross-Application User Preferences

Pages Used to View Transaction Entries

Page Name	Object Name	Navigation	Usage
Overall Preferences	OPR_DEF_TABLE_FS1	Set Up Financials/Supply Chain, Common Definitions, User Preferences, Define User Preferences, Overall Preferences	Based on user ID, specify overall default preferences, including the display of debits and credits in one column or two separate columns for the inquiries under the Review Transaction Entries menu and the Review Transaction Details menu. Select the Display Debit/Credit Amounts in Subsystems check box to display accounting entries in separate columns for debits and credits. Do not select this check box to display accounting entries in a single Monetary Amounts column that uses positive numbers to represent debits and negative numbers to represent credits

Page Name	Object Name	Navigation	Usage
Inventory On Hand	CM_OH_INQUIRY	Cost Accounting, Inventory and Mfg Accounting, Analyze Inventory Accounting, Inventory On Hand Value	View the accounting profile and current on-hand quantity for any item within a business unit. This inquiry page displays the item's book names, costing methods, on-hand quantity, and the value of the on-hand quantity.
Unposted Accounting Lines	CM_DRILL_UNPST_DET	Cost Accounting, Inventory and Mfg Accounting, Review Accounting Lines, Unposted to GL, Unposted Accounting Lines	View unposted accounting lines. Unposted accounting lines represent financial transactions that are not yet processed by the Journal Generator process so they are not posted in the journal in PeopleSoft General Ledger. The general ledger has no record of these transactions at this point.
Posted Accounting Lines	CM_DRILL_JRNL_DET	Cost Accounting, Inventory and Mfg Accounting, Review Accounting Lines, Posted to GL, Posted Accounting Lines	View posted accounting lines. Posted accounting lines represent financial transactions that are processed by the Journal Generator process originating from PeopleSoft Order Management, Purchasing, Inventory, and Manufacturing. These entries can now be posted to the appropriated journal in the general ledger.
Accounting Entries	CM_ACCTG_LINE	Cost Accounting, Inventory and Mfg Accounting, Review Accounting Lines, Accounting Entries	To view accounting entries, enter the search criteria and select the refresh button. This page displays the both the debit and credit sides of the accounting entry and the complete ChartField combinations.
Inventory Transactions - Transaction Entries	CM_DRILL_ACCT_INV	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Entries, Inventory Transactions, Transaction Entries	View the accounting entries for inventory transactions and the accounting entries for route to production transactions.
Earned Conversion Costs - Transaction Entries	CM_DRILL_ACCT_ERN	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Entries, Earned Conversion Costs, Transaction Entries	View the accounting entries for earned-cost transactions.

Page Name	Object Name	Navigation	Usage
Production Variances - Transaction Entries	CM_DRILL_ACCT_VAR	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Entries, Production Variances, Transaction Entries	View the accounting entries for variance transactions.
Production Scrap Costs - Transaction Entries	CM_DRILL_ACCT_SCP	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Entries, Production Scrap Cost, Transaction Entries	View the accounting entries for scrap-cost transactions.
Production Actual Costs - Transaction Entries	CM_DRILL_ACCT_MFG	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Entries, Production Actual Costs, Transaction Entries	View the accounting entries for actual-cost transactions in PeopleSoft Manufacturing.
Standard Cost Revaluations - Transaction Entries	CM_DRILL_ACCT_REV	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Entries, Standard Cost Revaluations, Transaction Entries	View the accounting entries for revaluation transactions.
Avg Cost Adjustment Entries- Transaction Entries	CM_DRILL_ACCT_ADJ	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Entries, Avg Cost Adjustment Entries, Transaction Entries	View accounting entries for cost adjustment transactions to perpetual average and retroactive perpetual average items. This includes value adjustments and change average adjustments stored in the CM_COST_ADJ record.
Actual Cost Adjustment Entries- Transaction Entries	CM_DRILL_ACCT_UADJ	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Entries, Actual Cost Adjustment Entries, Transaction Entries	View accounting entries for value adjustment transactions to actual cost items. This includes only value adjustments stored in the CM_USER_CST_ADJ record.
Non Stock Shipment - Transaction Entries	CM_DRILL_ACCT_NSS	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Entries, Non Stock Shipment, Transaction Entries	View the accounting entries for non-stock shipment transactions.
Inventory Transactions - Transaction Details	CM_DRILL_INV_DET	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Details, Inventory Transactions, Transaction Details	View detailed information about inventory transactions and the accounting entries for route to production transactions.
More Transaction Details	CM_DRILL_INV_IN	Click the More Details button on the Inventory Transactions - Transaction Details page.	Displays additional information that is associated with the transaction.

Page Name	Object Name	Navigation	Usage
Earned Conversion Costs - Transaction Details	CM_DRILL_ERN_DET	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Details, Earned Conversion Costs, Transaction Details	View transaction detail that is associated with the earned-cost transaction.
Production Variances - Transaction Details	CM_DRILL_VAR_DET	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Details, Production Variances, Transaction Details	View transaction detail that is associated with the variance transaction.
Production Scrap Costs - Transaction Details	CM_DRILL_SCP_DET	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Details, Production Scrap Cost, Transaction Details	View transaction detail associated with the scrap-cost transaction.
Production Actual Costs - Transaction Details	CM_DRILL_MFG_DET	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Details, Production Actual Costs, Transaction Details	View transaction detail that is associated with actuals costs of production.
Standard Cost Revaluations - Transaction Details	CM_DRILL_REV_DET	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Details, Standard Cost Revaluations, Transaction Details	View transaction detail that is associated with the revaluation transaction.
Avg Cost Adjustment Detail - Transaction Details	CM_DRILL_ADJ_DET	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Details, Avg Cost Adjustment Detail, Transaction Details	View transaction detail associated with the cost adjustment transaction for perpetual average and retroactive perpetual average items. This includes value adjustments and change average adjustments stored in the CM_COST_ADJ record.
Actual Cost Adjustment Detail - Transaction Details	CM_DRILL_UADJ_DET	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Details, Actual Cost Adjustment Detail, Transaction Details	View transaction detail associated with value adjustment transactions for actual cost items. This includes only value adjustments stored in the CM_USER_CST_ADJ record.
Non Stock Shipment - Transaction Details	CM_DRILL_NSS_DET	Cost Accounting, Inventory and Mfg Accounting, Review Transaction Details, Non Stock Shipment, Transaction Details	View transaction detail that is associated with the non-stock shipment transaction.

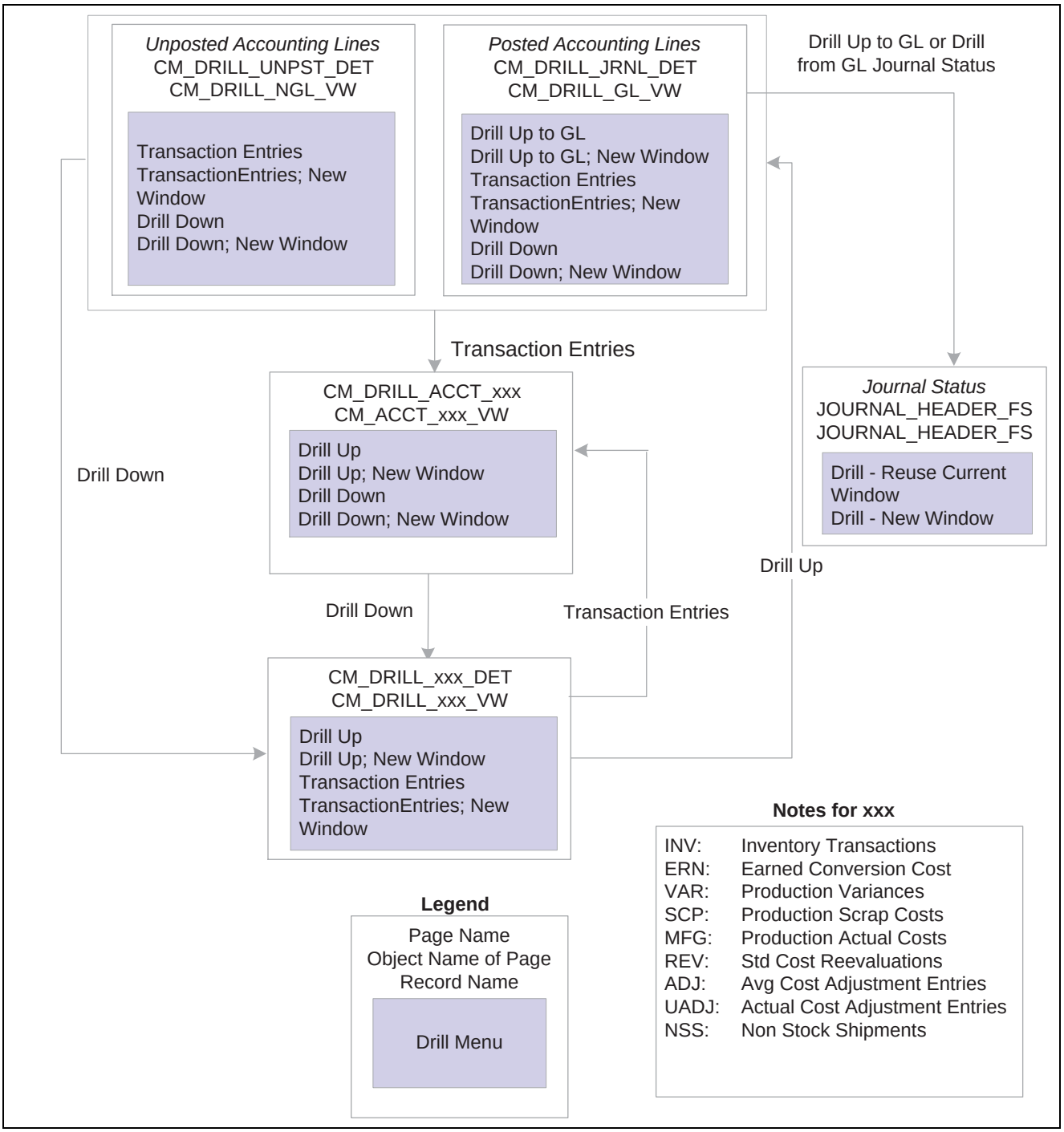
Using the Drilling Functions for Cost Accounting Audit Trails

By using the financial inquiry pages, you can track financial transactions throughout the audit trail by drilling up to the journal entries and drilling down to the accounting entries. You can analyze financial transactions in a few different ways, including:

- Viewing an entry in the general ledger and drilling down to the actual transaction details or entries that created the entry.
- Viewing the financial transaction details or entries and drilling up to the journal entries that are created in the general ledger.
- Drilling between the actual transaction detail and the accounting entries for the transaction before or after you perform the Journal Generator process.
- Viewing accounting entries that are created without using the drill-up and drill-down functionality.
- Generating reports that display the accounting register, inventory value, and transaction register.

Note. If you have purge or archive production data, you cannot view production-related costs such as earned labor, scrap costs or variances.

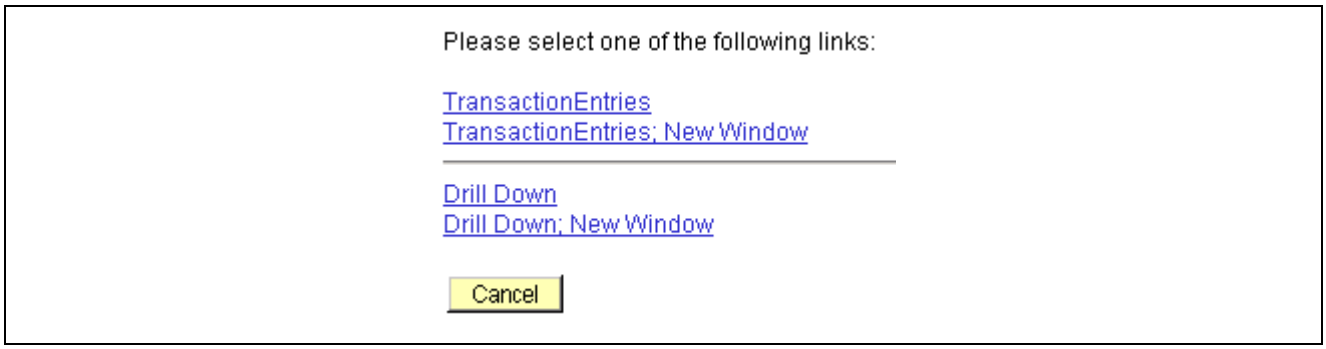
This diagram illustrates the drill up and drill down flow:



Drill flow chart diagram

Understanding the Transfer Menu

Transfer menus enable you to navigate between the different inquiry pages. The transfer menus can vary, depending on the inquiry page. To access the transfer menu, click the View Related Links button for any account line number. This example illustrates the transfer menu that is available from the Posted Accounting Lines page in PeopleSoft Cost Management.



Transfer Menu Example

The new window option in the transfer menu gives you the ability to have more than one window open at a time, enabling you to analyze several transactions at one time.

Drilling Down from PeopleSoft General Ledger to PeopleSoft Cost Management

The drill-down feature begins at the General Ledger inquiry pages in PeopleSoft General Ledger. Select an entry and click its View Related Links button to access a transfer menu. Select a drill option from the menu, and you can navigate to the Posted Accounting Lines page in PeopleSoft Cost Management. After you select a posted accounting line, you can use another transfer menu to access the originating transaction detail page or the transaction accounting entry page. These transaction pages give you the ability to see the transaction details or accounting entries for a selected transaction.

Drilling Up from PeopleSoft Cost Management to PeopleSoft General Ledger

When you want to trace an originating entry up to the general ledger, you can drill up. You begin by viewing the transaction detail or transaction accounting entries in PeopleSoft Cost Management. Then select the transaction and click the View Related Links button to access a transfer menu. Select Drill Up from the menu to drill up to the Posted Accounting Lines page (if the transaction is processed by the Journal Generator process) or to the Unposted Accounting Lines page (if it is not yet processed by the Journal Generator process). From the Posted Accounting Lines page in PeopleSoft Cost Management, you can drill up to journal entries by using a transfer menu. You cannot drill up to the journal entries from the Unposted Accounting Lines page because the journal entries do not yet exist for those accounting lines.

Drilling Between the Transaction Details and Transaction Accounting Entries

When you are interested in viewing the transaction detail and transaction accounting entries only within PeopleSoft Cost Management, you can drill between the different types of information. To go from the transaction details to the transaction accounting entries, you select Transaction Entries from the transfer menu. To go from the transaction accounting entries to the transaction details, you select Drill Down from the transfer menu.

Understanding Inventory Transactions

Inventory transactions are any material movement transactions that have a financial affect on inventory balances, such as purchase receipts, adjustments, and issues. Inventory transactions include route to production kits transactions. Route to production kits transactions occur when an assembly item is completed on a production ID or schedule, and it can be routed to another production ID, where it is used as a component on the next-higher-level assembly. The component's issue method must be set to *Kit* in order for you to route directly to production. This inventory transaction information is derived from the transaction history records (TRANSACTION_INV and TRANS_INV_CM). Transactions that can be viewed on the Inventory Transactions inquiry pages are these transaction groups:

Transaction Group	Description
010	Receipt to Inspection.
012	Return to Vendor.
013	Return to Vendor from Inspection.
020	Putaway.
021	Receipts from Production.
022	IBU Transfer Receipts.
024	Customer Returns.
025	InterCompany Receipts.
026	Expensed Issue Return.
030	Usages & Shipments.
031	InterBU Transfer Shipments.
032	Non Stock Shipments.
034	Ship on Behalf of Other BU.
035	InterCompany Transfers.
036	InterUnit Expensed Issue.
037	VMI Interunit shipment
038	VMI Consumption
040	Physical Count Adjustments.
041	Cycle Count Adjustments.

