

Product Costing and Manufacturing Accounting

Contents

Introduction	7
Product Costing and Manufacturing Accounting Process Overview	11
General Process Flow	11
Descriptions of Major Activities	12
Rolling/Freezing Costs.....	12
Releasing Work Orders	12
Recording Work Order Activity	12
Accounting for Work Order Activity.....	12
Analyzing Variances	12
Accounting for Variances.....	12
Costing / Manufacturing Accounting Navigation	13
Getting Signed In	13
Sample Data.....	16
Basic Product Costing and Manufacturing Accounting Steps.....	20
Product Costing Overview	21
Step 1 – Review Finished Good Item Information	22
Stocking Type	23
G/L Class	23
Inventory Cost Level	23
Accounting Cost Quantity	26
Shrink Factor/Method	26
Item Cost Ledger Information	27
Step 2 – Review Bills of Materials.....	28
Step 3 – Review Item Cost Methods.....	32
Step 4 – Review Purchase Item Costs.....	33
Step 5 – Simulate Standard Costs	36
Step 6 – Review Work Center Information.....	54
Step 7 – Review Item Routing Information.....	60
Operation Sequence Number	62
Setup / Run / Machine Hours.....	62
Step 8 – Re-Roll Standard Costs	70
Step 9 – Freeze Standard Cost.....	72

Manufacturing Accounting Review	79
Step 10 – Work Order Release.....	79
Step 11 – Super Backflush Material and Labor	83
Step 12 – Post Journal Entries for Work Order Activity.....	90
Step 13 – Review Variances.....	97
Step 14 – Post Journal Entries for Variances.....	99
Conclusion	102
Master File Setup.....	103
Item Information.....	103
Item Master Types.....	103
Item Numbering.....	106
Stocking Types.....	108
G/L Class Code	109
Units of Measure	110
Cost Level	112
Category Codes	114
Manufacturing / Additional Information.....	116
Accounting Cost Quantity.....	117
Shrink Factor/Method.....	117
Maximum / Minimum / Multiple Order Quantities	118
Purchased Item Costs	120
Components of Purchased Item Costs	120
Loading Future Costs for Simulation.....	121
Master File Information – Cont'd.....	128
Bill of Material.....	128
Work Center Master	133
Work Center Rates.....	135
Item Routing	137
Master File Set Up Review	139
System and Application Setup	141
Introduction	141
System Setup.....	142
Branch Plant Constants	142
Manufacturing Constants	146
Cost Methods	150
Cost Components.....	152
Outside Processing Operations Using Work Orders.....	155

Exercise – Outside Processing Work Order	161
Process Work Order	163
Review Related Order Information	167
Add-On Cost Factors	177
Automatic Accounting Instructions	185
Review:.....	185
Perfect Product Costing.....	187
Cost Detail vs. Cost Ledger.....	187
The Cost Roll Up Process	189
Data Integrity Checks	189
Cost Simulation.....	201
Reviewing the Simulation Results	206
Frozen Cost Update.....	209
Revaluation Analysis	214
Copy Future Costs to Standard	218
Freeze Standard Costs.....	222
Freeze Verification	231
Re-Costing Open Orders.....	235
Re-Costing Open Work Orders.....	235
Re-Costing Open Sales Orders	236
Re-Costing Open Purchase Orders.....	236
Re-Costing Open Receipts	237
Revaluation of Open Transfer Orders	237
Product Costing in a Multi-Branch Environment	238
Copy Future Costs to Other Branches	238
Freeze Costs in Other Branches	243
Conclusion.....	252
Mastery-Level Manufacturing Accounting	253
General Accounting Flow	254
Manufacturing Accounting Information Flow	255
Accounting for WO Activity.....	257
Document Types for Activity Entries.....	257
Manufacturing Accounting AAI's for Activity	258
Accounting for Work Order Variances.....	264
Types of Variances	264
Manufacturing Accounting Process.....	268
Case – Internal Production w/ Material Variance	270

Order Release	270
Review of Standard and Current Costs.....	272
Review of Planned and Actual Costs	275
Work Order Completion Costs	281
Journal Entry Review	282
Review Work Order Variances	284
Create Journal Entries for Variances	287
Review of Accounting Entries for Variances	288
Case – Internal Production with Scrap at Completion	290
Order Release	290
Record Work Order Activity.....	291
Process Work Order Activity	295
Review Work Order Variances	295
Case – Internal Production with Quantity Variance	299
Order Release	299
Record Work Order Activity.....	300
Process Work Order Activity	303
Review Work Order Variances	303
Case – Outside Processing	307
Order Release	308
Process Work Order.....	309
Review Related Order Information.....	310
Review of Standard and Current Costs.....	313
Record Purchase Order Receipt Activity.....	314
Review Work Order Routing Activity	316
Processing Work Order Activity	318
Review Planned and Actual Costs	319
Journal Entry Review	320
Outside Processing Accounting Verification / Setup Correction	321
Outside Processing Setup Change	326
Work Order with New Accounting	331
Case – Outside Processing Purchase Price Variance	337
Review	341
Actual Costing	343
Introduction	343
Sample Data	343
Product Definition for Actual Cost.....	344

Bill of Material	344
Item Routing.....	346
Item Setup.....	347
Actual Cost Examples	353
Actual Quantities at Standard Cost	353
Actual Materials at Average Actual Cost	376
Actual Material plus Labor at Actual Cost.....	390
Conclusion.....	415
Appendix I – EnterpriseOne Overview	417
What Is EnterpriseOne?	417
Menu Structure	417
Find/Browse Forms.....	418
Exit Bars.....	418
QBE	419
Grid Functions.....	419
Grid Customization Functions.....	420
New for EnterpriseOne.....	421
Product Data Management.....	421
Inventory Management	423
Shop Floor/Manufacturing Accounting	424
Appendix II: Lab Exercise – Item 2207 Cost Cleanup	427
Introduction.....	427
Revising Item Costs	428
Step 1 – Clear Existing Costs	428
Step 2 – Change Bill of Material	429
Step 3 – Re-Roll with BOM Changes	430
Step 4 – Re-Set Bill of Material.....	432
Step 5 – Re-Roll with Scrap Factor	432
Step 6 – Freeze Simulated Costs	434
Work Order Processing	436
Step 1 – Create Work Order Header	436
Step 2 – Process Work Order (Batch)	436
Step 3 – Verify Routing Pay Points.....	437
Step 4 – Super Backflush	438
Journal Entry Creation for Activity	441
Step 1 – Run Journal Entry Creation Program	441
Step 2 – Review Journal Entries for Work Order.....	442

Step 3 – Validate Amounts for Activity Entries.....	443
Review/Post Work Order Variances	445
Step 1 – Validate Variance Calculations	445
Step 2 – Create Journal Entries for Variances.....	446
Step 3 – Verify Accounting Entries for Variances	447
Appendix III: Lab Exercise – Modify Cost by Work Center Efficiency	449
Introduction	449
Set Work Center Efficiency.....	451
Simulate Costs.....	452
Re-Set Costs.....	455