Transaction Group	Description
042	IBU Transfer Adjustments.
050	User Adjustments.
051	Inventory Scrap.
052	Shipping Adjustment.
053	Floor Stock Issues/Ret.
054	Inventory Scrap for RTV.
060	Bin-To-Bin Transfers.
220	Component Kit
221	Route To Production Kit
222	Waste Completion.
223	Component/Output Transfers.
230	Component Consumption.
231	WM Usage (Maintenance Management Usage)
300	Gain/Loss on Trans Price.
301	InterCompany Cost of Goods.
400	Std Cost Variance Receipts.
402	Std Cost Exchange Rate Var.
461	PO Voucher Variance

Understanding Earned Conversion Cost Transactions

Earned conversion costs account for all earned labor, machine, subcontracting, and overhead costs. The information that is on the Earned Conversion Costs inquiry pages is derived from the Earned Conversion Cost record (SF_EARNCONCOST). The transactions that create entries in this table are:

Transaction Group	Description
240	Earned Labor
211	WIP Revalue (Conv Costs)

Understanding Production Variance Transactions

Production variance transactions represent material variances and conversion variances that are incurred on a production ID or schedule when production is closed for accounting. The information is derived from the Production Variance record (SF_VARIANCES). The Production Variances inquiry pages use these variances:

Transaction Group	Description	Comprised of Variance Type	Description
261	Material Variances.	01	Configuration Variance.
		02	Usage Variance.
		03	Component Yield Variance.
		08	Material Lot Size Variance.
262	Conversion Variances.	04	Labor Lot Size Variance.
		05	Routing Process Variance.
263	Rework Expense.	09	Material Rework Expense.
		10	Labor Rework Expense.
264	Outside Processing PPV.	11	Outside Processing PPV.
265	Teardown Variance.	13	Teardown Material Expense.

Transaction Group	Description	Comprised of Variance Type	Description
		14	Teardown Conversion Expense.
415	RTV Variances.		Return to Vendor Variance.
601	Wt Avg Upd Production Var.		Weighted Average Update Production Variance.
661	Actual Cost Variances.		Production Actual Cost Writeoff.
664	Subcontracted Cost.		Subcontracted Cost

Understanding Production Scrap Cost Transactions

Production scrap cost transactions account for the cost of assemblies that are scrapped in process while recording operation and assembly completions. The information that appears on the Production Scrap Costs inquiry pages is derived from the Assembly Scrap Cost record (SF_SCRAPCOST). The transaction groups that are used to record scrap are:

Transaction Group	Description
212	WIP Revaluation (Scrap)
250	Assembly Scrap

Understanding Production Actual Cost Transactions

Production actual cost transactions account for the actual cost of production when the make item uses an actual or average cost method. Actual production costs include the actual cost of materials, conversion costs, conversion overhead costs, subcontracted components, and additional costs. The information that appears on the Production Actual Costs inquiry pages is derived from the CE_ACTUAL_COST record. These transaction groups are used:

Transaction Group	Description
021	Receipts from Production
601	Weighted Average Update Production Variance
605	Weighted Average Update Production Writeoffs

Transaction Group	Description
622	Actual Waste Cost
630	Overhead
640	Actual Labor Costs
645	Actual Machine Costs
651	Production Cost Writeoff
661	Actual Cost Variances
664	Subcontracted Cost

Understanding Standard Cost Revaluation Transactions

Standard cost revaluation transactions occur when you change standard costs and update the production cost record with the new version of costs. At that time, the system:

- Calculates the change in inventory value by determining the change in cost and multiplying that difference by the quantity on hand in inspection, stores, and WIP locations.
- Determines the change in WIP inventory by calculating the change in cost of components that are remaining in process, as well as the associated labor, machine, subcontracting, and overhead costs that are earned to that point.

The WIP revaluation information that appears in the Standard Cost Revaluations inquiry pages is associated with the revaluation of the components that are issued to the production ID or schedule as well as the revaluation of the assembly item itself. Detail information is derived from the Posted Item Cost Variance record (CE_ITEMCVAR_PST). The transaction groups are:

Transaction Group	Description
200	Inventory Revalue.
201	Inventory Reval-Inspection.
210	WIP Revalue (Comps, Assys).

Understanding Average Cost Adjustment Transactions

Average cost value adjustment transactions occur when adjusting the cost of the perpetual weighted average cost or the retroactive perpetual weighted average cost items and the resulting change in inventory value. Value adjustments for items using perpetual weighted average costing or retroactive perpetual weighted average costing can be:

- Manually created using the Adjust Average Cost page or the Adjust Retro Costs page.
- System created by the Transaction Costing subprocess within the Cost Accounting Creation process.

The information that appears in the Average Cost Adjustment inquiry pages is derived from the CM_COST_ADJ record. The transaction groups are:

Transaction Group	Description
205	Value Adjustment.
401	Wt Avg Updates from AP.
403	Wt Avg Cost Updates - ERV.
405	Wt Avg Update Writeoffs.

Understanding Actual Cost Adjustment Transactions

Actual cost value adjustment transactions occur when adjusting the cost of the actual cost items and the resulting change in inventory value. Actual cost items are adjusted using the Adjust Actual Cost component. The information that appears in the Actual Cost Adjustment inquiry pages is derived from the CM_USER_CST_ADJ record. The transaction group is:

Transaction Group	Description
206	Value Adjust/ActCost Items.

Understanding Non-stock Shipment Transactions

Non-stock shipment transactions occur when you specify a non-stocked item on a sales order in PeopleSoft Order Management and mark it for PeopleSoft Billing. The information on the Non Stock Shipment inquiry pages is derived from the Non-Stock Shipments record (CM_CST_NSSHIP). The transaction group is:

Transaction Group	Description
032	Non Stock Shipments

Generating Reports of Financial Transactions

PeopleSoft Cost Management includes these reports to assist with the accounting and PeopleSoft Cost Management review:

- Accounting Register (INS7050).
- Inventory Value (INS7000).
- Transaction Register (INS7100).
- Item Cost Profiles (CMS2000).
- Items with Overridden Profiles (CMS2001).
- Items with no Profiles (CMS2002).
- Inventory On Hand Value (CMS2010).
- WIP Value History (CMS2018).
- Movement by Receipt Line (CMS2015).
- Movement by Depletion Line (CMS2016).
- On Hand Balance Validation (CMS9010).

See Also

PeopleSoft Enterprise Application Fundamentals 8.9 PeopleBook, “Defining User Preferences,” Defining Cross-Application User Preferences

Pages Used to Report on Financial Transactions

Page Name	Object Name	Navigation	Usage
Floor and Ceiling Values	CM_VALUE_REF	Cost Accounting, Item Costs, Define Rates and Costs, Floor and Ceiling Costs, Floor and Ceiling Values	To establish floor and ceiling values, use the Floor and Ceiling Values (CM_VALUE_REF_PGRP) component. These values are used when you run the Inventory On Hand Value report (CMS2010).
On Hand Value Report	RUN_CMS2010A, RUN_CMS2010, RUN_CMS2011	Cost Accounting, Inventory and Mfg Accounting, Reports, Inventory Value History	Lists on-hand quantity and value at the summary or detail level. The report can also store snapshots of previously generated report data for historical reporting.
On Hand Value Report-Selection Criteria	RUN_CMS2010	Cost Accounting, Inventory and Mfg Accounting, Reports, Inventory Value History, Selection Criteria	Enter the data selection criteria for the on-hand value report.
On Hand Value Report-Other Criteria	RUN_CMS2011	Cost Accounting, Inventory and Mfg Accounting, Reports, Inventory Value History, Other Criteria	Define additional criteria for the on-hand value report.

Using the On Hand Value Tool

Use this component to run the On Hand Value Tool, which shows on-hand quantity and value at the summary or detail level. This tool can be used for items with cost profiles having any cost method. This report displays transactions that have been costed and posted to accounting lines as well as transactions that are posted to the general ledger.

The report can also store snapshots of previously generated report data for historical reporting. In addition, you can also use it to compare the on-hand value by using floor and ceiling costs or last price used.

Select Report Options

Access the On Hand Value Report page.

Print, Don't Store Snapshot Print the report that is to be generated, but do not store a snapshot of the report data for subsequent reprinting.

Print, Store Snapshot Print the report that is to be generated, and store a snapshot of the report data for subsequent reprinting.

Don't Print, Store Snapshot Generate the report and store a snapshot of the data, but do not print a report.

Print Stored Snapshot Reprint a previously stored snapshot of the report.

Purge Stored Snapshot Delete a previously stored snapshot of the report.

To print or purge a previously stored snapshot, select a process instance by number, business unit, or as of date.

Enter Selection Criteria

Access the On Hand Value Report-Selection Criteria page.

On the Selection Criteria tab: Select a Currency Code. Select a specific cost book to report on, or select *All* to include all of the books in the business unit. Select *All, None,* or a specific single cost profile group that is associated with the cost book. *None* applies to all items that have no association with a cost profile group. Select *All* or a specific cost profile that is associated with the book.

Also on the Selection Criteria tab: Select either *All* or *Range* (for a range of items). For an item range, enter the from item ID and the to item ID. Select an item group and an item family.

Complete the Selections on the Other Criteria Tab

Access the On Hand Value Report-Other Criteria page. Select whether to include consigned items. The choices are:

- *Consigned Inventory Only:* Include only consigned items.
- *Exclude Consigned Inventory:* Include only owned items.
- *Include Consigned Inventory:* Include both owned and consigned items.

If its included, consigned inventory appears at the bottom of the items for each book.

- The Sort option enables you to sort the On Hand Value report by several different methods.
- Enter a storage area to limit the report to a specific storage area that is within the business unit.
- Select the Include zero On Hand Qty Items check box to include items with no quantity in the report.
- Select the as of date for which you are requesting the on-hand value. Select a system date or choose an accounting period.
- Cost comparison: These options are only available for detail reports.

  The choices are:

  - None

    No cost comparison.

  - Floor and Ceiling

    Compare floor and ceiling costs with the unit cost. You maintain floor and ceiling costs in the Floor and Ceiling Values page.

  - Last Price Used

    Compare the last price used on a voucher or purchase order with the unit cost.
- Report Type - Select Summary, or select Detail. The summary report shows totals by business unit, book, and item. Select to report by either Cost Category or Cost Element.

APPENDIX A

Additional Information for the Costing Structure

This chapter discusses how to:

- Use transaction groups.
- Use cost flow diagrams.

Using Transaction Groups

Each transaction with a financial impact is embedded with a transaction group. The transaction group identifies the type of transaction that is entered and determines what records are populated, how costing is calculated, and what ChartFields are used to record accounting entries. In this section, we identify all the transaction groups by code, description, transaction process description, and specific menu paths. We divide the transaction groups into their logical categories, including:

- Inventory transactions.
- Earned conversion cost transactions.
- Production variance transactions.
- Production scrap cost transactions.
- Production actual cost transactions.
- Standard cost revaluation transactions.
- Average cost adjustment transactions.
- Actual cost adjustment transactions.
- Non-stock shipment transactions.

Understanding Inventory Transactions

Inventory transactions are any material movement transactions that have a financial affect on inventory balances, such as purchase receipts, adjustments, and issues. Inventory transactions include route to production kit transactions. Route to Production kit transactions are the transactions that occur when an assembly item is completed on a production ID or schedule, and it can be routed to another production ID, where it is used as a component on the next-higher-level assembly. The component's issue method must be set to kit in order for you to route directly to production.

This information is derived from the transaction history records (TRANSACTION_INV and TRANS_INV_CM). Transactions that can be viewed on the Inventory Transaction Detail page include these transaction groups:

Transaction Group	Description	Transaction Process	Menu Path
010	Receipt to Inspection.	Put away an item that is received from a purchase order that requires inspection.	Inventory, Putaway Stock, Complete Putaway
012	Return to Vendor.	Inventory that is returned from a storage location. The express issue request type must be marked as vendor returns.	Inventory, Fulfill Stock Orders, Shipping, Deplete On Hand Quantity
013	Return to Vendor from Inspection.	Inventory returned from an inspection location. The express issue request type must be marked as vendor returns.	Inventory, Fulfill Stock Orders, Shipping, Deplete On Hand Quantity
020	Putaway.	Put away an item that is received from a purchase order, one that doesn't require inspection.	• Inventory, Putaway Stock, Complete Putaway • Inventory, Putaway Stock, Express Putaway
021	Receipts from Production.	Put away an assembly completion that is routed to a storage area or another WIP location.	• Inventory, Putaway Stock, Complete Putaway • Production Control, Process Production, Complete Production, Record Completions and Scrap (if Putaway Action is set to Putaway at Receipt Save Time)
022	IBU Transfer Receipts.	Receive an item that is shipped to the inventory business unit from another inventory business unit.	Inventory, Putaway Stock, InterUnit and RMA Receiving
024	Customer Returns.	Receive an item from a customer and it specifies RMA receipt.	Inventory, Putaway Stock, InterUnit and RMA Receiving

Transaction Group	Description	Transaction Process	Menu Path
025	InterCompany Receipts.	Receive material from an inventory business unit that is associated with another general ledger, where intercompany processing is indicated.	Inventory, Putaway Stock, InterUnit and RMA Receiving
026	Expensed Issue Return.	Receive material returned from an interunit expensed issue.	Inventory, Putaway Stock, Expense Issue Return
030	Usages & Shipments.	Issuing material to fulfill a sales order, express issue, or material stock request.	Inventory, Fulfill Stock Orders, Shipping, Deplete On Hand Quantity
031	InterBU Transfer Shipments.	Issuing material for a shipment to another inventory business unit, which is entered through an express issue or material stock request.	Inventory, Fulfill Stock Orders, Shipping, Deplete On Hand Quantity
034	Shipments on Behalf of Other BU.	Issuing material for a customer shipment based on a Sales Order that is taken in an Order Management Business Unit. The Order Management and Billing units must post to a different General Ledger business unit than is posted by the inventory unit.	Inventory, Fulfill Stock Orders, Shipping, Deplete On Hand Quantity
035	InterCompany Transfers.	Transfer material from an inventory business unit that is associated with another general ledger, where intercompany processing is indicated.	Inventory, Fulfill Stock Orders, Shipping, Deplete On Hand Quantity
036	InterUnit Expensed Issue.	Expense material from an inventory business unit to an internal department of an unrelated general ledger business unit.	Inventory, Fulfill Stock Orders, Shipping, Deplete On Hand Quantity

Transaction Group	Description	Transaction Process	Menu Path
037	VMI Interunit shipment	Record the shipment of non-consigned goods from an inventory business unit to a VMI business unit by debiting the cost of goods sold account and crediting the inventory account.	Inventory, Fulfill Stock Orders, Shipping, Deplete On Hand Quantity
038	VMI Consumption	Record the consumption of materials in a VMI business unit by debiting the cost of goods sold account and crediting the inventory account.	Data Exchanges, Process Transactions, Inventory
040	Physical Count Adjustments.	Record inventory adjustments from a physical inventory.	Inventory, Inventory Counts, Reconcile Inventory Balances, Update Stock Quantity
041	Cycle Count Adjustments.	Record inventory adjustments from a cycle count.	Inventory, Inventory Counts, Reconcile Inventory Balances, Update Stock Quantity
042	IBU Transfer Adjustments.	Receive more or less than the quantity that is shipped by using the Inter Business Unit Shipment. When the interunit receipt is closed, a comparison is made between the shipment quantity and the receipt quantity. Any differences are recorded here.	Inventory, Putaway Stock, InterUnit and RMA Receiving
050	User Adjustments.	Specify a quantity adjustment type of increase or decrease.	Inventory, Manage Inventory, Adjustments
051	Inventory Scrap.	Specify an adjustment type of scrap.	Inventory, Manage Inventory, Adjustments

Transaction Group	Description	Transaction Process	Menu Path
052	Shipping Adjustment.	Deplete less than the quantity that is picked for a shipment that is entered by using a sales order, an express issue, or material stock request. If the picked quantity differs from the depletion quantity, that difference is accounted for here.	Inventory, Fulfill Stock Orders, Shipping, Deplete On Hand Quantity
053	Floor Stock Issues/Ret.	Specify an adjustment type of Miscellaneous Issue or Miscellaneous Receipt.	Inventory, Manage Inventory, Adjustments
054	Inventory Scrap for RTV.	Specify an adjustment type of scrap RTV.	Inventory, Manage Inventory, Adjustments
060	Bin-to-Bin Transfers.	Transfer inventory from one storage location to another. This can be a direct bin-to-bin transfer, a material release of a production pick plan for components using the issue method, or the result of a replenishment workflow work it action.	• Inventory, Manage Inventory, Transfers, EZ Transfers • Production Control, Process Production, Issue Materials, Material Release
220	Component Kit.	Transfer of inventory from a storage area directly to a production ID. This is accomplished in material release of a production pick plan for components using the kit issue method or by doing a single issue of a kit component. Dekitting a production ID creates reversing entries, as does a return of a kitted component.	• Production Control, Process Production, Issue Materials, Material Release • Production Control, Process Production, Issue Materials, Issue/Return Kit Components • Production Control, Process Production, Issue Materials, De-Kit Components • Production Control, Process Production, Issue Materials, Issue/Return Kit Components

Transaction Group	Description	Transaction Process	Menu Path
221	Route To Production Kit.	Record completions of an assembly at the last operation and route the completed assembly to another production ID. The assembly must be a component whose issue method is set to kit at the next higher production ID.	• Production Control, Process Production, Complete Production, Record Completions and Scrap • Production Control, Process Production, Subcontract Production, Receive Subcontract Assembly • Production Control, Process Production, Complete Production, Process Completions and Scrap
222	Waste Completion.	Record completion of a waste product on a PID or schedule.	Production Control, Process Production, Complete Production, Record Completions and Scrap
223	Component/Output Transfers.	Moving components or outputs from one PID to another as a result of a PID split. You can also move components from one PID to another to reallocate material issues.	Production Control, Process Production, Split Production, Production ID Split
230	Component Consumption.	Material is consumed from the WIP location during a completion or scrap transaction. The components issue method must be set to issue or replenish.	• Production Control, Process Production, Complete Production, Record Completions and Scrap • Production Control, Process Production, Issue Materials, Edit/Issue Components • Production Control, Process Production, Complete Production, Record Completions and Scrap

Transaction Group	Description	Transaction Process	Menu Path
231	WM Usage (Maintenance Management Usage)	Issuing material to a work order in PeopleSoft Maintenance Management to maintain or repair an asset. Material returned to inventory from a work order also uses this transaction group.	Inventory, Fulfill Work Orders, Issue to Work Orders
300	Gain/Loss on Transfer Price.	Ship an item to another inventory business unit specifying a transfer price that differs from the items cost. or Receive an Inter Business Unit Shipment for a standard cost item with a transfer price that differs from the item's cost. **Note.** This transaction doesn't appear on the Transaction History record, but is calculated as part of the Transaction Costing process when costing IBU shipments and receipts.	Cost Accounting, Inventory and Mfg Accounting, Create Accounting Entries, Inventory Transaction Costing
301	InterCompany Cost of Goods.	Issuing material to an inventory business unit that is associated with another general ledger, where intercompany processing is indicated. **Note.** This transaction doesn't appear on the Transaction History record, but is calculated as part of the transaction costing process when costing InterCompany shipments (transaction group 035).	Cost Accounting, Inventory and Mfg Accounting, Create Accounting Entries, Inventory Transaction Costing

Transaction Group	Description	Transaction Process	Menu Path
400	Std Cost Variance Receipts.	Receive a standard cost item from a purchase order into inspection or stock. If the purchase order price differs from the standard cost of the item, a PPV entry is calculated. **Note.** This transaction doesn't appear on the Transaction History record, but is calculated as part of the Transaction Costing process when costing purchase receipts to inspection or stock. Or	Cost Accounting, Inventory and Mfg Accounting, Create Accounting Entries, Inventory Transaction Costing
		Receive an actual cost item from a purchase order into inspection or stock. Later, if the purchase order price differs from the voucher price record the difference in an expense account rather than update the inventory receipt and depletion transactions. This option is only valid if you have selected the Writeoff PPV and ERV check box on the Cost Profile page. Or	
		For standard cost items, voucher an invoice in Accounts Payable, match, post and run the Landed Cost Extract process. If the invoice price differs from the purchase order price, a PPV entry is posted. **Note.** This transaction doesn't appear on the Transaction History record, but is calculated as part of the Vouchering and Matching process.	• Accounts Payable, Batch Processes, Vouchers, Match Request • Accounts Payable, Batch Processes, Vouchers, Voucher Posting Request • Accounts Payable, Batch Processes, Interfaces, Landed Cost Extraction

Transaction Group	Description	Transaction Process	Menu Path
402	Std Cost Exchange Rate Var.	Accounts for any differences between the exchange rate that is specified on a purchase order and the exchange rate that is used during the Vouchering process. **Note.** This transaction doesn't appear on the Transaction History record, but is calculated as part of the Vouchering and Matching process.	• Accounts Payable, Batch Processes, Vouchers, Match Request • Accounts Payable, Batch Processes, Vouchers, Voucher Posting Request • Accounts Payable, Batch Processes, Interfaces, Landed Cost Extraction
461	PO Voucher Variance	Run the Transaction Costing process to record the difference between a user adjusted cost and the vouchered cost. This variance is recorded for purchased items using standard or actual cost. The variance between the PO price and the user adjusted cost is recorded in transaction group 400 for standard cost items.	Cost Accounting, Inventory and Mfg Accounting, Create Accounting Entries, Inventory Transaction Costing

Understanding Earned Conversion Cost Transactions

Earned conversion cost transactions account for the labor, machine, and subcontracting costs that are earned and also the manufacturing overhead that is applied when completing assemblies at an operation or to stock. The information that is on the Earned Cost Detail page is derived from the Earned Conversion Cost record (SF_EARNCONCOST). The transactions that create entries in this table are:

Transaction Group	Description	Transaction Process	Menu Path
240	Earned Labor.	Recording completions or scrap for an assembly at an operation.	• Production Control, Process Production, Complete Production, Record Completions and Scrap • Production Control, Process Production, Subcontract Production, Receive Subcontract Assembly • Production Control, Process Production, Complete Production, Process Completions and Scrap
211	WIP Revalue (Conversion Costs).	Revaluation of WIP inventory. If conversion costs are recorded prior to the standards change, the costs are revalued as part of the WIP revaluation calculation.	Cost Accounting, Item Costs, Update Standard Costs, Cost Update/Revalue, Update Production

Understanding Production Variance Transactions

Production variance transactions represent material variances and conversion variances that are incurred on a production ID or schedule when production is closed for accounting. The information that is derived from the Production Variance record (SF_VARIANCES). The Variances Detail page uses these variances:

Transaction Group	Description	Comprised of Variance Type	Description
261	Material Variances	01	Configuration Variance
		02	Usage Variance
		03	Component Yield Variance
		08	Material Lot Size Variance
262	Conversion Variance	04	Labor Lot Size Variance
		05	Routing Process Variance

Transaction Group	Description	Comprised of Variance Type	Description
263	Rework Expense	09	Material Rework Expense
		10	Labor Rework Expense
264	Outside Processing PPV	11– For standard cost makeable items, this transaction group records the variance between the standard cost and the purchase order price of the subcontracted service.	Outside Processing PPV
265	Teardown Variance	13	Teardown Material Expense
		14	Teardown Conversion Expense
415	RTV Variances	Records the difference between the inventory value of goods being returned and the amount of the vendor refund recorded in accounts payable.	
661	Actual Cost Variances	For actual cost makeable items, this transaction group records the variance between the actual cost of the components and the standard cost of the end items.	
664	Subcontract Variance	For actual cost makeable items, this transaction group records the variance between the purchase order price and the voucher price of the subcontracted service for actual cost components.	

Understanding Production Scrap Cost Transactions

Production scrap cost transactions account for the cost of assemblies that scrapped in process while recording operation and assembly completions. The information that appears here is derived from the Assembly Scrap Cost record (SF_SCRAPCOST). The transaction groups that are used to record scrap are:

Transaction Group	Description	Transaction Process	Menu Path
212	WIP Revaluation (Scrap)	Revaluation of WIP inventory. If assembly scrap is recorded prior to the standards change, the scrap costs are revalued as part of the WIP revaluation calculation.	Cost Accounting, Item Costs, Update Standard Costs, Cost Update/Revalue, Update Production
250	Assembly Scrap	Recording scrap for an assembly at an operation.	• Production Control, Process Production, Complete Production, Record Completions and Scrap • Process Production, Subcontract Production, Receive Subcontract Assembly • Production Control, Process Production, Complete Production, Process Completions and Scrap

Understanding Production Actual Cost Transactions

Production actual cost transactions account for the actual cost of production when the make item uses an actual or average cost method. Actual production costs include the actual cost of materials, conversion costs, conversion overhead costs, subcontracted components, and additional costs. The transaction groups that are used to record production actual costs are:

Transaction Group	Description	Transaction Process	Menu Path
601	Wt Avg Upd Production Var.	Run the Transaction Costing process for a production ID or production schedule that is closed for accounting. If the make (end) item is average costed, then this transaction group accounts for average cost updates due to new cost information on receipts from manufacturing, usually when the estimated manufacturing cost from partial receipts from work in process are updated to a finalized manufacturing cost once the production order or production schedule is complete.	Cost Accounting, Inventory and Mfg Accounting, Created Accounting Entries, Inventory Transaction Costing, Transaction Costing
605	Wt Avg Upd Prod Writeoffs.	Run the Transaction Costing process for a production ID or production schedule that is closed for accounting. If the make (end) item is average costed, then this transaction group creates a writeoff when the average cost of the item needs to be updated, due to new cost information on receipts from manufacturing, but there is not enough quantity currently in stock to absorb the updated costs.	Cost Accounting, Inventory and Mfg Accounting, Created Accounting Entries, Inventory Transaction Costing, Transaction Costing

Transaction Group	Description	Transaction Process	Menu Path
622	Actual Waste Cost.	Run the Transaction Costing process for a production ID or production schedule that is closed for accounting. If the make (end) item is actual or average costed and a waste by-product is produced, then this transaction group credits an expense account and debits the finished goods inventory account.	Cost Accounting, Inventory and Mfg Accounting, Created Accounting Entries, Inventory Transaction Costing, Transaction Costing
630	Overhead	Run the Transaction Costing process for a production ID or production schedule that has been closed for accounting. If the make (end) item is actual or average costed, then this transaction group debits WIP and credits a manufacturing overhead cost absorption account for overhead costs of the production. These costs are applied using material, labor, and machine amounts as the basis for allocating overhead charges to production outputs.	Cost Accounting, Inventory and Mfg Accounting, Created Accounting Entries, Inventory Transaction Costing, Transaction Costing
640	Actual Labor Costs.	Run the Transaction Costing process for a production ID or production schedule that has been closed for accounting. If the make (end) item is actual or average costed and the operation sequence is complete, then this transaction group credits earned labor account and debits WIP with the actual labor costs.	Cost Accounting, Inventory and Mfg Accounting, Created Accounting Entries, Inventory Transaction Costing, Transaction Costing

Transaction Group	Description	Transaction Process	Menu Path
645	Actual Machine Costs.	Run the Transaction Costing process for a production ID or production schedule that is closed for accounting. If the make (end) item is actual or average costed and the operation sequence is complete, then this transaction group credits earned machine account and debits WIP with the actual machine costs.	Cost Accounting, Inventory and Mfg Accounting, Created Accounting Entries, Inventory Transaction Costing, Transaction Costing
651	Production Cost Writeoff.	Run the Transaction Costing process for a production ID or production schedule that is closed for accounting. This transaction group is used when there is an overriding adjustment and additional costs hit WIP. This transaction group writes off those WIP costs which do not belong in finished goods.	Cost Accounting, Inventory and Mfg Accounting, Created Accounting Entries, Inventory Transaction Costing, Transaction Costing

Transaction Group	Description	Transaction Process	Menu Path
661	Actual Cost Variances	Run the Transaction Costing process for a production ID or production schedule that is closed for accounting. If the make (end) item is standard costed and one or more of the components uses actual or average cost, then this transaction group relieves WIP for the difference between the actual cost of the component consumption transaction and the standard cost of the component which was used to build up the standard cost of the end item. The offset is posted to a period variances ChartField. Although the inputs to standard cost end items can have standard costs themselves, the input items can still use any cost profile for accounting purposes. As components are depleted, the cost on the depletion becomes part of the actual cost of the output items.	Cost Accounting, Inventory and Mfg Accounting, Created Accounting Entries, Inventory Transaction Costing, Transaction Costing
664	Subcontracted Cost.	Run the Transaction Costing process for a production ID or production schedule that is closed for accounting. This transaction group records the variance between subcontracted costs on the purchase order and the actual subcontracted costs on the voucher. This transaction group is used only for actual or average cost items.	Cost Accounting, Inventory and Mfg Accounting, Created Accounting Entries, Inventory Transaction Costing, Transaction Costing

Understanding Standard Cost Revaluation Transactions

Standard cost revaluation transactions are the transactions that occur when you change standard costs and update the production cost record with the new version of costs. At that time, the system:

- Calculates the change in inventory value by determining the change in cost and multiplying that difference by the quantity on hand in inspection, stores, and WIP locations.
- Determines the change in WIP inventory by calculating the change in cost of components remaining in process, as well as the associated labor, machine, subcontracting, and overhead costs that are earned to that point.

The WIP revaluation information that is displayed here is associated with the revaluation of the components issued to the production ID or schedule as well as the revaluation of the assembly item itself. Detail information is derived from the Posted Item Cost Variance record (CE_ITEMCVAR_PST). The transaction groups are:

Transaction Group	Description	Transaction Process	Menu Path
200	Inventory Revalue.	Once production costs are updated, this transaction accounts for the change in inventory value in stores or WIP locations.	Cost Accounting, Item Costs, Update Standard Costs, Cost Update/Revalue, Update Production
201	Inventory Reval - Inspection.	Once production costs are updated, this transaction accounts for the change in inventory value in inspection locations.	Cost Accounting, Item Costs, Update Standard Costs, Cost Update/Revalue, Update Production
210	WIP Revalue (Comps, Assy).	Revaluation of WIP. This transaction accounts for the change in component and assembly costs that are still in process.	Cost Accounting, Item Costs, Update Standard Costs, Cost Update/Revalue, Update Production

Understanding Average Cost Adjustment Transactions

Average cost value adjustment transactions occur when adjusting the cost of the perpetual weighted average cost or the retroactive perpetual weighted average cost items and the resulting change in inventory value. Value adjustments for items using perpetual weighted average costing or retroactive perpetual weighted average costing can be:

- Manually created using the Adjust Average Cost page or the Adjust Retro Costs page.
- System created by the Transaction Costing subprocess within the Cost Accounting Creation process.

These transactions are displayed in this table:

Transaction Group	Description	Transaction Process	Menu Path
205	Value Adjustment.	Records an adjustment to change the value of the current inventory stock for a specific item using perpetual average or retroactive perpetual average costing. This transaction group applies only to perpetual average and retroactive perpetual average items.	• Cost Accounting, Item Costs, Update Costs, Adjust Average Cost • Cost Accounting, Item Costs, Update Costs, Adjust Retroactive Averages
401	Wt Avg Updates from AP.	Records an adjustment to update the perpetual weighted average cost with posted purchase price variances (PPV).	Cost Accounting, Inventory and Mfg Accounting, Create Accounting Entries, Inventory Transaction Costing. Select the Apply Perpetual Average Adjs check box.
403	Wt Avg Cost Updates - ERV.	Records an adjustment to update the perpetual weighted average cost with posted exchange rate variances (ERV).	Cost Accounting, Inventory and Mfg Accounting, Create Accounting Entries, Inventory Transaction Costing. Select the Apply Perpetual Average Adjs check box.
405	Wt Avg Update Writeoffs.	Records an adjustment to account for any PPV or ERV not applied into the perpetual weighted average cost.	Cost Accounting, Inventory and Mfg Accounting, Create Accounting Entries, Inventory Transaction Costing. Select the Apply Perpetual Average Adjs check box.

Understanding Actual Cost Adjustment Transactions

Actual cost value adjustment transactions occur when adjusting the cost of the actual cost items and the resulting change in inventory value. Actual cost items are adjusted using the Adjust Actual Cost component. The information that appears in the Actual Cost Adjustment inquiry pages is derived from the CM_USER_CST_ADJ record. The transaction is:

Transaction Group	Description	Transaction Process	Menu Path
206	Value Adjust/ActCost Items.	Records an adjustment to change the value of the current inventory stock for a specific item using actual costing.	Cost Accounting, Item Costs, Update Costs, Adjust Actual Cost

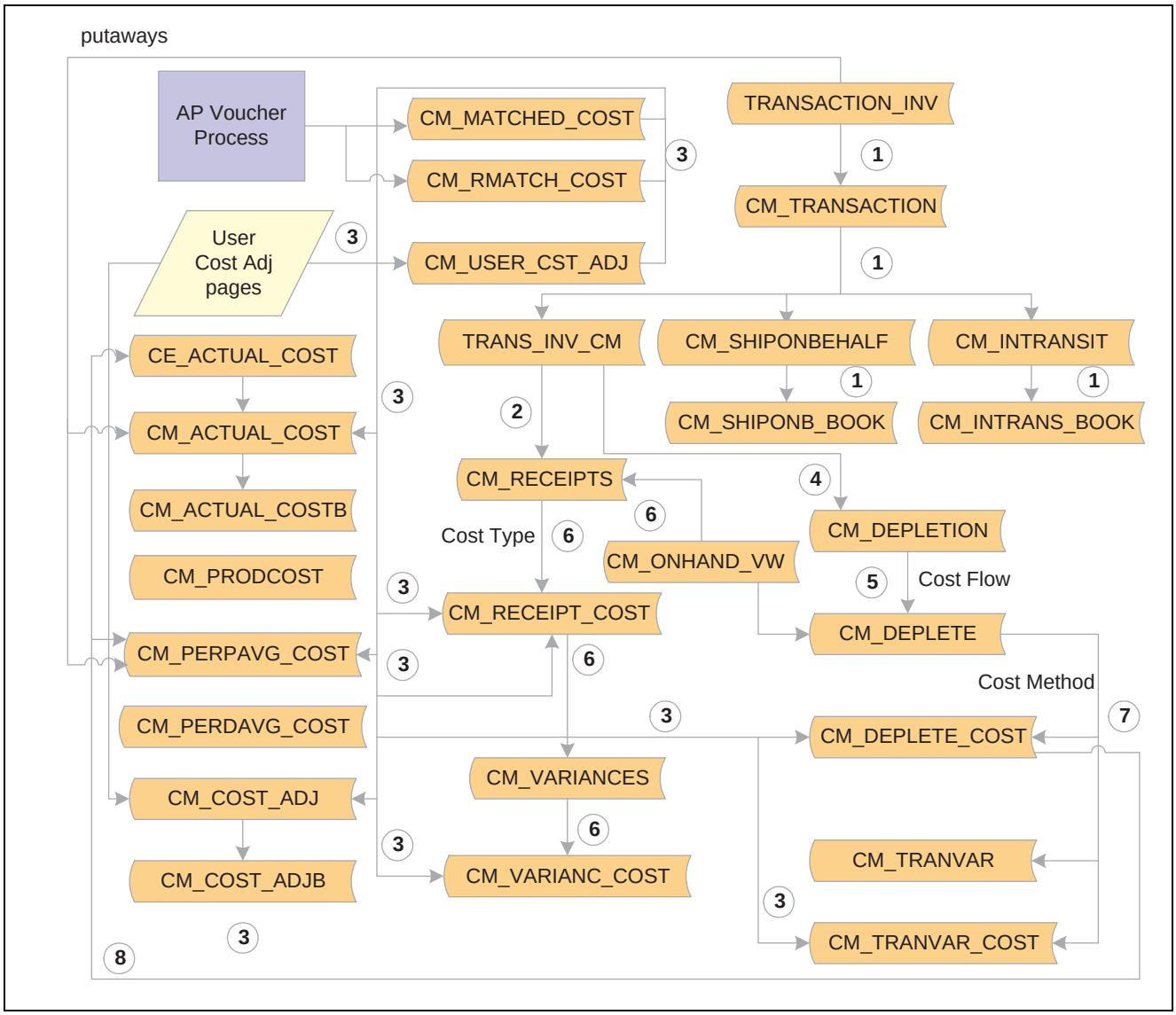
Understanding Non-stock Shipment Transactions

Non-stock shipment transactions are the transactions that occur when you specify a non-stocked item on a sales order in PeopleSoft Order Management and mark it for billing. The information on the Non Stock Shipment Detail page is derived from the Non-Stock Shipments record (CM_CST_NSSHIP). The transaction is:

Transaction Group	Description	Transaction Process	Menu Path
032	Non Stock Shipments	Designate a nonshippable item as ready for billing.	Order Management, Quotes and Orders, Create OM Billing Entries, Mark Lines for Billing

Using Costing Flow Diagrams

This diagram illustrates how the Transaction Costing process calculates the cost of each inventory transaction:



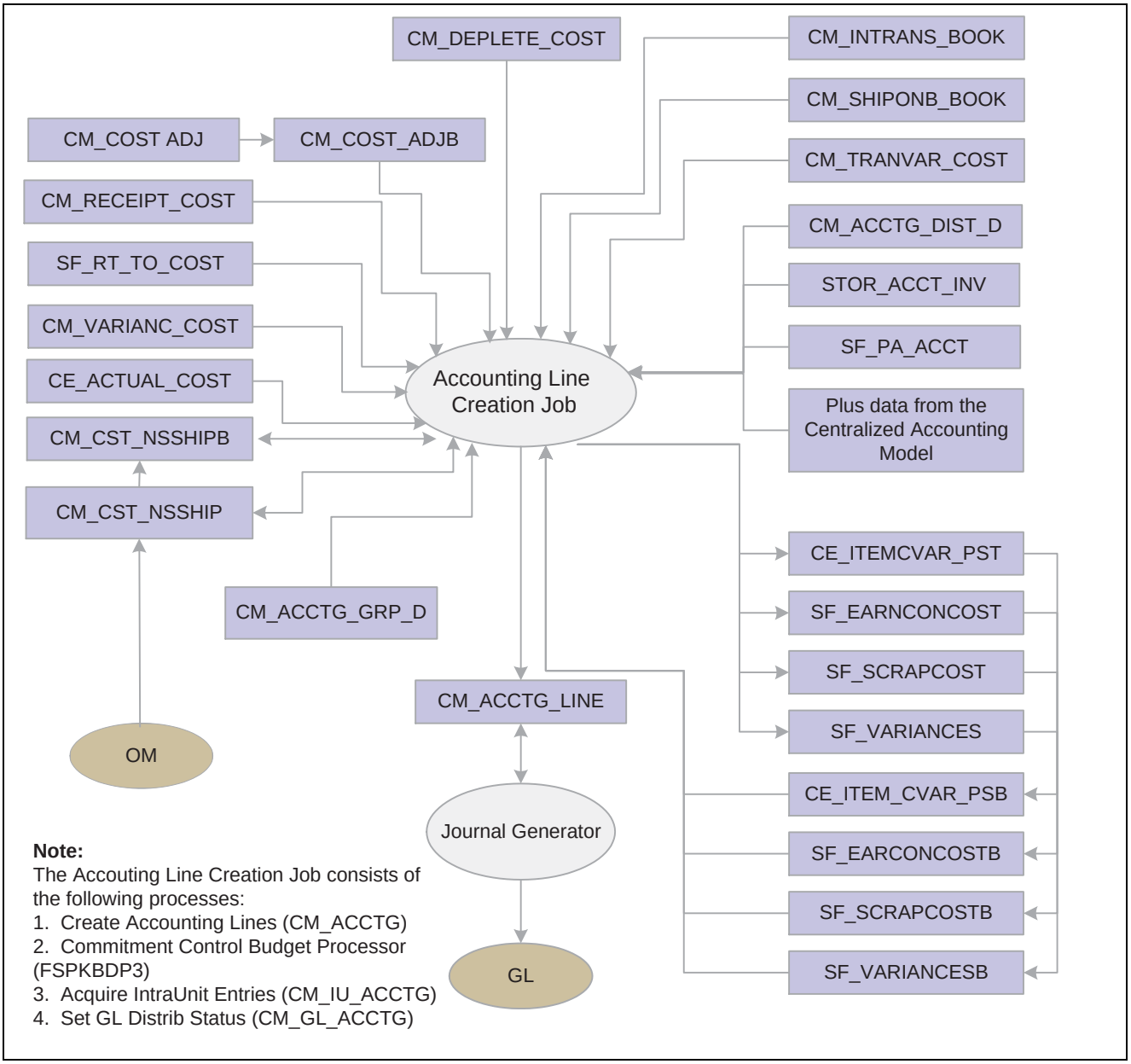
Detailed Costing Flow Diagram - Transaction Costing Process

The Transaction Costing process:

1. Expands the inventory transactions in TRANSACTION_INV into the PeopleSoft Cost Management CM_TRANSACTION table adding a separate row for each business unit and cost book combination. Interunit transactions are expanded for compound accounting entries and stored in the CM_INTRANSIT record. *Shipment on Behalf of* transactions are stored in the CM_SHIPONBEHALF and CM_SHIPONB_BOOK tables. *Interunit Expensed Issue Returns* are stored in the TRANS_INV_CM table.
2. Places putaway transactions into CM_RECEIPTS and dummy deplete rows in CM_DEPLETE to complete the join for CM_ONHAND_VW.
3. Inserts all cost adjustments from PeopleSoft Manufacturing production ID's, Payable vouchers, and user-entered cost adjustments. Stores the actual cost value adjustments in the record CM_USER_CST_ADJ where the adjustment then flows into the CM_RECEIPT_COST record to be picked up by the Accounting Line Creation process. Stores the value adjustments for items using perpetual average and retroactive perpetual average costing in the record CM_COST_ADJ, and then expands the adjustment by cost book into the CM_COST_ADJB record. The Accounting Line Creation process picks up the data from the CM_COST_ADJB record.

4. Adds depletion transactions into CM_DEPLETION table.
5. Matches up each depletion transaction in CM_DEPLETION with a qualifying putaway from CM_ONHAND_VW. These depleted depletions are inserted into the CM_DEPLETE table.
6. Calculates the cost of receipts and placed them into CM_RECEIPT_COST, CM_VARIANCES, and CM_VARIANC_COST tables.
7. Calculates the cost of depletions in CM_DEPLETE table and placed them in the CM_DEPLETE_COST table.
8. Calculates the cost of make items produced in PeopleSoft Manufacturing. The end item costs are computed and placed in CE_ACTUAL_COST table.

This diagram illustrates how the Accounting Line Creation process creates the accounting entries for each inventory transaction:



Detailed Costing Flow Diagram - Accounting Line Creation Process

APPENDIX B

PeopleSoft Enterprise Cost Management Reports

This appendix provides an overview of PeopleSoft Enterprise Cost Management reports and enables you to:

- View summary table of all reports.
- View report details.

Note. For samples of these reports, see the PDF files that are published on CD-ROM with your documentation.

See Also

PeopleTools 8.46 PeopleBook: PeopleSoft Process Scheduler

PeopleSoft Enterprise Cost Management Reports: A to Z

This table lists the PeopleSoft Enterprise Cost Management reports sorted alphanumerically by report ID. If you need more information about a report, refer to the report details at the end of this appendix:

Report ID and Report Name	Description	Navigation	Run Control Page
CES5001 Update Production Costs	Lists all updates to the frozen standard costs that are used in production and associated with a specified cost type and version. Sort by cost group and item ID, descending variance, or item ID. When applied, these costs update the production standard cost record and revalue inventory by using the standard cost method in all storage areas including stores, inspection, finished goods, and work in process (WIP), as well as in process inventory. Options include printing the report without revaluing inventory, revaluing inventory and printing the report, or revaluing inventory without printing a report. The Report Only option previews the financial impact of the standard cost changes without affecting the current standard costs.	Cost Accounting, Item Costs, Update Costs, Cost Update/Revalue, Update Production Select the Report Only-No Updates option or the Revalue Inventory and Report option.	RUN_CES5001
CES6000 Compare Cost Versions	Use to compare the item costs that are derived from a regular cost version to those of an engineering or simulation cost version, to analyze the impact of engineering changes to an item's cost, or to view the cost impact of changing the bill of materials (BOM) or process. If you want to analyze the impact of BOM, routing, labor, machine, or overhead rate changes on item costs, you can roll up costs for a separate cost type and version. To see the impact of the changes, you can compare two different cost types for an item or two versions of a single cost type.	Cost Accounting, Item Costs, Reports, Compare Cost Versions, Compare Cost Version	RUN_CES6000

Report ID and Report Name	Description	Navigation	Run Control Page
CMS1000 Average Cost Adjustment/PPV	Reports adjustments and updates to perpetual average costs and retroactive perpetual average costs. The report includes adjustments entered directly on the Adjust Average Cost page (CM_COST_ADJ) and the Adjust Retro Costs page (CM_COST_ADJ_RETRO) as well as the purchase price variance (PPV) and exchange rate variance (ERV) updates that occur automatically when the Transaction Costing process runs.	Cost Accounting, Item Costs, Reports, Average Cost Adjustments, Average Cost Adjustment/PPV	RUN_CMS1000
CMS2000 Item Cost Profiles	Lists cost profiles for items that are in a selected business unit.	Cost Accounting, Inventory and Mfg Accounting, Reports, Item Cost Profiles	RUN_CMS2000
CMS2001 Overridden Cost Profiles	Lists business unit items where the cost profile is different from what is specified in the cost profile group.	Cost Accounting, Inventory and Mfg Accounting, Reports, Override Cost Profiles	RUN_CMS2001
CMS2002 Item without Profiles	Lists business unit items that are not associated with a cost profile.	Cost Accounting, Inventory and Mfg Accounting, Reports, Items without Cost Profiles	RUN_CMS2002
CMS2010 On Hand Value Report	Lists on-hand quantity and value at the summary or detail level. Can be used for items with any cost method. The report can calculate WIP as of any point in time and is accurate to the extent that the Transaction Costing, Accounting Line Creation, and Journal Generator processes have been run. The report can also store snapshots of previously generated report data for historical reporting. Select the items that are to appear on the report by business unit, cost book, cost profile, item information, or accounting period. In addition, you can use it to compare the on-hand value by using floor and ceiling costs or last price used.	Cost Accounting, Inventory and Mfg Accounting, Reports, Inventory Value History	RUN_CMS2010A, RUN_CMS2010, RUN_CMS2011

Report ID and Report Name	Description	Navigation	Run Control Page
CMS2015 Movement by Receipt	Summarizes depletions, and shows on-hand quantity and value by receipt line. The unit costs that are used to calculate receipt and depletion costs reflect costs at transaction time.	Cost Accounting, Inventory and Mfg Accounting, Reports, Movement by Receipt	RUN_CMS2015
CMS2016 Movement by Depletion	For each depletion line, this report prints the receipt that the system uses to deplete that transaction, by business unit, book, and item. The depletion cost is calculated based on the cost at processing time. The report does not display on-hand quantity or value.	Cost Accounting, Inventory and Mfg Accounting, Reports, Movement by Depletion	RUN_CMS2016
CMS2018 WIP Value History Report	Lists the inventory value of all actual WIP costs at a summary or detail level. The report can calculate WIP as of any point in time and is accurate to the extent that the Transaction Costing, Accounting Line Creation, and Journal Generator processes have been run. The report can also store snapshots of previously generated report data for historical reporting. Select the items that are to appear on the report by business unit, cost book, cost profile, item information, or accounting period.	Cost Accounting, Inventory and Mfg Accounting, Reports, WIP Value History	RUN_CMS2018A, RUN_CMS2018B, RUN_CMS2018C
CMS3000 Estimated vs. Actual Landed Costs	Lists the purchase price variances (PPV) for landed cost components.	Purchasing, Receipts, Reports, Estimate/Actual Landed Cost	RUN_CMS3000
CMS3010 Total Purchase Variance	Lists the purchase price variances (PPV) and exchange rate variances (ERV) for landed cost components.	Purchasing, Receipts, Reports, Total Purchase Variance	RUN_CMS3010
CMS3020 Standard Purchase Variance	For frozen standard items only, lists the purchase price variances (PPV) that are recognized at receipt of the item.	Purchasing, Receipts, Reports, Standard Purchase Variance	RUN_CMS3020

Report ID and Report Name	Description	Navigation	Run Control Page
CMS9010 On Hand Balance Validation	Verifies that the quantities tracked by PeopleSoft Cost Management are the same as the quantities tracked by PeopleSoft Inventory. This report serves as an audit tool to help verify that every change to PeopleSoft Inventory quantity balances has been accounted for in the PeopleSoft Cost Management system.	Cost Accounting, Inventory and Mfg Accounting, Reports, On Hand Balance Validation	RUN_CMS9010
ENS1011 Costed Routing Report or Costed Eng Routing Report	Displays costs by item routing, including conversion and overheard conversion costs that are attached to the item routing by task or work center. Material costs can also be displayed if a BOM code is entered. Enter unit, item ID, cost type, cost version, routing code, and BOM code. All routing codes and BOM codes are available; the Cost Rollup process does not have to be run to retrieve the costs.	• Manufacturing Definitions, Resources and Routings, Routings, Costed Routing Report • Engineering, Routings, Costed Eng Routing Report	RUN_ENS1011
INS7000 Inventory Value	Provides realtime, on-hand quantities and values for items using standard costing or perpetual weighted average costing. This report is not intended for actual cost items.	Cost Accounting, Inventory and Mfg Accounting, Reports, Current Inventory Value	RUN_INS7000
INS7050 Accounting Register	Lists accounting transactions with item information, transaction dates, and the posted ChartFields.	Cost Accounting, Inventory and Mfg Accounting, Reports, Accounting Register	RUN_INS7050
INS7100 Transaction Register	Lists all transactions by item ID.	Cost Accounting, Inventory and Mfg Accounting, Reports, Transaction Register	RUN_INS7100

Report ID and Report Name	Description	Navigation	Run Control Page
SFS1000 WIP Inventory Value	Lists the value of all WIP items by production type sorted by account, item ID, or production area. Lists the value of all items that are in various stages of assembly, including material that is consumed from the WIP locations or issued as part of a production kit. This report also lists labor, machine, overhead, and outside processing costs that are incurred up to the point that the WIP inventory value report is run. This report does not include the costs of any scrapped components or assemblies, or assemblies that are completed to stock. You can select owned items and consigned items. Includes a line for waste costs.	Production Control, Close and Analyze Production, WIP Inventory Value Rpt	RUN_SFS1000
SFS1100 Close Production	Closes production schedules or production IDs, and calculates the variances that are incurred. Use the Report Only mode to view the production that can and cannot be closed as well as the variances that can be generated as a result of an accounting close. Combining numerous sort options assists in narrowing down the production close information that is reported.	Production Control, Close and Analyze Production, Close Production	RUN_SFS1100 , RUN_SFS1100A
SFS1200 Reopen Production	Enables production to be reopened to record additional completions, material consumption, or actual hours. Use the Report Only mode to provide a preview of the financial impact of reopening production without creating reversing entries. Combining numerous sort options assists in narrowing down the production reopen information that is reported.	Production Control, Close and Analyze Production, Reopen Production	RUN_SFS1200

Report ID and Report Name	Description	Navigation	Run Control Page
SFS1500 Production Variance Report	Lists variances for production IDs or production schedules for a specified production due date and shift and above a minimum monetary amount. Variances include configuration, usage, component yield, lot size, routing process, rework, teardown, production mix variance, and outside processing.	Production Control, Close and Analyze Production, Production Variance Report	RUN_SFS1500
SFS1600 Potential Production Variance Report	Lists potential production variances that exist in production above a monetary amount before closing for accounting production IDs and schedules. The report can be generated when in a production status of in process, pending complete, complete, and closed for labor. Variances include configuration, usage, component yield, lot size, routing process, rework, teardown, production mix variance, and outside processing.	Production Control, Close and Analyze Production, Potential Prdn Variance Rpts	RUN_SFS1600
SFS2005 Efficiency and Utilization Report	Details efficiency variances and utilization by work center. Within work centers, the production ID or schedule that utilizes the work center is specified. Efficiency variance is the difference between the actual hours that are expended for an operation and the earned hours for the operation. Utilization compares the available hours for a work center to the actual hours that are recorded for a work center.	Production Control, Close and Analyze Production, Efficiency and Utilization Rpt	RUN_SFS2005

See Also

Appendix B, "PeopleSoft Enterprise Cost Management Reports," PeopleSoft Enterprise Cost Management Selected Reports, page 344

PeopleSoft Enterprise Global Options and Reports 8.9 PeopleBook, "PeopleSoft Financials Global Reports"

PeopleSoft Enterprise Cost Management Selected Reports

This section provides detailed information about individual reports, including important fields. The reports are listed alphabetically by report ID.

Common Element Used in This Section

As of Date Determines which items to include in the report. Items open on the as of date are included.

CMS1000 - Average Cost Adjustment/PPV Report

The process page that you use to generate this report includes these fields:

Date From/Date To Specify a range of dates for all transactions that are to be included in the report. If you fail to enter a date from, the report includes all transactions that are on file from the start of history. If you fail to enter a date to, the report includes all transactions up to the end of the existing history.

Cost Adjustments Select to include the cost adjustments that are made through the Adjust Average Cost page.

PPV Updates Select to include the adjustments that are made to the perpetual weighted average cost because of purchase price variances and exchange rate variances. These adjustments are made when you run the Transaction Costing process after you select the Apply Perpetual Average Adjs check box.

See Also

Chapter 9, "Managing Actual and Average Costing," page 215

CMS2000 - Item Cost Profiles Report

Select a Cost Profile Group option:

All Items that are associated or not associated with a cost profile group.

None Items that are not associated with any cost profile group.

Specific Items that are associated with a specific cost group profile.

CMS2018 – WIP Value History Report

The process page that you use to generate this report includes these fields:

Print, Don't Store Snapshot Print the report that is to be generated, but do not store a snapshot of the report data for subsequent reprinting.

Print, Store Snapshot Print the report that is to be generated, and store a snapshot of the report data for subsequent reprinting.

Don't Print, Store Snapshot Generate the report and store a snapshot of the data, but do not print a report.

Print Stored Snapshot Reprint a previously stored snapshot of the report.

Purge Stored Snapshot Delete a previously stored snapshot of the report.

On the Other Criteria tab, select a report type of *Summary,* or *Detail.* The summary report shows totals by business unit, book, and item. The detail report displays costs broken down by business unit, book, item, and cost element.

CMS3000 - Estimated vs. Actual Landed Costs Report

The process page that you use to generate this report includes these fields:

From Transaction Date/To Specify a range of dates for all transactions that are to be included in the report.

View Select to view data on the report by:

Component: The cost component. Also called the miscellaneous charge code.

Group: The landed cost group ID. This option groups one or more miscellaneous charge codes.

CMS3010 - Total Purchase Variance Report

The process page that is used to generate this report includes these fields:

From Transaction Date/To Specify a range of dates for all transactions that are to be included in the report.

View Select to view data on the report by:

Component: The cost component. Also called the miscellaneous charge code.

Group: The landed cost group ID. This option groups one or more miscellaneous charge codes.

Tolerance % You can enter tolerance percentage to report only variances exceeding a certain percentage of the standard component cost. The tolerance is defined by cost component (miscellaneous charge code) on the Misc Charge/Landed Cost Definition page.

CMS3020 - Standard Purchase Variance Report

The process page that you use to generate this report includes these fields:

From Transaction Date/To Specify a range of dates for all transactions that are to be included in the report.

Tolerance % You can enter tolerance percentage to report only variances exceeding a certain percentage of the standard component cost. The tolerance is defined by cost component (miscellaneous charge code) on the Misc Charge/Landed Cost Definition page.

CMS9010 - On Hand Balance Validation Report

The report includes:

Adjustments This column includes differences between onhand quantities in PeopleSoft Cost Management and PeopleSoft Inventory. Reasons for these differences include:

- Inventory transactions from the TRANSACTION_INV table which have not yet been captured into PeopleSoft Cost Management. These uncosted transactions occur when there has been inventory movement that has not yet been processed by the Transaction Costing process.
- Inventory items that have been picked but not shipped. The item's onhand quantity in PeopleSoft Inventory is updated, but a TRANSACTION_INV row has not been created. Instead, the information resided in the SHIP_INF_INV table and the DEMAND_PHYS_INV table. These *picked but not shipped* items must be included in the comparison of PeopleSoft Cost Management and PeopleSoft Inventory onhand quantities since they have already changed inventory quantities, but not the Cost Management quantities.

INS7000 - Inventory Value Report

Prior to running the inventory value report:

- Use the Complete Putaway process to put away all pending inventory in the appropriate storage areas, ensuring that the system has accounted for all inventory in the enterprise.
- Run the complete shipping and depletion processes to ensure that the item's quantities at the business unit level match the item's quantities at the location level.

You do not need to run the Transaction Costing process for this report to be accurate.

Inventory Cost Type Options are: *Perpetual Weight Avg Costed* (perpetual weight average costed), *All Costed Inventory Items,* and *Standard Costed.*. This report is not intended for actual cost items.

Consigned Items Select whether to include consigned items (this field is available only if any of the items that are to be reported are consigned). Options are: *Consigned Inventory Only, Exclude Consigned Inventory,* and *Include Consigned Inventory.*

Item Options You can choose to report based on *All* or on a *Single Item ID*. If you select *All,* you can restrict the items that are reported by *Item Group* or by *Family.*

INS7050 - Accounting Register

The Date Optiongroup box offers several choices:

Today Report transactions for today's date only.

As Of Date Report transactions as of the date that is specified.

Date Range Report transactions occurring between the two dates that are specified.

INS7100 - Transaction Register

The Date Optiongroup box offers several choices:

Today	Report transactions for today's date only.
As Of Date	Report transactions as of the date that is specified.
Date Range	Report transactions occurring between the two dates that are specified.

SFS1500 - Production Variance Report

The process page that you use to generate this report includes these fields:

Variance Posting Date	The dates that production is closed for accounting.
Prdn Due Date/Shift	Enter a beginning and end production due date and shift. The Shift field value must be between *1* and *3*.
Variance Tolerance Amount	Enter the minimum monetary amount on which you want to display report results. By specifying a minimum monetary amount, you can focus in on those production IDs or production areas with significant variances. Enter *0.00* to report all variances for the production that is selected.

SFS1600 - Potential Production Variance Report

The process page that you use to generate this report includes these field:

Report Variance Above Amount	Enter the lower limit for variances that you want to see. If, for example, you enter *1000.00* here, only those production IDs and schedules with a variance over 1000.00 are reported. To see variances on all production, enter *0.00*. A favorable or unfavorable variance above the specified amount is reported.

SFS2005 - Efficiency/Utilization Report

The process page that you use to generate this report includes these fields:

Detail or Summary Report	A detail report displays the earned and actual labor reported by production ID or production schedule for the work center. The summary report displays earned and actual labor by work center without the production ID or production schedule detail.
Entry Date	Specify the date range for which you want to report efficiency variances and utilization. The report includes all earned labor or machine hours or all actual hours that are recorded within the dates that are specified.

Glossary of PeopleSoft Terms

absence entitlement This element defines rules for granting paid time off for valid absences, such as sick time, vacation, and maternity leave. An absence entitlement element defines the entitlement amount, frequency, and entitlement period.

absence take This element defines the conditions that must be met before a payee is entitled to take paid time off.

academic career In PeopleSoft Enterprise Campus Solutions, all course work that a student undertakes at an academic institution and that is grouped in a single student record. For example, a university that has an undergraduate school, a graduate school, and various professional schools might define several academic careers—an undergraduate career, a graduate career, and separate careers for each professional school (law school, medical school, dental school, and so on).

academic institution In PeopleSoft Enterprise Campus Solutions, an entity (such as a university or college) that is independent of other similar entities and that has its own set of rules and business processes.

academic organization In PeopleSoft Enterprise Campus Solutions, an entity that is part of the administrative structure within an academic institution. At the lowest level, an academic organization might be an academic department. At the highest level, an academic organization can represent a division.

academic plan In PeopleSoft Enterprise Campus Solutions, an area of study—such as a major, minor, or specialization—that exists within an academic program or academic career.

academic program In PeopleSoft Enterprise Campus Solutions, the entity to which a student applies and is admitted and from which the student graduates.

accounting class In PeopleSoft Enterprise Performance Management, the accounting class defines how a resource is treated for generally accepted accounting practices. The Inventory class indicates whether a resource becomes part of a balance sheet account, such as inventory or fixed assets, while the Non-inventory class indicates that the resource is treated as an expense of the period during which it occurs.

accounting date The accounting date indicates when a transaction is recognized, as opposed to the date the transaction actually occurred. The accounting date and transaction date can be the same. The accounting date determines the period in the general ledger to which the transaction is to be posted. You can only select an accounting date that falls within an open period in the ledger to which you are posting. The accounting date for an item is normally the invoice date.

accounting split The accounting split method indicates how expenses are allocated or divided among one or more sets of accounting ChartFields.

accumulator You use an accumulator to store cumulative values of defined items as they are processed. You can accumulate a single value over time or multiple values over time. For example, an accumulator could consist of all voluntary deductions, or all company deductions, enabling you to accumulate amounts. It allows total flexibility for time periods and values accumulated.

action reason The reason an employee's job or employment information is updated. The action reason is entered in two parts: a personnel action, such as a promotion, termination, or change from one pay group to another—and a reason for that action. Action reasons are used by PeopleSoft Human Resources, PeopleSoft Benefits Administration,

PeopleSoft Stock Administration, and the COBRA Administration feature of the Base Benefits business process.

action template In PeopleSoft Receivables, outlines a set of escalating actions that the system or user performs based on the period of time that a customer or item has been in an action plan for a specific condition.

activity In PeopleSoft Enterprise Learning Management, an instance of a catalog item (sometimes called a class) that is available for enrollment. The activity defines such things as the costs that are associated with the offering, enrollment limits and deadlines, and waitlisting capacities.

In PeopleSoft Enterprise Performance Management, the work of an organization and the aggregation of actions that are used for activity-based costing.

In PeopleSoft Project Costing, the unit of work that provides a further breakdown of projects—usually into specific tasks.

In PeopleSoft Workflow, a specific transaction that you might need to perform in a business process. Because it consists of the steps that are used to perform a transaction, it is also known as a step map.

address usage In PeopleSoft Enterprise Campus Solutions, a grouping of address types defining the order in which the address types are used. For example, you might define an address usage code to process addresses in the following order: billing address, dormitory address, home address, and then work address.

adjustment calendar In PeopleSoft Enterprise Campus Solutions, the adjustment calendar controls how a particular charge is adjusted on a student's account when the student drops classes or withdraws from a term. The charge adjustment is based on how much time has elapsed from a predetermined date, and it is determined as a percentage of the original charge amount.

administrative function In PeopleSoft Enterprise Campus Solutions, a particular functional area that processes checklists, communication, and comments. The administrative function identifies which variable data is added to a person's checklist or communication record when a specific checklist code, communication category, or comment is assigned to the student. This key data enables you to trace that checklist, communication, or comment back to a specific processing event in a functional area.

admit type In PeopleSoft Enterprise Campus Solutions, a designation used to distinguish first-year applications from transfer applications.

agreement In PeopleSoft eSettlements, provides a way to group and specify processing options, such as payment terms, pay from a bank, and notifications by a buyer and supplier location combination.

allocation rule In PeopleSoft Enterprise Incentive Management, an expression within compensation plans that enables the system to assign transactions to nodes and participants. During transaction allocation, the allocation engine traverses the compensation structure from the current node to the root node, checking each node for plans that contain allocation rules.

alternate account A feature in PeopleSoft General Ledger that enables you to create a statutory chart of accounts and enter statutory account transactions at the detail transaction level, as required for recording and reporting by some national governments.

analysis database In PeopleSoft Enterprise Campus Solutions, database tables that store large amounts of student information that may not appear in standard report formats. The analysis database tables contain keys for all objects in a report that an application program can use to reference other student-record objects that are not contained in the printed report. For instance, the analysis database contains data on courses that are considered for satisfying a requirement but that are rejected. It also contains information on

	courses captured by global limits. An analysis database is used in PeopleSoft Enterprise Academic Advisement.
Application Messaging	PeopleSoft Application Messaging enables applications within the PeopleSoft Enterprise product family to communicate synchronously or asynchronously with other PeopleSoft and third-party applications. An application message defines the records and fields to be published or subscribed to.
AR specialist	Abbreviation for *receivables specialist.* In PeopleSoft Receivables, an individual in who tracks and resolves deductions and disputed items.
arbitration plan	In PeopleSoft Enterprise Pricer, defines how price rules are to be applied to the base price when the transaction is priced.
assessment rule	In PeopleSoft Receivables, a user-defined rule that the system uses to evaluate the condition of a customer's account or of individual items to determine whether to generate a follow-up action.
asset class	An asset group used for reporting purposes. It can be used in conjunction with the asset category to refine asset classification.
attribute/value pair	In PeopleSoft Directory Interface, relates the data that makes up an entry in the directory information tree.
audience	In PeopleSoft Enterprise Campus Solutions, a segment of the database that relates to an initiative, or a membership organization that is based on constituent attributes rather than a dues-paying structure. Examples of audiences include the Class of '65 and Undergraduate Arts & Sciences.
authentication server	A server that is set up to verify users of the system.
base time period	In PeopleSoft Business Planning, the lowest level time period in a calendar.
benchmark job	In PeopleSoft Workforce Analytics, a benchmark job is a job code for which there is corresponding salary survey data from published, third-party sources.
billing career	In PeopleSoft Enterprise Campus Solutions, the one career under which other careers are grouped for billing purposes if a student is active simultaneously in multiple careers.
bio bit or bio brief	In PeopleSoft Enterprise Campus Solutions, a report that summarizes information stored in the system about a particular constituent. You can generate standard or specialized reports.
book	In PeopleSoft Asset Management, used for storing financial and tax information, such as costs, depreciation attributes, and retirement information on assets.
branch	A tree node that rolls up to nodes above it in the hierarchy, as defined in PeopleSoft Tree Manager.
budgetary account only	An account used by the system only and not by users; this type of account does not accept transactions. You can only budget with this account. Formerly called "system-maintained account."
budget check	In commitment control, the processing of source transactions against control budget ledgers, to see if they pass, fail, or pass with a warning.
budget control	In commitment control, budget control ensures that commitments and expenditures don't exceed budgets. It enables you to track transactions against corresponding budgets and terminate a document's cycle if the defined budget conditions are not met. For example, you can prevent a purchase order from being dispatched to a vendor if there are insufficient funds in the related budget to support it.

budget period The interval of time (such as 12 months or 4 quarters) into which a period is divided for budgetary and reporting purposes. The ChartField allows maximum flexibility to define operational accounting time periods without restriction to only one calendar.

business activity The name of a subset of a detailed business process. This might be a specific transaction, task, or action that you perform in a business process.

business event In PeopleSoft Receivables, defines the processing characteristics for the Receivable Update process for a draft activity.

In PeopleSoft Sales Incentive Management, an original business transaction or activity that may justify the creation of a PeopleSoft Enterprise Incentive Management event (a sale, for example).

business process A standard set of 17 business processes are defined and maintained by the PeopleSoft product families and are supported by Business Process Engineering group at PeopleSoft. An example of a business process is Order Fulfillment, which is a business process that manages sales orders and contracts, inventory, billing, and so forth.

See also *detailed business process.*

business task The name of the specific function depicted in one of the business processes.

business unit A corporation or a subset of a corporation that is independent with regard to one or more operational or accounting functions.

buyer In PeopleSoft eSettlements, an organization (or business unit, as opposed to an individual) that transacts with suppliers (vendors) within the system. A buyer creates payments for purchases that are made in the system.

campus In PeopleSoft Enterprise Campus Solutions, an entity that is usually associated with a distinct physical administrative unit, that belongs to a single academic institution, that uses a unique course catalog, and that produces a common transcript for students within the same academic career.

catalog item In PeopleSoft Enterprise Learning Management, a specific topic that a learner can study and have tracked. For example, “Introduction to Microsoft Word.” A catalog item contains general information about the topic and includes a course code, description, categorization, keywords, and delivery methods. A catalog item can have one or more learning activities.

catalog map In PeopleSoft Catalog Management, translates values from the catalog source data to the format of the company’s catalog.

catalog partner In PeopleSoft Catalog Management, shares responsibility with the enterprise catalog manager for maintaining catalog content.

categorization Associates partner offerings with catalog offerings and groups them into enterprise catalog categories.

category In PeopleSoft Enterprise Campus Solutions, a broad grouping to which specific comments or communications (contexts) are assigned. Category codes are also linked to 3C access groups so that you can assign data-entry or view-only privileges across functions.

channel In PeopleSoft MultiChannel Framework, email, chat, voice (computer telephone integration [CTI]), or a generic event.

ChartField A field that stores a chart of accounts, resources, and so on, depending on the PeopleSoft application. ChartField values represent individual account numbers, department codes, and so forth.

ChartField balancing You can require specific ChartFields to match up (balance) on the debit and the credit side of a transaction.

ChartField combination edit The process of editing journal lines for valid ChartField combinations based on user-defined rules.

ChartKey One or more fields that uniquely identify each row in a table. Some tables contain only one field as the key, while others require a combination.

checkbook In PeopleSoft Promotions Management, enables you to view financial data (such as planned, incurred, and actual amounts) that is related to funds and trade promotions.

checklist code In PeopleSoft Enterprise Campus Solutions, a code that represents a list of planned or completed action items that can be assigned to a staff member, volunteer, or unit. Checklists enable you to view all action assignments on one page.

class In PeopleSoft Enterprise Campus Solutions, a specific offering of a course component within an academic term.

See also *course.*

Class ChartField A ChartField value that identifies a unique appropriation budget key when you combine it with a fund, department ID, and program code, as well as a budget period. Formerly called *sub-classification.*

clearance In PeopleSoft Enterprise Campus Solutions, the period of time during which a constituent in PeopleSoft Contributor Relations is approved for involvement in an initiative or an action. Clearances are used to prevent development officers from making multiple requests to a constituent during the same time period.

clone In PeopleCode, to make a unique copy. In contrast, to *copy* may mean making a new reference to an object, so if the underlying object is changed, both the copy and the original change.

cohort In PeopleSoft Enterprise Campus Solutions, the highest level of the three-level classification structure that you define for enrollment management. You can define a cohort level, link it to other levels, and set enrollment target numbers for it.

See also *population* and *division*.

collection To make a set of documents available for searching in Verity, you must first create at least one collection. A collection is set of directories and files that allow search application users to use the Verity search engine to quickly find and display source documents that match search criteria. A collection is a set of statistics and pointers to the source documents, stored in a proprietary format on a file server. Because a collection can only store information for a single location, PeopleSoft maintains a set of collections (one per language code) for each search index object.

collection rule In PeopleSoft Receivables, a user-defined rule that defines actions to take for a customer based on both the amount and the number of days past due for outstanding balances.

comm key See *communication key.*

communication key In PeopleSoft Enterprise Campus Solutions, a single code for entering a combination of communication category, communication context, communication method, communication direction, and standard letter code. Communication keys (also called *comm keys* or *speed keys*) can be created for background processes as well as for specific users.

compensation object In PeopleSoft Enterprise Incentive Management, a node within a compensation structure. Compensation objects are the building blocks that make up a compensation structure's hierarchical representation.

compensation structure In PeopleSoft Enterprise Incentive Management, a hierarchical relationship of compensation objects that represents the compensation-related relationship between the objects.

component interface A component interface is a set of application programming interfaces (APIs) that you can use to access and modify PeopleSoft database information using a program instead of the PeopleSoft client.

condition In PeopleSoft Receivables, occurs when there is a change of status for a customer's account, such as reaching a credit limit or exceeding a user-defined balance due.

configuration parameter catalog Used to configure an external system with PeopleSoft. For example, a configuration parameter catalog might set up configuration and communication parameters for an external server.

configuration plan In PeopleSoft Enterprise Incentive Management, configuration plans hold allocation information for common variables (not incentive rules) and are attached to a node without a participant. Configuration plans are not processed by transactions.

constituents In PeopleSoft Enterprise Campus Solutions, friends, alumni, organizations, foundations, or other entities affiliated with the institution, and about which the institution maintains information. The constituent types delivered with PeopleSoft Enterprise Contributor Relations Solutions are based on those defined by the Council for the Advancement and Support of Education (CASE).

content reference Content references are pointers to content registered in the portal registry. These are typically either URLs or iScripts. Content references fall into three categories: target content, templates, and template pagelets.

context In PeopleCode, determines which buffer fields can be contextually referenced and which is the current row of data on each scroll level when a PeopleCode program is running.

In PeopleSoft Enterprise Campus Solutions, a specific instance of a comment or communication. One or more contexts are assigned to a category, which you link to 3C access groups so that you can assign data-entry or view-only privileges across functions.

In PeopleSoft Enterprise Incentive Management, a mechanism that is used to determine the scope of a processing run. PeopleSoft Enterprise Incentive Management uses three types of context: plan, period, and run-level.

control table Stores information that controls the processing of an application. This type of processing might be consistent throughout an organization, or it might be used only by portions of the organization for more limited sharing of data.

cost-plus contract line A rate-based contract line associated with a fee component of Award, Fixed, Incentive, or Other. Rate-based contract lines associated with a fee type of None are not considered cost-plus contract lines.

cost profile A combination of a receipt cost method, a cost flow, and a deplete cost method. A profile is associated with a cost book and determines how items in that book are valued, as well as how the material movement of the item is valued for the book.

cost row A cost transaction and amount for a set of ChartFields.

course In PeopleSoft Enterprise Campus Solutions, a course that is offered by a school and that is typically described in a course catalog. A course has a standard syllabus and credit level; however, these may be modified at the class level. Courses can contain multiple components such as lecture, discussion, and lab.

See also *class*.

course share set In PeopleSoft Enterprise Campus Solutions, a tag that defines a set of requirement groups that can share courses. Course share sets are used in PeopleSoft Enterprise Academic Advisement.

current learning In PeopleSoft Enterprise Learning Management, a self-service repository for all of a learner's in-progress learning activities and programs.

data acquisition In PeopleSoft Enterprise Incentive Management, the process during which raw business transactions are acquired from external source systems and fed into the operational data store (ODS).

data cube In PeopleSoft Analytic Calculation Engine, a data cube is a container for one kind of data (such as Sales data) and works with in tandem with one or more dimensions. Dimensions and data cubes in PeopleSoft Analytic Calculation Engine are unrelated to dimensions and online analytical processing (OLAP) cubes in PeopleSoft Cube Manager.

data elements Data elements, at their simplest level, define a subset of data and the rules by which to group them.

For Workforce Analytics, data elements are rules that tell the system what measures to retrieve about your workforce groups.

dataset A data grouping that enables role-based filtering and distribution of data. You can limit the range and quantity of data that is displayed for a user by associating dataset rules with user roles. The result of dataset rules is a set of data that is appropriate for the user's roles.

delivery method In PeopleSoft Enterprise Learning Management, identifies the primary type of delivery method in which a particular learning activity is offered. Also provides default values for the learning activity, such as cost and language. This is primarily used to help learners search the catalog for the type of delivery from which they learn best. Because PeopleSoft Enterprise Learning Management is a blended learning system, it does not enforce the delivery method.

In PeopleSoft Supply Chain Management, identifies the method by which goods are shipped to their destinations (such as truck, air, rail, and so on). The delivery method is specified when creating shipment schedules.

delivery method type In PeopleSoft Enterprise Learning Management, identifies how learning activities can be delivered—for example, through online learning, classroom instruction, seminars, books, and so forth—in an organization. The type determines whether the delivery method includes scheduled components.

detailed business process A subset of the business process. For example, the detailed business process named Determine Cash Position is a subset of the business process called Cash Management.

dimension In PeopleSoft Analytic Calculation Engine, a dimension contains a list of one kind of data that can span various contexts, and it is a basic component of an analytic model. Within the analytic model, a dimension is attached to one or more data cubes. In PeopleSoft Cube Manager, a dimension is the most basic component of an OLAP cube and specifies the PeopleSoft metadata to be used to create the dimension's rollup structure. Dimensions and data cubes in PeopleSoft Analytic Calculation Engine are unrelated to dimensions and OLAP cubes in PeopleSoft Cube Manager.

directory information tree In PeopleSoft Directory Interface, the representation of a directory's hierarchical structure.

division In PeopleSoft Enterprise Campus Solutions, the lowest level of the three-level classification structure that you define in PeopleSoft Enterprise Recruiting and Admissions for enrollment management. You can define a division level, link it to other levels, and set enrollment target numbers for it.

	See also *population* and *cohort*.
document sequencing	A flexible method that sequentially numbers the financial transactions (for example, bills, purchase orders, invoices, and payments) in the system for statutory reporting and for tracking commercial transaction activity.
dynamic detail tree	A tree that takes its detail values—dynamic details—directly from a table in the database, rather than from a range of values that are entered by the user.
edit table	A table in the database that has its own record definition, such as the Department table. As fields are entered into a PeopleSoft application, they can be validated against an edit table to ensure data integrity throughout the system.
effective date	A method of dating information in PeopleSoft applications. You can predate information to add historical data to your system, or postdate information in order to enter it before it actually goes into effect. By using effective dates, you don't delete values; you enter a new value with a current effective date.
EIM ledger	Abbreviation for *Enterprise Incentive Management ledger.* In PeopleSoft Enterprise Incentive Management, an object to handle incremental result gathering within the scope of a participant. The ledger captures a result set with all of the appropriate traces to the data origin and to the processing steps of which it is a result.
elimination set	In PeopleSoft General Ledger, a related group of intercompany accounts that is processed during consolidations.
entry event	In PeopleSoft General Ledger, Receivables, Payables, Purchasing, and Billing, a business process that generates multiple debits and credits resulting from single transactions to produce standard, supplemental accounting entries.
equitization	In PeopleSoft General Ledger, a business process that enables parent companies to calculate the net income of subsidiaries on a monthly basis and adjust that amount to increase the investment amount and equity income amount before performing consolidations.
equity item limit	In PeopleSoft Enterprise Campus Solutions, the amounts of funds set by the institution to be awarded with discretionary or gift funds. The limit could be reduced by amounts equal to such things as expected family contribution (EFC) or parent contribution. Students are packaged by Equity Item Type Groups and Related Equity Item Types. This limit can be used to assure that similar student populations are packaged equally.
event	A predefined point either in the Component Processor flow or in the program flow. As each point is encountered, the event activates each component, triggering any PeopleCode program that is associated with that component and that event. Examples of events are FieldChange, SavePreChange, and RowDelete. In PeopleSoft Human Resources, also refers to an incident that affects benefits eligibility.
event propagation process	In PeopleSoft Sales Incentive Management, a process that determines, through logic, the propagation of an original PeopleSoft Enterprise Incentive Management event and creates a derivative (duplicate) of the original event to be processed by other objects. Sales Incentive Management uses this mechanism to implement splits, roll-ups, and so on. Event propagation determines who receives the credit.
exception	In PeopleSoft Receivables, an item that either is a deduction or is in dispute.
exclusive pricing	In PeopleSoft Order Management, a type of arbitration plan that is associated with a price rule. Exclusive pricing is used to price sales order transactions.
fact	In PeopleSoft applications, facts are numeric data values from fields from a source database as well as an analytic application. A fact can be anything you want to measure

your business by, for example, revenue, actual, budget data, or sales numbers. A fact is stored on a fact table.

financial aid term In PeopleSoft Enterprise Campus Solutions, a combination of a period of time that the school determines as an instructional accounting period and an academic career. It is created and defined during the setup process. Only terms eligible for financial aid are set up for each financial aid career.

forecast item A logical entity with a unique set of descriptive demand and forecast data that is used as the basis to forecast demand. You create forecast items for a wide range of uses, but they ultimately represent things that you buy, sell, or use in your organization and for which you require a predictable usage.

fund In PeopleSoft Promotions Management, a budget that can be used to fund promotional activity. There are four funding methods: top down, fixed accrual, rolling accrual, and zero-based accrual.

gap In PeopleSoft Enterprise Campus Solutions, an artificial figure that sets aside an amount of unmet financial aid need that is not funded with Title IV funds. A gap can be used to prevent fully funding any student to conserve funds, or it can be used to preserve unmet financial aid need so that institutional funds can be awarded.

generic process type In PeopleSoft Process Scheduler, process types are identified by a generic process type. For example, the generic process type SQR includes all SQR process types, such as SQR process and SQR report.

gift table In PeopleSoft Enterprise Campus Solutions, a table or so-called *donor pyramid* describing the number and size of gifts that you expect will be needed to successfully complete the campaign in PeopleSoft Contributor Relations. The gift table enables you to estimate the number of donors and prospects that you need at each gift level to reach the campaign goal.

GL business unit Abbreviation for *general ledger business unit*. A unit in an organization that is an independent entity for accounting purposes. It maintains its own set of accounting books.

See also *business unit*.

GL entry template Abbreviation for *general ledger entry template*. In PeopleSoft Enterprise Campus Solutions, a template that defines how a particular item is sent to the general ledger. An item-type maps to the general ledger, and the GL entry template can involve multiple general ledger accounts. The entry to the general ledger is further controlled by high-level flags that control the summarization and the type of accounting—that is, accrual or cash.

GL Interface process Abbreviation for *General Ledger Interface process*. In PeopleSoft Enterprise Campus Solutions, a process that is used to send transactions from PeopleSoft Enterprise Student Financials to the general ledger. Item types are mapped to specific general ledger accounts, enabling transactions to move to the general ledger when the GL Interface process is run.

group In PeopleSoft Billing and Receivables, a posting entity that comprises one or more transactions (items, deposits, payments, transfers, matches, or write-offs).

In PeopleSoft Human Resources Management and Supply Chain Management, any set of records that are associated under a single name or variable to run calculations in PeopleSoft business processes. In PeopleSoft Time and Labor, for example, employees are placed in groups for time reporting purposes.

incentive object In PeopleSoft Enterprise Incentive Management, the incentive-related objects that define and support the PeopleSoft Enterprise Incentive Management calculation

process and results, such as plan templates, plans, results data, user interaction objects, and so on.

incentive rule In PeopleSoft Sales Incentive Management, the commands that act on transactions and turn them into compensation. A rule is one part in the process of turning a transaction into compensation.

incur In PeopleSoft Promotions Management, to become liable for a promotional payment. In other words, you owe that amount to a customer for promotional activities.

initiative In PeopleSoft Enterprise Campus Solutions, the basis from which all advancement plans are executed. It is an organized effort targeting a specific constituency, and it can occur over a specified period of time with specific purposes and goals. An initiative can be a campaign, an event, an organized volunteer effort, a membership drive, or any other type of effort defined by the institution. Initiatives can be multipart, and they can be related to other initiatives. This enables you to track individual parts of an initiative, as well as entire initiatives.

inquiry access In PeopleSoft Enterprise Campus Solutions, a type of security access that permits the user only to view data.

See also *update access*.

institution In PeopleSoft Enterprise Campus Solutions, an entity (such as a university or college) that is independent of other similar entities and that has its own set of rules and business processes.

integration A relationship between two compatible integration points that enables communication to take place between systems. Integrations enable PeopleSoft applications to work seamlessly with other PeopleSoft applications or with third-party systems or software.

integration point An interface that a system uses to communicate with another PeopleSoft application or an external application.

integration set A logical grouping of integrations that applications use for the same business purpose. For example, the integration set ADVANCED_SHIPPING_ORDER contains all of the integrations that notify a customer that an order has shipped.

item In PeopleSoft Inventory, a tangible commodity that is stored in a business unit (shipped from a warehouse).

In PeopleSoft Demand Planning, Inventory Policy Planning, and Supply Planning, a noninventory item that is designated as being used for planning purposes only. It can represent a family or group of inventory items. It can have a planning bill of material (BOM) or planning routing, and it can exist as a component on a planning BOM. A planning item cannot be specified on a production or engineering BOM or routing, and it cannot be used as a component in a production. The quantity on hand will never be maintained.

In PeopleSoft Receivables, an individual receivable. An item can be an invoice, a credit memo, a debit memo, a write-off, or an adjustment.

item shuffle In PeopleSoft Enterprise Campus Solutions, a process that enables you to change a payment allocation without having to reverse the payment.

joint communication In PeopleSoft Enterprise Campus Solutions, one letter that is addressed jointly to two people. For example, a letter might be addressed to both Mr. Sudhir Awat and Ms. Samantha Mortelli. A relationship must be established between the two individuals in the database, and at least one of the individuals must have an ID in the database.

keyword In PeopleSoft Enterprise Campus Solutions, a term that you link to particular elements within PeopleSoft Student Financials, Financial Aid, and Contributor Relations.

	You can use keywords as search criteria that enable you to locate specific records in a search dialog box.
KPI	An abbreviation for *key performance indicator.* A high-level measurement of how well an organization is doing in achieving critical success factors. This defines the data value or calculation upon which an assessment is determined.
LDIF file	Abbreviation for *Lightweight Directory Access Protocol (LDAP) Data Interchange Format file.* Contains discrepancies between PeopleSoft data and directory data.
learner group	In PeopleSoft Enterprise Learning Management, a group of learners who are linked to the same learning environment. Members of the learner group can share the same attributes, such as the same department or job code. Learner groups are used to control access to and enrollment in learning activities and programs. They are also used to perform group enrollments and mass enrollments in the back office.
learning components	In PeopleSoft Enterprise Learning Management, the foundational building blocks of learning activities. PeopleSoft Enterprise Learning Management supports six basic types of learning components: web-based, session, webcast, test, survey, and assignment. One or more of these learning component types compose a single learning activity.
learning environment	In PeopleSoft Enterprise Learning Management, identifies a set of categories and catalog items that can be made available to learner groups. Also defines the default values that are assigned to the learning activities and programs that are created within a particular learning environment. Learning environments provide a way to partition the catalog so that learners see only those items that are relevant to them.
learning history	In PeopleSoft Enterprise Learning Management, a self-service repository for all of a learner's completed learning activities and programs.
ledger mapping	You use ledger mapping to relate expense data from general ledger accounts to resource objects. Multiple ledger line items can be mapped to one or more resource IDs. You can also use ledger mapping to map dollar amounts (referred to as *rates*) to business units. You can map the amounts in two different ways: an actual amount that represents actual costs of the accounting period, or a budgeted amount that can be used to calculate the capacity rates as well as budgeted model results. In PeopleSoft Enterprise Warehouse, you can map general ledger accounts to the EW Ledger table.
library section	In PeopleSoft Enterprise Incentive Management, a section that is defined in a plan (or template) and that is available for other plans to share. Changes to a library section are reflected in all plans that use it.
linked section	In PeopleSoft Enterprise Incentive Management, a section that is defined in a plan template but appears in a plan. Changes to linked sections propagate to plans using that section.
linked variable	In PeopleSoft Enterprise Incentive Management, a variable that is defined and maintained in a plan template and that also appears in a plan. Changes to linked variables propagate to plans using that variable.
LMS	Abbreviation for *learning management system.* In PeopleSoft Enterprise Campus Solutions, LMS is a PeopleSoft Student Records feature that provides a common set of interoperability standards that enable the sharing of instructional content and data between learning and administrative environments.
load	In PeopleSoft Inventory, identifies a group of goods that are shipped together. Load management is a feature of PeopleSoft Inventory that is used to track the weight, the volume, and the destination of a shipment.

local functionality In PeopleSoft HRMS, the set of information that is available for a specific country. You can access this information when you click the appropriate country flag in the global window, or when you access it by a local country menu.

location Locations enable you to indicate the different types of addresses—for a company, for example, one address to receive bills, another for shipping, a third for postal deliveries, and a separate street address. Each address has a different location number. The primary location—indicated by a *1*—is the address you use most often and may be different from the main address.

logistical task In PeopleSoft Services Procurement, an administrative task that is related to hiring a service provider. Logistical tasks are linked to the service type on the work order so that different types of services can have different logistical tasks. Logistical tasks include both preapproval tasks (such as assigning a new badge or ordering a new laptop) and postapproval tasks (such as scheduling orientation or setting up the service provider email). The logistical tasks can be mandatory or optional. Mandatory preapproval tasks must be completed before the work order is approved. Mandatory postapproval tasks, on the other hand, must be completed before a work order is released to a service provider.

market template In PeopleSoft Enterprise Incentive Management, additional functionality that is specific to a given market or industry and is built on top of a product category.

mass change In PeopleSoft Enterprise Campus Solutions, mass change is a SQL generator that can be used to create specialized functionality. Using mass change, you can set up a series of Insert, Update, or Delete SQL statements to perform business functions that are specific to the institution.

See also *3C engine*.

match group In PeopleSoft Receivables, a group of receivables items and matching offset items. The system creates match groups by using user-defined matching criteria for selected field values.

MCF server Abbreviation for *PeopleSoft MultiChannel Framework server.* Comprises the universal queue server and the MCF log server. Both processes are started when *MCF Servers* is selected in an application server domain configuration.

merchandising activity In PeopleSoft Promotions Management, a specific discount type that is associated with a trade promotion (such as off-invoice, billback or rebate, or lump-sum payment) that defines the performance that is required to receive the discount. In the industry, you may know this as an offer, a discount, a merchandising event, an event, or a tactic.

meta-SQL Meta-SQL constructs expand into platform-specific Structured Query Language (SQL) substrings. They are used in functions that pass SQL strings, such as in SQL objects, the SQLExec function, and PeopleSoft Application Engine programs.

metastring Metastrings are special expressions included in SQL string literals. The metastrings, prefixed with a percent (%) symbol, are included directly in the string literals. They expand at run time into an appropriate substring for the current database platform.

multibook In PeopleSoft General Ledger, multiple ledgers having multiple-base currencies that are defined for a business unit, with the option to post a single transaction to all base currencies (all ledgers) or to only one of those base currencies (ledgers).

multicurrency The ability to process transactions in a currency other than the business unit's base currency.

national allowance In PeopleSoft Promotions Management, a promotion at the corporate level that is funded by nondiscretionary dollars. In the industry, you may know this as a national promotion, a corporate promotion, or a corporate discount.

need In PeopleSoft Enterprise Campus Solutions, the difference between the cost of attendance (COA) and the expected family contribution (EFC). It is the gap between the cost of attending the school and the student's resources. The financial aid package is based on the amount of financial need. The process of determining a student's need is called *need analysis.*

node-oriented tree A tree that is based on a detail structure, but the detail values are not used.

pagelet Each block of content on the home page is called a pagelet. These pagelets display summary information within a small rectangular area on the page. The pagelet provide users with a snapshot of their most relevant PeopleSoft and non-PeopleSoft content.

participant In PeopleSoft Enterprise Incentive Management, participants are recipients of the incentive compensation calculation process.

participant object Each participant object may be related to one or more compensation objects.

See also *compensation object.*

partner A company that supplies products or services that are resold or purchased by the enterprise.

pay cycle In PeopleSoft Payables, a set of rules that define the criteria by which it should select scheduled payments for payment creation.

payment shuffle In PeopleSoft Enterprise Campus Solutions, a process allowing payments that have been previously posted to a student's account to be automatically reapplied when a higher priority payment is posted or the payment allocation definition is changed.

pending item In PeopleSoft Receivables, an individual receivable (such as an invoice, a credit memo, or a write-off) that has been entered in or created by the system, but hasn't been posted.

PeopleCode PeopleCode is a proprietary language, executed by the PeopleSoft component processor. PeopleCode generates results based on existing data or user actions. By using various tools provided with PeopleTools, external services are available to all PeopleSoft applications wherever PeopleCode can be executed.

PeopleCode event See *event.*

PeopleSoft Pure Internet Architecture The fundamental architecture on which PeopleSoft 8 applications are constructed, consisting of a relational database management system (RDBMS), an application server, a web server, and a browser.

performance measurement In PeopleSoft Enterprise Incentive Management, a variable used to store data (similar to an aggregator, but without a predefined formula) within the scope of an incentive plan. Performance measures are associated with a plan calendar, territory, and participant. Performance measurements are used for quota calculation and reporting.

period context In PeopleSoft Enterprise Incentive Management, because a participant typically uses the same compensation plan for multiple periods, the period context associates a plan context with a specific calendar period and fiscal year. The period context references the associated plan context, thus forming a chain. Each plan context has a corresponding set of period contexts.

person of interest A person about whom the organization maintains information but who is not part of the workforce.

personal portfolio In PeopleSoft Enterprise Campus Solutions, the user-accessible menu item that contains an individual's name, address, telephone number, and other personal information.

plan In PeopleSoft Sales Incentive Management, a collection of allocation rules, variables, steps, sections, and incentive rules that instruct the PeopleSoft Enterprise Incentive Management engine in how to process transactions.

plan context In PeopleSoft Enterprise Incentive Management, correlates a participant with the compensation plan and node to which the participant is assigned, enabling the PeopleSoft Enterprise Incentive Management system to find anything that is associated with the node and that is required to perform compensation processing. Each participant, node, and plan combination represents a unique plan context—if three participants are on a compensation structure, each has a different plan context. Configuration plans are identified by plan contexts and are associated with the participants that refer to them.

plan template In PeopleSoft Enterprise Incentive Management, the base from which a plan is created. A plan template contains common sections and variables that are inherited by all plans that are created from the template. A template may contain steps and sections that are not visible in the plan definition.

planned learning In PeopleSoft Enterprise Learning Management, a self-service repository for all of a learner's planned learning activities and programs.

planning instance In PeopleSoft Supply Planning, a set of data (business units, items, supplies, and demands) constituting the inputs and outputs of a supply plan.

population In PeopleSoft Enterprise Campus Solutions, the middle level of the three-level classification structure that you define in PeopleSoft Enterprise Recruiting and Admissions for enrollment management. You can define a population level, link it to other levels, and set enrollment target numbers for it.

See also *division* and *cohort*.

portal registry In PeopleSoft applications, the portal registry is a tree-like structure in which content references are organized, classified, and registered. It is a central repository that defines both the structure and content of a portal through a hierarchical, tree-like structure of folders useful for organizing and securing content references.

price list In PeopleSoft Enterprise Pricer, enables you to select products and conditions for which the price list applies to a transaction. During a transaction, the system either determines the product price based on the predefined search hierarchy for the transaction or uses the product's lowest price on any associated, active price lists. This price is used as the basis for any further discounts and surcharges.

price rule In PeopleSoft Enterprise Pricer, defines the conditions that must be met for adjustments to be applied to the base price. Multiple rules can apply when conditions of each rule are met.

price rule condition In PeopleSoft Enterprise Pricer, selects the price-by fields, the values for the price-by fields, and the operator that determines how the price-by fields are related to the transaction.

price rule key In PeopleSoft Enterprise Pricer, defines the fields that are available to define price rule conditions (which are used to match a transaction) on the price rule.

primacy number In PeopleSoft Enterprise Campus Solutions, a number that the system uses to prioritize financial aid applications when students are enrolled in multiple academic careers and academic programs at the same time. The Consolidate Academic Statistics process uses the primacy number indicated for both the career and program at the institutional level to determine a student's primary career and program. The system also uses the number to determine the primary student attribute value that is used when you extract data to report on cohorts. The lowest number takes precedence.

primary name type In PeopleSoft Enterprise Campus Solutions, the name type that is used to link the name stored at the highest level within the system to the lower-level set of names that an individual provides.

process category In PeopleSoft Process Scheduler, processes that are grouped for server load balancing and prioritization.

process group In PeopleSoft Financials, a group of application processes (performed in a defined order) that users can initiate in real time, directly from a transaction entry page.

process definition Process definitions define each run request.

process instance A unique number that identifies each process request. This value is automatically incremented and assigned to each requested process when the process is submitted to run.

process job You can link process definitions into a job request and process each request serially or in parallel. You can also initiate subsequent processes based on the return code from each prior request.

process request A single run request, such as a Structured Query Report (SQR), a COBOL or Application Engine program, or a Crystal report that you run through PeopleSoft Process Scheduler.

process run control A PeopleTools variable used to retain PeopleSoft Process Scheduler values needed at runtime for all requests that reference a run control ID. Do not confuse these with application run controls, which may be defined with the same run control ID, but only contain information specific to a given application process request.

product A PeopleSoft or third-party product. PeopleSoft organizes its software products into product families and product lines. Interactive Services Repository contains information about every release of every product that PeopleSoft sells, as well as products from certified third-party companies. These products are displayed with the product name and release number.

product category In PeopleSoft Enterprise Incentive Management, indicates an application in the Enterprise Incentive Management suite of products. Each transaction in the PeopleSoft Enterprise Incentive Management system is associated with a product category.

product family A group of products that are related by common functionality. The family names that can be searched using Interactive Service Repository are PeopleSoft Enterprise, PeopleSoft EnterpriseOne, PeopleSoft World, and third-party, certified PeopleSoft partners.

product line The name of a PeopleSoft product line or the company name of a third-party certified partner. Integration Services Repository enables you to search for integration points by product line.

programs In PeopleSoft Enterprise Learning Management, a high-level grouping that guides the learner along a specific learning path through sections of catalog items. PeopleSoft Enterprise Learning Systems provides two types of programs—curricula and certifications.

progress log In PeopleSoft Services Procurement, tracks deliverable-based projects. This is similar to the time sheet in function and process. The service provider contact uses the progress log to record and submit progress on deliverables. The progress can be logged by the activity that is performed, by the percentage of work that is completed, or by the completion of milestone activities that are defined for the project.

project transaction In PeopleSoft Project Costing, an individual transaction line that represents a cost, time, budget, or other transaction row.

promotion In PeopleSoft Promotions Management, a trade promotion, which is typically funded from trade dollars and used by consumer products manufacturers to increase sales volume.

prospects In PeopleSoft Enterprise Campus Solutions, students who are interested in applying to the institution.

In PeopleSoft Enterprise Contributor Relations, individuals and organizations that are most likely to make substantial financial commitments or other types of commitments to the institution.

publishing In PeopleSoft Enterprise Incentive Management, a stage in processing that makes incentive-related results available to participants.

rating components In PeopleSoft Enterprise Campus Solutions, variables used with the Equation Editor to retrieve specified populations.

record group A set of logically and functionally related control tables and views. Record groups help enable TableSet sharing, which eliminates redundant data entry. Record groups ensure that TableSet sharing is applied consistently across all related tables and views.

record input VAT flag Abbreviation for *record input value-added tax flag.* Within PeopleSoft Purchasing, Payables, and General Ledger, this flag indicates that you are recording input VAT on the transaction. This flag, in conjunction with the record output VAT flag, is used to determine the accounting entries created for a transaction and to determine how a transaction is reported on the VAT return. For all cases within Purchasing and Payables where VAT information is tracked on a transaction, this flag is set to Yes. This flag is not used in PeopleSoft Order Management, Billing, or Receivables, where it is assumed that you are always recording only output VAT, or in PeopleSoft Expenses, where it is assumed that you are always recording only input VAT.

record output VAT flag Abbreviation for *record output value-added tax flag.*

See *record input VAT flag.*

recname The name of a record that is used to determine the associated field to match a value or set of values.

recognition In PeopleSoft Enterprise Campus Solutions, the recognition type indicates whether the PeopleSoft Enterprise Contributor Relations donor is the primary donor of a commitment or shares the credit for a donation. Primary donors receive hard credit that must total 100 percent. Donors that share the credit are given soft credit. Institutions can also define other share recognition-type values such as memo credit or vehicle credit.

reference data In PeopleSoft Sales Incentive Management, system objects that represent the sales organization, such as territories, participants, products, customers, channels, and so on.

reference object In PeopleSoft Enterprise Incentive Management, this dimension-type object further defines the business. Reference objects can have their own hierarchy (for example, product tree, customer tree, industry tree, and geography tree).

reference transaction In commitment control, a reference transaction is a source transaction that is referenced by a higher-level (and usually later) source transaction, in order to automatically reverse all or part of the referenced transaction's budget-checked amount. This avoids duplicate postings during the sequential entry of the transaction at different commitment levels. For example, the amount of an encumbrance transaction (such as a purchase order) will, when checked and recorded against a budget, cause the system to concurrently reference and relieve all or part of the amount of a corresponding pre-encumbrance transaction, such as a purchase requisition.

regional sourcing In PeopleSoft Purchasing, provides the infrastructure to maintain, display, and select an appropriate vendor and vendor pricing structure that is based on a regional sourcing

	model where the multiple ship to locations are grouped. Sourcing may occur at a level higher than the ship to location.
relationship object	In PeopleSoft Enterprise Incentive Management, these objects further define a compensation structure to resolve transactions by establishing associations between compensation objects and business objects.
remote data source data	Data that is extracted from a separate database and migrated into the local database.
REN server	Abbreviation for *real-time event notification server* in PeopleSoft MultiChannel Framework.
requester	In PeopleSoft eSettlements, an individual who requests goods or services and whose ID appears on the various procurement pages that reference purchase orders.
reversal indicator	In PeopleSoft Enterprise Campus Solutions, an indicator that denotes when a particular payment has been reversed, usually because of insufficient funds.
role	Describes how people fit into PeopleSoft Workflow. A role is a class of users who perform the same type of work, such as clerks or managers. Your business rules typically specify what user role needs to do an activity.
role user	A PeopleSoft Workflow user. A person's role user ID serves much the same purpose as a user ID does in other parts of the system. PeopleSoft Workflow uses role user IDs to determine how to route worklist items to users (through an email address, for example) and to track the roles that users play in the workflow. Role users do not need PeopleSoft user IDs.
roll up	In a tree, to roll up is to total sums based on the information hierarchy.
run control	A run control is a type of online page that is used to begin a process, such as the batch processing of a payroll run. Run control pages generally start a program that manipulates data.
run control ID	A unique ID to associate each user with his or her own run control table entries.
run-level context	In PeopleSoft Enterprise Incentive Management, associates a particular run (and batch ID) with a period context and plan context. Every plan context that participates in a run has a separate run-level context. Because a run cannot span periods, only one run-level context is associated with each plan context.
SCP SCBM XML message	Abbreviation for *Supply Chain Planning Supply Chain Business Modeler Extensible Markup Language message.* PeopleSoft EnterpriseOne Supply Chain Business Modeler uses XML as the format for all data that it imports and exports.
search query	You use this set of objects to pass a query string and operators to the search engine. The search index returns a set of matching results with keys to the source documents.
search/match	In PeopleSoft Enterprise Campus Solutions and PeopleSoft Enterprise Human Resources Management Solutions, a feature that enables you to search for and identify duplicate records in the database.
seasonal address	In PeopleSoft Enterprise Campus Solutions, an address that recurs for the same length of time at the same time of year each year until adjusted or deleted.
section	In PeopleSoft Enterprise Incentive Management, a collection of incentive rules that operate on transactions of a specific type. Sections enable plans to be segmented to process logical events in different sections.
security event	In commitment control, security events trigger security authorization checking, such as budget entries, transfers, and adjustments; exception overrides and notifications; and inquiries.

serial genealogy In PeopleSoft Manufacturing, the ability to track the composition of a specific, serial-controlled item.

serial in production In PeopleSoft Manufacturing, enables the tracing of serial information for manufactured items. This is maintained in the Item Master record.

service impact In PeopleSoft Enterprise Campus Solutions, the resulting action triggered by a service indicator. For example, a service indicator that reflects nonpayment of account balances by a student might result in a service impact that prohibits registration for classes.

service indicator In PeopleSoft Enterprise Campus Solutions, indicates services that may be either withheld or provided to an individual. Negative service indicators indicate holds that prevent the individual from receiving specified services, such as check-cashing privileges or registration for classes. Positive service indicators designate special services that are provided to the individual, such as front-of-line service or special services for disabled students.

session In PeopleSoft Enterprise Campus Solutions, time elements that subdivide a term into multiple time periods during which classes are offered. In PeopleSoft Contributor Relations, a session is the means of validating gift, pledge, membership, or adjustment data entry . It controls access to the data entered by a specific user ID. Sessions are balanced, queued, and then posted to the institution's financial system. Sessions must be posted to enter a matching gift or pledge payment, to make an adjustment, or to process giving clubs or acknowledgements.

In PeopleSoft Enterprise Learning Management, a single meeting day of an activity (that is, the period of time between start and finish times within a day). The session stores the specific date, location, meeting time, and instructor. Sessions are used for scheduled training.

session template In PeopleSoft Enterprise Learning Management, enables you to set up common activity characteristics that may be reused while scheduling a PeopleSoft Enterprise Learning Management activity—characteristics such as days of the week, start and end times, facility and room assignments, instructors, and equipment. A session pattern template can be attached to an activity that is being scheduled. Attaching a template to an activity causes all of the default template information to populate the activity session pattern.

setup relationship In PeopleSoft Enterprise Incentive Management, a relationship object type that associates a configuration plan with any structure node.

share driver expression In PeopleSoft Business Planning, a named planning method similar to a driver expression, but which you can set up globally for shared use within a single planning application or to be shared between multiple planning applications through PeopleSoft Enterprise Warehouse.

single signon With single signon, users can, after being authenticated by a PeopleSoft application server, access a second PeopleSoft application server without entering a user ID or password.

source key process In PeopleSoft Enterprise Campus Solutions, a process that relates a particular transaction to the source of the charge or financial aid. On selected pages, you can drill down into particular charges.

source transaction In commitment control, any transaction generated in a PeopleSoft or third-party application that is integrated with commitment control and which can be checked against commitment control budgets. For example, a pre-encumbrance, encumbrance, expenditure, recognized revenue, or collected revenue transaction.

speed key See *communication key.*

SpeedChart A user-defined shorthand key that designates several ChartKeys to be used for voucher entry. Percentages can optionally be related to each ChartKey in a SpeedChart definition.

SpeedType A code representing a combination of ChartField values. SpeedTypes simplify the entry of ChartFields commonly used together.

staging A method of consolidating selected partner offerings with the offerings from the enterprise's other partners.

standard letter code In PeopleSoft Enterprise Campus Solutions, a standard letter code used to identify each letter template available for use in mail merge functions. Every letter generated in the system must have a standard letter code identification.

statutory account Account required by a regulatory authority for recording and reporting financial results. In PeopleSoft, this is equivalent to the Alternate Account (ALTACCT) ChartField.

step In PeopleSoft Sales Incentive Management, a collection of sections in a plan. Each step corresponds to a step in the job run.

storage level In PeopleSoft Inventory, identifies the level of a material storage location. Material storage locations are made up of a business unit, a storage area, and a storage level. You can set up to four storage levels.

subcustomer qualifier A value that groups customers into a division for which you can generate detailed history, aging, events, and profiles.

Summary ChartField You use summary ChartFields to create summary ledgers that roll up detail amounts based on specific detail values or on selected tree nodes. When detail values are summarized using tree nodes, summary ChartFields must be used in the summary ledger data record to accommodate the maximum length of a node name (20 characters).

summary ledger An accounting feature used primarily in allocations, inquiries, and PS/nVision reporting to store combined account balances from detail ledgers. Summary ledgers increase speed and efficiency of reporting by eliminating the need to summarize detail ledger balances each time a report is requested. Instead, detail balances are summarized in a background process according to user-specified criteria and stored on summary ledgers. The summary ledgers are then accessed directly for reporting.

summary time period In PeopleSoft Business Planning, any time period (other than a base time period) that is an aggregate of other time periods, including other summary time periods and base time periods, such as quarter and year total.

summary tree A tree used to roll up accounts for each type of report in summary ledgers. Summary trees enable you to define trees on trees. In a summary tree, the detail values are really nodes on a detail tree or another summary tree (known as the *basis* tree). A summary tree structure specifies the details on which the summary trees are to be built.

syndicate To distribute a production version of the enterprise catalog to partners.

system function In PeopleSoft Receivables, an activity that defines how the system generates accounting entries for the general ledger.

system source The system source identifies the source of a transaction row in the database. For example, a transaction that originates in PeopleSoft Enterprise Expenses contains a system source code of BEX (Expenses Batch).

When PeopleSoft Enterprise Project Costing prices the source transaction row for billing, the system creates a new row with a system source code of PRP (Project Costing pricing), which represents the system source of the new row. System source codes can identify sources that are internal or external to the PeopleSoft system.

	For example, processes that import data from Microsoft Project into PeopleSoft applications create transaction rows with a source code of MSP (Microsoft Project).
TableSet	A means of sharing similar sets of values in control tables, where the actual data values are different but the structure of the tables is the same.
TableSet sharing	Shared data that is stored in many tables that are based on the same TableSets. Tables that use TableSet sharing contain the SETID field as an additional key or unique identifier.
target currency	The value of the entry currency or currencies converted to a single currency for budget viewing and inquiry purposes.
tax authority	In PeopleSoft Enterprise Campus Solutions, a user-defined element that combines a description and percentage of a tax with an account type, an item type, and a service impact.
template	A template is HTML code associated with a web page. It defines the layout of the page and also where to get HTML for each part of the page. In PeopleSoft, you use templates to build a page by combining HTML from a number of sources. For a PeopleSoft portal, all templates must be registered in the portal registry, and each content reference must be assigned a template.
territory	In PeopleSoft Sales Incentive Management, hierarchical relationships of business objects, including regions, products, customers, industries, and participants.
third party	A company or vendor that has extensive PeopleSoft product knowledge and whose products and integrations have been certified and are compatible with PeopleSoft applications.
3C engine	Abbreviation for *Communications, Checklists, and Comments engine.* In PeopleSoft Enterprise Campus Solutions, the 3C engine enables you to automate business processes that involve additions, deletions, and updates to communications, checklists, and comments. You define events and triggers to engage the engine, which runs the mass change and processes the 3C records (for individuals or organizations) immediately and automatically from within business processes.
3C group	Abbreviation for *Communications, Checklists, and Comments group.* In PeopleSoft Enterprise Campus Solutions, a method of assigning or restricting access privileges. A 3C group enables you to group specific communication categories, checklist codes, and comment categories. You can then assign the group inquiry-only access or update access, as appropriate.
TimeSpan	A relative period, such as year-to-date or current period, that can be used in various PeopleSoft General Ledger functions and reports when a rolling time frame, rather than a specific date, is required. TimeSpans can also be used with flexible formulas in PeopleSoft Projects.
trace usage	In PeopleSoft Manufacturing, enables the control of which components will be traced during the manufacturing process. Serial- and lot-controlled components can be traced. This is maintained in the Item Master record.
transaction allocation	In PeopleSoft Enterprise Incentive Management, the process of identifying the owner of a transaction. When a raw transaction from a batch is allocated to a plan context, the transaction is duplicated in the PeopleSoft Enterprise Incentive Management transaction tables.
transaction state	In PeopleSoft Enterprise Incentive Management, a value assigned by an incentive rule to a transaction. Transaction states enable sections to process only transactions that are at a specific stage in system processing. After being successfully processed, transactions may be promoted to the next transaction state and "picked up" by a different section for further processing.

Translate table A system edit table that stores codes and translate values for the miscellaneous fields in the database that do not warrant individual edit tables of their own.

tree The graphical hierarchy in PeopleSoft systems that displays the relationship between all accounting units (for example, corporate divisions, projects, reporting groups, account numbers) and determines roll-up hierarchies.

tuition lock In PeopleSoft Enterprise Campus Solutions, a feature in the Tuition Calculation process that enables you to specify a point in a term after which students are charged a minimum (or *locked*) fee amount. Students are charged the locked fee amount even if they later drop classes and take less than the normal load level for that tuition charge.

unclaimed transaction In PeopleSoft Enterprise Incentive Management, a transaction that is not claimed by a node or participant after the allocation process has completed, usually due to missing or incomplete data. Unclaimed transactions may be manually assigned to the appropriate node or participant by a compensation administrator.

universal navigation header Every PeopleSoft portal includes the universal navigation header, intended to appear at the top of every page as long as the user is signed on to the portal. In addition to providing access to the standard navigation buttons (like Home, Favorites, and signoff) the universal navigation header can also display a welcome message for each user.

update access In PeopleSoft Enterprise Campus Solutions, a type of security access that permits the user to edit and update data.

See also *inquiry access*.

user interaction object In PeopleSoft Sales Incentive Management, used to define the reporting components and reports that a participant can access in his or her context. All Sales Incentive Management user interface objects and reports are registered as user interaction objects. User interaction objects can be linked to a compensation structure node through a compensation relationship object (individually or as groups).

variable In PeopleSoft Sales Incentive Management, the intermediate results of calculations. Variables hold the calculation results and are then inputs to other calculations. Variables can be plan variables that persist beyond the run of an engine or local variables that exist only during the processing of a section.

VAT exception Abbreviation for *value-added tax exception.* A temporary or permanent exemption from paying VAT that is granted to an organization. This terms refers to both VAT exoneration and VAT suspension.

VAT exempt Abbreviation for *value-added tax exempt.* Describes goods and services that are not subject to VAT. Organizations that supply exempt goods or services are unable to recover the related input VAT. This is also referred to as exempt without recovery.

VAT exoneration Abbreviation for *value-added tax exoneration.* An organization that has been granted a permanent exemption from paying VAT due to the nature of that organization.

VAT suspension Abbreviation for *value-added tax suspension.* An organization that has been granted a temporary exemption from paying VAT.

warehouse A PeopleSoft data warehouse that consists of predefined ETL maps, data warehouse tools, and DataMart definitions.

work order In PeopleSoft Services Procurement, enables an enterprise to create resource-based and deliverable-based transactions that specify the basic terms and conditions for hiring a specific service provider. When a service provider is hired, the service provider logs time or progress against the work order.

worker A person who is part of the workforce; an employee or a contingent worker.

workset A group of people and organizations that are linked together as a set. You can use worksets to simultaneously retrieve the data for a group of people and organizations and work with the information on a single page.

worksheet A way of presenting data through a PeopleSoft Business Analysis Modeler interface that enables users to do in-depth analysis using pivoting tables, charts, notes, and history information.

worklist The automated to-do list that PeopleSoft Workflow creates. From the worklist, you can directly access the pages you need to perform the next action, and then return to the worklist for another item.

XML link The XML Linking language enables you to insert elements into XML documents to create a links between resources.

XML schema An XML definition that standardizes the representation of application messages, component interfaces, or business interlinks.

XPI Abbreviation for *eXtended Process Integrator.* PeopleSoft XPI is the integration infrastructure that enables both real-time and batch communication with EnterpriseOne applications.

yield by operation In PeopleSoft Manufacturing, the ability to plan the loss of a manufactured item on an operation-by-operation basis.

zero-rated VAT Abbreviation for *zero-rated value-added tax.* A VAT transaction with a VAT code that has a tax percent of zero. Used to track taxable VAT activity where no actual VAT amount is charged. Organizations that supply zero-rated goods and services can still recover the related input VAT. This is also referred to as exempt with recovery.

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